REFLECTIONS ON EMPLOYEE ENGAGEMENT
Introduction

In mid-2006, the CIPD commissioned a major nationwide survey of employee attitudes and engagement. The research was conducted electronically by Kingston Business School and Ipsos MORI using a stratified sample of 2,000 employees from across Great Britain. The report is the latest in a long-running series by the CIPD and provides an independent picture of the experience of work in Britain. The full report, together with details of the sample and methodology, is published by the CIPD as Working Life: Employee attitudes and engagement 2006, and an executive summary, in the form of a survey report called How Engaged are British Employees?, can be downloaded from the CIPD website.

This Change Agenda provides additional perspectives on the research findings. The brief for contributors was to offer their personal reflections on the significance of the findings for HR practitioners. The CIPD is very grateful to each of them for their informed and stimulating contributions and hopes that they will help provoke further debate on the whole issue of employee engagement – what it is and how it can be managed.
About the authors

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To say this survey tells us what we already know would be grossly unfair. What it does is to confirm and reinforce some vital messages about people management in organisations. The results will be challenging to HR professionals, since what emerges as important in terms of engagement and performance is often beyond the scope of many, but not all, HR managers to influence directly.

Time was when we counted the HR practices in use and their coverage without asking employees about their perceptions of and satisfaction with them, and concluded that the more policies the better. We could show that organisations with more sophisticated bundles of mutually reinforcing practices had higher profits or better stock market value. Of course, it could be that it was successful organisations that had the capacity to invest in better people management. We've moved on. We now know that employee opinion matters, especially the level of engagement and the associated degree of job satisfaction. Social exchange theory tells us, with a lot of supporting evidence, that there is a reciprocal relationship between perceptions of organisational support provided to employees and their willingness to maximise their performance and that of the organisation.

Relationships at work
What emerges from this survey of 2,000 workers of all levels and trades is that what turns them on, makes them more engaged and intending to stay working for their organisation is effective relationships and behaviours, rather than just their experience of HR practices. We need to think and act harder to build better organisations and develop a sense of community. Some organisations are good at this; others seem fractured not just in an ‘us and them’ sense but between groups and across occupational boundaries. The idea of organisations as communities, with different perceptions between older and younger workers, between men and women and among ethnic groupings (there is good evidence here from the survey), means that it’s not just what managers do that’s important. Relationships among fellow workers, for example, come out importantly as a factor explaining job satisfaction. There are big variances between people in reports of relationships with managers, in trusting senior management and in rating the quality of employee relations. These variances tend to be greater than those found in perceptions of the quality or utility of particular HR practices, even when we compare employee responses in the same firm. This points to big differences in such things as management styles and leadership.

Two critical messages stand out from the survey from the perspective of the link with performance and the quality of relationships. First, engagement is important and can’t be taken for granted. It links clearly with employees in their willingness to stay working with their employer and their advocacy – a disposition to spread the word about what a good place the organisation is to work in and for and to do business with. We know from many previous studies that this attitude of engagement, or what is sometimes termed ‘affective’ organisational commitment is strongly related to positive discretionary behaviour or ‘going the extra mile’ and this includes a thirst for improvement by learning new or better ways of working. High-performance organisations are good at developing employee skills and competencies and don’t have high labour turnover, which can render this investment in people uneconomic. It’s alarming to find in the survey that a third of those surveyed rarely or never discuss their training and development needs with their manager.

Discretionary behaviour
High-performance organisations will also have a large majority of employees, but never all, who are willing and able to solve problems, take initiatives, help colleagues and customers and work collaboratively with their
manager. Opportunities to engage in discretionary behaviour are denied to around a third of people who find their skills are not used in work. This points to the need for more attention to be paid to job design. We know that people who have reasonable autonomy in doing their job, sometimes called ‘elbow room’, and who find their job challenging, are likely to have high levels of job satisfaction and experience less work-related stress. I’m reminded of a study many years ago which concluded that a majority of people used more skill getting to and from work than they did in the workplace. It’s very hard to see how a management team can get their organisation into the top performance gear without a sizable majority of employees who are committed and engaged, given opportunities to improve and get satisfaction from doing the job.

