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Human Capital Management Report

Employee Engagement: Against All Odds

InflectionHR®

Employee engagement is the emotional commitment that an employee has to the organization and its goals, resulting in the willingness to put in **discretionary effort, voluntarily** …

Introduction

Every organization strives for a workforce that is engaged, inspired, and motivated to perform at its best day in and day out. But what is the reality?

According to Gallup, only 13 percent of all employees worldwide today are engaged in their jobs[1] — an alarming statistic given the importance of the workforce in fueling growth and meeting other key enterprise goals. Employees are typically an organization's most vital (and expensive) asset, and when they are disengaged and/or disenfranchised, the ripple effects across the business can impact your profitability and branding.

Today's employee engagement challenge is complicated by the fact that there are five generations co-existing in the workforce — Silent Generation, Baby Boomers, Gen X, Millennials (Gen Y), and Gen Z (Gen 2020).

The shifting demographics — Millennials flooding the workforce while Baby Boomers start to retire — are substantively impacting the ability to create an engaged and cohesive workforce. Typically, the lowest level of engagement is among Millennials and the most engaged employees are the Baby Boomers — and in between these generations are decades of different experiences, cultural milieus, and economic histories impacting the perception of work and the workplace.

In fact, each employee generation — and each individual — has unique needs and expectations regarding work. So how do you engage and inspire them? It requires a creative and differentiated approach that accounts for the unique characteristics and requirements of each generation.

Fortunately, new human capital management (HCM) technologies are available today that can help you optimize employee engagement across all generations. Using this HCM tool set, you can create compelling work environments that make employees feel valued and treated fairly so they will give that extra discretionary effort to the organization — regardless of their ages, preconceived expectations, or generational legacies.

These HCM technologies combine the best of both worlds:

- Ability to engage employees across multiple generations, taking into account each generation's unique needs and expectations
- Ability to "operationalize" employee engagement with tools that standardize HCM strategies and enforce policies that promote fairness, consistency, and efficiency across all employees and locations

[1] Steve Crabtree, *Worldwide, 13% of Employees Are Engaged at Work*, Gallup (October 8, 2013), found at http://www.gallup.com/poll/165269/worldwide-employees-engaged-work.aspx.

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A bright future ahead

Low engagement percentages as observed by Gallup have not changed appreciably, despite a multitude of engagement programs that have been conceived and executed with the best of intentions.

However, with the advent of new HCM technologies, the employee engagement landscape is now changing.

Organizations around the world are proactively leveraging these proven technologies to successfully drive a new dimension in employee engagement.

The importance of employee engagement

Employee engagement is critical to business success. As globalization and technology disrupt entire industries and create new ones, jobs are being both generated and eliminated. Consumers have less face-to-face interaction with organizations, yet require instant access to information. Organizations need employees to demonstrate resiliency, learning, adaptability, and speed[2] in addition to rudimentary hard work.

How important is employee engagement to the success of today's enterprise?

- According to Gallup, organizations with highly engaged employees experience 22 percent greater productivity[3]
- Companies with sustained employee engagement have demonstrated operating margins three times higher than those of companies with the lowest levels of engagement[4]
- Employee engagement and retention are directly related to the social fabric of business[5] — 21st-century organizations must cultivate an ethos of mission and purpose

An engaged employee — you know one when you see one!

Employee engagement is the emotional commitment that an employee has to the organization and its goals, resulting in the willingness to voluntarily put in discretionary effort.

An engaged employee is someone who is both emotionally and psychologically committed to the organization. This employee feels satisfied in his or her work, takes pride in his or her contributions to the enterprise, and intuitively understands the link between the job and the organization's mission.

[2] Aon Hewitt, *2014 Trends in Global Employee Engagement* (2014), at 3.

[3] John Baldoni, *Employee Engagement Does More than Boost Productivity*, Harvard Business Review (July 2013), found at https://hbr.org/2013/07/employee-engagement-does-more/.

[4] Towers Watson, *CSAA Insurance Group: Driving Success Through Employee Engagement* (2014), at 1.

[5] Deloitte Consulting, *Global Human Capital Trends 2014* (2014), at 3.

There is an emotional and psychological component to the bond between employee and employer that should not be underestimated. This emotional component leads employees to be willing to put in discretionary effort, voluntarily, as a natural manifestation of their commitment to their job. They are willing to go "above and beyond" their normal duties in ways the employer could only have hoped for. They will stay late, take on additional responsibilities, and consistently go the extra mile because they want to. Usually, they will do this without having to be asked.