Where does engagement come from? The answer is the second key message from the survey. We find strong associations with employees having a voice – being able to express their opinion upwards to their manager and beyond. We also have it confirmed here that communication – knowing what’s going on, what’s planned and why – is crucial. Both of these rely on line managers, as does coaching and guidance and even the minimal discussion of training and development needs. This points to the primacy of the quality of the relationship between employee and supervisor, sometimes called ‘leader–member exchange’, an important part of social exchange theory. The survey here goes one better. It shows how managers themselves have to show commitment to the organisation, what we could call ‘committed leadership’.

Organisational culture
There is a need, too, for trustworthy and visionary senior management: attributes the survey finds are far from universal. Other attributes commonly found associated with high levels of engagement are ‘respect’ and ‘fairness’. The common denominator in all of these is the quality of management, especially, but not exclusively, the front-line manager who works on a daily basis with staff in the mundane production of goods and services. This isn’t simply about the individual relationship between manager and team member. It’s also about collective relationships in the sense of climate or culture. This is where the importance attached to relationships with fellow workers as a key factor linked to engagement comes in. Team leaders have to create well-functioning teams, and senior managers have to build a strong, positive climate of employee relations. Climate and culture are often defined in the vernacular as ‘what it’s like to work here’ or ‘the way we do things here’.

The challenge for the HR professional is how to facilitate the building of better organisations. HR manuals don’t help and the HR service centre as a source of advice to hard-pressed line managers in these areas is certainly useless. The challenge of the survey is that it shows that what’s really important in organisations, and for employees in their sense of identity and satisfaction, is the quality of jobs, of relationships and openness seen in upward communication, vision and values. This has to be central to the agenda of HR.

Implications for practitioners
- Management style and leadership are critical to high-performance working.
- Engagement translates into employee willingness to ‘go the extra mile’, including learning new or better ways of working.
- Managers should pay more attention to job design, creating more ‘elbow room’ for people to do their jobs.
- Employees need to be able to express their opinions upwards to their manager and beyond.
- Engagement isn’t simply about the relationship between manager and team members, it’s also about organisational culture.
- The challenge for HR professionals is how to facilitate the building of better organisations.
Happiness is in vogue at the moment. There has been a surge of books from psychologists, and even the occasional economist, all seeking to unlock the secrets of personal happiness. Yet just how important is it for employers to take the happiness of their employees seriously? Many would argue it’s their loyalty, their engagement and ultimately their performance that matters most.

Here, I look at some data from the CIPD working life survey and show how it offers some evidence into why employers should take happiness seriously. But before I do, I would like to share some insights from the new science of happiness and well-being, particularly from evolutionary psychology as, after all, *homo sapiens* has evolved over a long period of time – and clearly our emotions have to serve a purpose for them to have developed.

**The role of emotions**

In the last 50 years, psychological research has tended to focus on reducing mental illness and distress, with particular attention to disorders. However, recently there has been a recognition that psychology has neglected to pay enough attention to what makes for a good life – positive feelings and good functioning. This has led to the creation of a whole new strand of research into what is often called ‘positive psychology’ – positive in terms both of outcomes and interventions. So the aim is to help people lead full and rich lives, building on their own personal strengths, interests and competencies. It’s from this research that I offer the following insights.

Broadly speaking, there are two types of emotions, often somewhat simplistically called positive and negative emotions. Most negative emotions tend to be quite distinct: fear, anger, disgust, anxiety and (less so) depression. The role of the negative emotions as an immediate evolutionary feedback mechanism has been understood for some while. If we are in danger, fear acts as a very useful signal to respond quickly, whereas anger is aroused by situations that demand other types of engagement – in a sense this is the ‘fight or flight’ scenario. Depression is a little more diffused than other negative emotions and is more prevalent in status hierarchies. Some academics suggest that it’s at least partially a ‘submission’ response to the group, thus avoiding fights while remaining part of the group and thereby supporting continued survival.

Research into the evolutionary role of positive emotions is, however, quite new. Interestingly, positive emotions tend be more blurred: joy, contentment, love and (slightly more focused) interest. In the past, they have tended to be interpreted as a signal of good functioning – life is going well, therefore I feel good. But more recently psychologists such as Barbara Fredrickson have suggested that positive emotions actually lead to good functioning. In other words, positive emotions are not just an outcome or reward for doing the right things, they also increase our potential for doing well in the future. Fredrickson calls this the ‘broaden and build’ theory of positive emotions – broadening the repertoire of creative responses and building enduring personal resources. Clearly, the evolutionary reward for this is that we discover new ways of doing things and become more resilient to setbacks.

Interestingly for organisations, there are some indications that the ‘broaden and build’ theory also operates at a team or system level. Research into the functioning of teams highlights that a good balance between being supportive and being challenging broadens the creative potential of the whole team. This in turn builds their resources, leading directly to increased productivity, profitability and customer satisfaction. This is the exciting potential of positive psychology for organisations – the creation of a virtuous cycle of increasing well-being within the
organisation while simultaneously stimulating enhanced personal and organisation outcomes. So does this CIPD survey provide any evidence to support the notion that happiness is a serious business issue?

**Survey evidence**

The survey included a set of 12 questions on people’s emotions at work: six positive (enthusiastic, cheerful, optimistic, contented, calm and relaxed) and six negative (tense, miserable, depressed, worried, uneasy and gloomy). The researchers intended these to be used on two continuums: anxiety–contentment and depression–enthusiasm. However, for purposes of this analysis, I look simply at the split between positive and negative emotions. Indeed, this approach actually better reflects the underlying structure of people’s responses to the questions than the theoretical model. This is supported by a two-factor solution using principle component analysis.

I further differentiate between the higher-energy positive emotions (enthusiasm, cheerfulness and optimism) and the other more passive emotions (calm and relaxed). Contentment – although at face value a low-energy emotion – sits with the higher-energy emotions in a two-factor solution. It may be that contentment is more of a signal of good functioning in this context.

Figure 1 shows the strength of the relationship (as measured by the correlation coefficient (sometimes referred to as r)). A score of 1 would be perfect correlation, 0 would mean no relationship. All of these are statistically significant (except physical engagement and negative emotions) between both emotions and several key performance indicators: job satisfaction, meaningfulness of work, cognitive engagement (being absorbed in the tasks of work), physical engagement (committed to completing the tasks of work), loyalty and performance (self-reported performance, both the individual and the organisation). Note that negative emotions undermine these relationships and positive ones support them, but they do so in differing degrees.

We have to be careful when interpreting a cross-sectional survey such as this one (as it can only indicate relationships, not causality). However, the evidence is broadly supportive of the notion that there is something extra important about positive emotions.

What is interesting is that, with the notable exception of job satisfaction, positive emotions seem to have more than twice the impact on these key performance indicators as negative emotions do. In fact, other indicators such as ratings of supervisors and management had a similar relationship with emotions.

![Figure 1: Relationship between emotions at work and key performance indicators](source: CIPD employee attitude survey 2006)
as the life satisfaction indicator, that is, less of a marked distinction between the positive and negative emotions. This suggests that people’s satisfaction ratings and assessments of others are more clouded by their negative feelings than their own actual experience and behaviour. So, while one wouldn’t advocate ignoring negative feedback, organisations might create more impact by promoting a climate that fosters positive emotions at work. The question of course is how do we do this?

Promoting positive emotions at work
First, organisations should identify current good practice within the organisation, building on the culture that already exists, and appreciating the quality of existing employees. If the organisation is large, a well-being audit could be an appropriate and dispassionate way of identifying hot and cold spots in the organisation, and could form a basis for learning from within.

Second, team leaders should foster an atmosphere in teams that blends support with appropriate levels of challenge. If this is done authentically, the team as a whole is likely to be more creative and resourceful.

Third, line managers should support their staff to identify their own personal strengths, interests and skills and seek to enhance their opportunities to use them at work. This will promote a virtuous cycle of positive emotions that broaden and build their capabilities.

Finally, individuals should seek out work and workplaces that they find interesting and enjoyable. They should foster good relationships and challenge themselves. All of these are likely to make them both feel good and do well.

Implications for managers
• Happiness is a serious business issue – feeling good at work is not only a signal of good functioning but will actually enhance the prospect of future resourcefulness.
• The survey evidence supports the belief that positive emotions are particularly important in relation to several key performance indicators.
• Organisations are likely to get greater impact by fostering positive emotions rather than simply dealing with problems.
• Systematically identifying good practice, perhaps through well-being audits, will support organisations to learn from within.
• Team leaders, line managers and employees themselves could all promote positive personal and organisational outcomes.
So what are employers to do to increase engagement? The survey report includes a chapter on management implications. In offering these ‘reflections’, I want to step beyond the immediate findings of the survey and give employers some additional perspectives on the results.