Employee engagement is important and feasible at all levels of an organization and across all employee groups, from frontline to the back office. There are two universal dynamics that contribute to an engaged employee:

1. **The innate personality of the employee** — is the person naturally inclined to excel with an ability to enjoy work and a healthy thirst to make an indelible and sustained impact?

2. **A work environment that fosters satisfaction and engagement** — is the employer creating a positive and fair work environment that rewards the employee's innate inclination to excel? This is where today's state-of-the-art HCM technologies are helping organizations around the world turn their employee engagement initiatives from theory into reality.

Using HCM technology to operationalize the employee engagement challenge

To create and sustain an engaged employee in today's multigenerational workforce, the employer must make the employee feel recognized, valued, and treated fairly in two important areas:

- **Intrinsic Motivation** Am I valued? Can I make a difference?
- **Extrinsic Motivation** Am I treated and rewarded fairly?

Employees' daily experience of their workplace directly contributes to whether they are engaged and willing to put in that voluntary discretionary effort. If they feel they are being valued and treated fairly in the workplace, they are more likely to give employers that extra effort. This requires more than incentives or HR initiatives. New HCM technologies and process improvements are needed to:

- Unburden them by removing obstacles to enable them to efficiently do their jobs
- Provide them with tools and information to enable agility and an attractive career path
- Provide a level playing field so they know they're being treated fairly

8 AREAS WHERE HCM PROCESS IMPROVEMENTS CAN ENHANCE EMPLOYEE ENGAGEMENT:

1. Eliminating manual tasks
2. Promoting leadership
3. Standardizing policies
4. Putting employees in a position to win while ensuring fairness
5. Reducing employee absenteeism
6. Providing a clear career path
7. Empowering employees to make a difference
8. Creating freedom with self-service

1. Eliminating manual tasks

Today, many employees are burdened with manual tasks that drag down morale. This includes employees who are forced to use outdated manual processes to handle HR policies such as attendance, overtime, and leave. No employee wants to sign timecards manually. No employee wants to have to ask the supervisor how many days off he or she has available because the information is not accessible online. New technology solutions, especially those that integrate all tools on a single platform, can automate many of these tedious processes and unburden both employees and managers. This allows employees to focus on adding value to the organization — for example, spear-heading new customer service initiatives (retail) or focusing on patient care (healthcare). It also allows managers to focus on the real work at hand, such as managing their staff. When employees and managers feel they are adding value, engagement improves.

2. Promoting leadership

Creating opportunities for leadership is one of the most important elements of engagement. By unburdening managers from cumbersome manual tasks such as managing attendance and replacing those tasks with automated standardized processes, HCM technology can free managers to provide coaching, launch new initiatives, and conduct other activities befitting a true leader. The positive impact on morale and productivity flows bidirectionally between managers and employees — everybody wins.

3. Standardizing policies

When managers are forced to deploy corporate policies manually, rather than electronically, the organization is running the risk that these policies will be enforced differently and not always fairly. Just imagine the impact on engagement as employees witness one department being treated differently than other departments — e.g., absences are overlooked, people can leave early,

and the manager's favorites receive the good shifts. These inconsistencies drain the morale of employees who want to do the right thing and be valued for their hard work. The answer is HCM technology. Online processes can automate the rules across the organization so they are not left up to the interpretation of each manager or group, helping ensure that these policies are enforced fairly and consistently to foster a positive, engaged work environment.

4. Putting employees in a position to win while ensuring fairness

Trying to guess the correct number of employees needed to cover a shift, or the best worker to fill an open one, is rife with complications. Technology-based forecasting and scheduling solutions can help do away with the guesswork, eliminate manual scheduling, and ensure optimal labor coverage for every shift, every day. Having the right person, at the right job, at the right time — this puts all employees in the best possible position to win and directly improves their engagement. It also ensures scheduling fairness based on business rules that help you balance the needs of both the business and your employees. This includes taking into account the employees' preferred shifts, hours, and jobs/roles across the workforce in a consistent and fair manner. Employees can have a "say" in when they work based on their individual needs, while knowing that they are being treated fairly.

5. Reducing employee absenteeism

Manual scheduling processes can lead to gaps in employee coverage due to unplanned absences that can spiral out of control — and that can have a tremendous impact on employee morale and engagement for those workers who dutifully report for work. Studies in the U.S. show that 69 percent of employees say unplanned absences add to workload, 61 percent say these absences increase stress, 59 percent say they disrupt the work of others, and 48 percent say they hurt morale.[6]

In other words, how frustrating is it for an employee to constantly cover for those who are absent, or to work with temps who may not have the right skills to properly perform the job?