Engagement drivers
The report itself can be used by employers to start a list of initiatives to increase people’s engagement. The top priority seems to be communication. The report singles out having the opportunity to feed their views and opinions upwards as the most important driver of people’s engagement. The report also identifies the importance of being kept informed about what’s going on in the organisation. These are interesting findings and can be taken to emphasise that people want a sense of involvement – of being to some extent in a partnership with their employer. In turn, employers can generalise from this to increase people’s engagement. They can go beyond communication to ensuring that, in every possible way, people are treated not as a ‘mere employee’ but as a valued individual. An aspect of this is illustrated by the survey finding that engagement is related to a person’s satisfaction with their work–life balance and being on a flexible contract.

Engagement was also found to be related to people’s opinions of their manager. Specifically, it was related to people thinking that their manager was committed to the organisation. In addition, engagement was related to how positive a view the person had of their managers and senior managers. Some of the particular aspects of management that were asked about in the survey again centre on communication (examples are: ‘keeps the person in touch with what is going on’; ‘listening to suggestions’). The survey also asked about the clarity of the vision that senior management conveys. The report describes a group of people who receive a clear vision, are inclined to support the organisation’s objectives, and who are also highly engaged.

Broadly, the results confirm the assumption that people will be more engaged to the extent that their needs are met by their employer (Woodruffe 1999). For simplicity, I think these needs can be grouped under the headings of the package, employability and satisfaction:

- The package covers all the financial and non-financial benefits offered by the employer.
- Employability encapsulates people’s need to secure a package in the future as well as today. They want to feel they’re being developed and that their employability is being increased in other ways – for example, by them being associated with successful assignments that they can put on their CVs.
- Finally, people would surely prefer to spend their time at a place of work that lifts them up rather than casts them down. Under ‘satisfaction’ might be entered all the detail of being managed in a way that creates a feeling of being respected as well as of not being worked to death.

The entire triangle must be considered if organisations are to engage people (see Figure 2). However, as noted already, it is of overriding importance that people are treated as individuals. For example, some people want to sacrifice pay for more holidays in their package; for others, it’s the other way round. Likewise, what gives one person job satisfaction is not the same as for another.
Having attended to people’s needs, I believe organisations must offer long-term commitment if they are to expect it in return. Other things being equal, it seems logical that people will prefer to have their needs met in a relatively secure environment rather than one where there’s considerable doubt about the continuity of the employment. Offering commitment does not mean offering a guarantee. It means getting across the message that leaders are putting prime importance on the organisation’s future and that people will not be the first to be jettisoned if the going gets tough.

Of course, I have generalised slightly from factors that might affect engagement to what is likely to make people feel positive about a place of work. Engagement has become something of a vogue word, eclipsing commitment and motivation in the management literature. The survey focuses on engagement and indeed makes use of a tripartite distinction between emotional, cognitive and physical engagement. For busy managers, one question is how far research and advice on engagement is interchangeable with that on commitment and motivation, as well as on how to attract and retain people in winning the talent war.

Conceptually, there might be a possibility of someone being engaged in their day-to-day work without being motivated or committed or wanting to stay. However, it seems unlikely that organisations will want to employ the distinction between these imprecisely defined and measured variables, but will instead prefer to operate on what they have in common. For example, I rather doubt that a manager who wishes to increase engagement should worry that the survey showed that treating people with respect operated on people’s intention to leave rather than their engagement. Managers would be better advised to offer the package of initiatives that affect the overall reading of people’s engagement, commitment and motivation.

**How far can managers influence engagement?**

However, this begs the question of the extent to which managers can increase people’s engagement. The report identifies variables that are in the control of employers and are related to engagement. It doesn’t give precise details of the extent of the relationships between managerial actions and engagement. The relationship might be statistically significant but still of fairly trivial importance. To this extent, the manager who implements a new policy of giving staff information and taking their views seriously might be disappointed by the effect this has on engagement. Furthermore, of course, we don’t even know that being well informed is what causes engagement or the equally plausible line of causality that managers give more information to the people they perceive as being more engaged. Such thoughts shouldn’t stop...
managers from doing something positive to try to increase engagement. They might, however, act as a check on expectations as to how great an impact such initiatives might have.

This leads to the further issue of the extent to which some people are more open to being engaged than others. The report comes out with some interesting distinctions in terms of people's involvement and enchantment (treated as equivalent to satisfaction). The question we then need to ask is whether people are involved and enchanted because of the relatively immediate actions of their managers or whether their involvement and enchantment is a more deep-seated attitude that makes their engagement hard to influence.

There are good reasons to suppose that a deep-seated attitude is at least part of the answer, and here I'm reminded of the distinction by Rousseau and Wade-Benzoni (1995) between core workers, careerists and jugglers. Core staff are attached to the organisation. By contrast, jugglers don’t hold employment as a central life interest, and careerists are short-term insiders who have their advancement within an industry or profession as a priority. While there is certainly not a perfect match between these career attitudes and engagement, it does seem very plausible that engagement is an attitude that isn’t easily raised by management actions. Indeed, the report suggests as much both in the opening sentences of the first chapter that describe the engaged employee as the one who stands apart from colleagues and by the findings of demographic differences in engagement.

To increase engagement, then, managers need perhaps to do more than just operate the levers of engagement. They need to identify people with a propensity to be engaged – people without a ‘whatever’ attitude. They then need to ensure that this propensity is not abused by neglect. There is surely a virtuous circle whereby engaged staff facilitate managers to behave in a way that further bolsters engagement. Managers must ensure that they contribute to the flywheel of this cycle once it’s established, but also that they hire the right people in the first place. It seems reasonable to suggest that a considerable part of what we mean by ‘talent’ is the propensity to demonstrate engagement.

Finally, how are we doing? The report has quite negative findings with respect to employees’ views about their managers, senior managers and organisational communication. If this sample is representative, it would appear that many managers are failing to lean positively on the flywheel of engagement. Nonetheless, such overall findings undoubtedly mask pockets of good practice and it’s up to each manager to reflect on the extent to which their actions are helping or hindering the engagement of their staff. Perhaps more importantly, it’s up to the leaders of organisations and specifically HR directors to consider how well they are doing in facilitating managers to facilitate engagement. Managers who are harried and stressed are not exactly in the best position to spare the time to communicate downwards or to receive the suggestions of staff. Yet it is omitting actions such as these that the report suggests will harm engagement, resulting in managers being more harried and stressed than ever.

Implications for managers

- The top priority for managers who want to increase employee engagement is communication.
- People will be engaged to the extent that their employer meets their needs in terms of benefits, employability and satisfaction.
- Managers should offer the package of initiatives that reflects an overall reading of people’s engagement and motivation.
- Employees’ involvement may reflect deep-seated attitudes that make their engagement harder for managers to influence.
- Managers need to identify people with a propensity to be engaged, and ensure that they hire the right people in the first place.
When it comes to being engaged at work, are employees different or the same?

by Dianah Worman

‘One size does not fit all’ is the message for employers from this new research. The evidence points to the need for employers to customise what they do to make sure we’re all willing and able to work at our best. But it also underpins the common elements that must be the focus for employers’ attention in order to deliver the kind of workplace all of us – and we are all different – would prefer to work in.

While the outcome of the research may be counter-intuitive to those who think that fairness at work means treating everyone in exactly the same way, it will come as no surprise to those who have grappled with the challenges of managing diversity. That we all have similar but different needs is a fact of life and a reflection of reality. It means that employers would be ill advised to ignore diversity in crafting people propositions, terms and conditions of employment and approaches to employee relations. Addressing diversity must be at the heart of the management of people at work because everyone is unique.

So what do the research findings tell us? Identifying differences in patterns of responses – from men and women, people with disabilities, people from different ethnic backgrounds and different age groups – highlights deficiencies in the ways employers manage, or more often fail to manage, diversity. Spotlighting these management weaknesses throws up immediate opportunities to develop ways of fostering engagement and improving organisational performance.