Fortunately, automated technology-based processes can help managers quickly get unplanned absences under control and their engagement initiatives back on track. This includes offering generous leave policies — automated and managed electronically — that can help improve employees' physical health, psychological health, and work-home balance. This "wellness" approach can create healthier, happier employees who will be more motivated to go to work each day, resulting in increased productivity and fewer unplanned absences. Although wellness strategies can cost money, they can have a net positive effect on a company's bottom line — and that's good for business.[7]

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[6] Society for Human Resources Management and Kronos, *Total Financial Impact of Employee Absences Across the United States, China, Australia, Europe, India and Mexico* (2014), at 5.

[7] *The Causes and Costs of Absenteeism in the Workplace*, Forbes (July 10, 2013), found at http://www.forbes.com/sites/investopedia/2013/07/10/the-causes-and-costs-of-absenteeism-in-the-workplace/.

6. Providing a clear career path

For today's motivated employees, having a clearly defined career path and being empowered to grow are key factors for engagement. Technology-based programs like gamification, social media, and collaboration tools make growing and improving within the organization not just desirable, but "fun." Gamification, which shows where you rank vs. others and where your team ranks vs. other teams, revitalizes the competitive spirit to help people improve and grow as they progress along their career paths. Collaboration and social tools bring people together to solve problems effectively through communication and the sharing of best practices. This allows problems to be solved faster and drives knowledge-sharing within the organization — important dynamics in nurturing a workforce that's motivated and engaged.

7. Empowering employees to make a difference

Employees who have an emotional connection to the organization will want to know — how can I make a difference? How does my work impact the organization overall? What are the key operational metrics? HCM tools such as dashboards and other online information can provide a deeper understanding of how the business is performing relative to the employee's specific department and function. When employees understand the performance of the organization and their specific contributions to it, they are more willing to apply discretionary effort. Technology makes this kind of communication consistent, predictable, and effective.

8. Creating freedom with self-service

Many academic psychologists, including Frederic Herzberg, argue that workers respond positively when they are given more responsibility and authority in their daily tasks. People generally do well when they are empowered to make choices and decisions for themselves.

Today's HCM tool sets and business processes — combined with a culture of trust — will allow organizations to give employees autonomy while ensuring conformity to the operational and policy needs of the enterprise. With mobile devices, for example, employees can exercise a wide range of self-service options, all safely within the boundaries of the organization's policies and procedures:

- Communicate preferred shifts and availability
- Check schedules
- Adjust availability and preferences
- Swap shifts
- Communicate with peers and managers

By empowering employees with more freedom and control, you can nurture an emotional connection to the organization that will foster loyalty and engagement.

Engagement in today's multigenerational workforce

The following chart is an overview of engagement strategies for the five generations working side by side today.

	SILENT GENERATION (Traditionalists) Born before 1945 10% of workforce "Company loyalty"	Baby Boomer Born 1946-1964 44% of workforce "Live to work"	Gen X Born 1965-1980 34% of workforce "Work to live"	Millennials (Gen Y) Born 1981- approx. 2000 12% of workforce, increasing rapidly "Work my way"	Gen Z (Gen 2020) Born approx. 1995 and later "Make a difference"
How to engage	• Create mentorship opportunities • Leverage relationships	• Help with work-life balance so they stay in workforce as long as possible • Be smart with succession planning — their retirement will cause a huge "brain drain"	• Foster leadership — these are the best-educated employees in history • Compensate • Provide clear career path • Coach and guide	• Empower to figure out things on their own • Do not micro-manage • Self-service is mandatory • Demonstrate that you're as comfortable with technology as they are	• Communicate with images • Put in collaborative teams to build collective conscious • Provide a vision since they are future-focused • Managers need to have intellectual humility

Engaging employees from diverse generations is a challenge that can be made easier by implementing a variety of HCM technology solutions. These include such functions as self-service, time and attendance, scheduling, and absence management. This HCM tool set can integrate with other HCM systems to help drive a new level of employee engagement in your workplace.

Conclusion

The best workforce is an engaged workforce — employees who feel emotionally connected to the organization and who are willing to put in discretionary effort, voluntarily, as a natural manifestation of their commitment to their jobs. Going the extra mile comes easy for these employees because they feel they are valued and treated fairly by their managers and the company at large.

Your challenge is to find creative new ways to nurture and sustain this level of engagement in a workforce that may have as many as five generations working side by side — Silent Generation, Baby Boomers, Gen X, Millennials, and Gen Z.

How can you inspire and engage each of these generations on its own terms?

Today's proven HCM technologies and process improvements offer an excellent place to start. These HCM tool sets can help you "operationalize" your employee engagement program while creating inspiration and empowerment for each generation based on their specific needs and expectations:

What each generation expects and requires from an employer … and what they're willing to give in return.