Age
For example, looking at attitudes among different age groups tells us that older workers are more engaged than their younger colleagues and that those over 55 take less sick leave. These facts fly in the face of stereotypical thinking that older people will be more sick, more often, than younger people and will incur unwanted cost burdens and higher employment overheads. The findings support other research in this area and are good news for employers, given the background of changing demographics and the imperative to open up more and extended job opportunities for older people. The findings should give food for thought to old-fashioned managers who discount older people in the job stakes because they are perceived to be ‘past their sell-by date’.

On the other hand, the fact that younger people are less engaged at work than their older colleagues is a signal that employers need to check out why this is the case and deduce which employment offerings and practices are failing, why they are failing and what might be done to improve or replace them. The fact that people under 25 have more trust and confidence in their senior management team than their older colleagues is an asset not to be compromised, as once trust is broken it’s difficult to rebuild.

Rather than seeing these results as throwing up problems, we should look at them as rich opportunities for building more quality into what we do, and helping us to introduce changes that will improve both recruitment and retention rates. The results provide further evidence of the need to address age diversity because it makes business sense. Young people are tomorrow’s workforce, and business can’t afford to marginalise them by fuelling disenchantment and a poor work ethic.

Gender
Interestingly, women, who now form more than half of the UK workforce, are more engaged at work than men, report higher markings at performance appraisal, are more likely to act as organisational advocates, are more loyal and think more highly of their senior
management team. Since higher engagement correlates with better job satisfaction and productivity, women are clearly pivotal to the success of the UK economy. This is in spite of the fact that they are more likely to work part-time than men and therefore to be perceived as second class in the labour market.

This stereotype – that part-time workers are less valuable because they are less committed – is undermined by the evidence about the importance to both women and men of flexible working and work–life balance as an influence on engagement. This highlights the need for employers to adopt an inclusive approach to flexible working, a policy the CIPD has long advocated.

**People with disabilities**
The findings paint a bleak picture about the way people with disabilities feel about the organisations they work for. They feel less listened to, less satisfied with their work, less in control of their work, and more anxious, stressed and pressurised than able-bodied colleagues. They also rate their own performance lower than their colleagues without disabilities and report higher absence levels. They are less likely to have been rated excellent in their performance appraisal and are less likely than employees without a disability to remain in their job.

Legal pressures force employers to focus on practical ways of making it possible for people with disabilities to work. Recent CIPD survey evidence shows these legal pressures come top of the list for attention, according to employers themselves, while more organisations reported including disability in their equal opportunities policies than any other diversity issue. But simply opening up job opportunities is clearly not enough. As the current research results suggest, employers need to invest more effort in moving beyond legal compliance to adopt and develop good practice in ways that contribute both to organisational effectiveness and more positive experiences for disabled workers. These findings will help employers to focus attention on ways of finding out how to improve the experiences people with disabilities have at work.

**Bullying**
Bullying and harassment are workplace behaviours that do no one any favours but cost employers billions of pounds. Mounting evidence shows that intimidating behaviour causes higher absence and turnover rates and damages corporate reputation. It undermines people’s performance and can lead to poor health and stress. Employers need to adopt zero-tolerance policies to stamp out unacceptable behaviour and give serious and speedy attention to all incidents.

The research shows that around a fifth of employees overall and three in ten black and Asian employees have experienced some form of bullying or harassment in the last two years. Women experience more bullying and harassment than men, while people with disabilities are more likely to experience bullying and harassment than others and feel less supported if they have a problem. Public sector workers report more bullying and harassment than people who work in the private sector.

**Conclusion**
In the complex world of work and today’s competitive market place, employers need to make sure that everyone at work is willing and able to perform at their best. This means making sure that employment policies and practices are sensitive to diversity issues so they can be fine-tuned to deliver better results. This presents both challenges and opportunities, but the research demonstrates the value of digging for detail of this kind. It shows that, while people are similar, the ways in which they are different are relevant to the way they are treated at work. Creating a positive working environment and sound management practices can foster high levels of engagement and performance for everyone.

**Implications for managers**
- One size does not fit all: employers need to customise their policies and practices to match the needs of different groups in their workforce.
- Employers should recognise that older workers are likely to be more engaged, and should value their contribution.
- Employers need to design approaches to employment that are more attractive to younger people.
- More needs to be done to make the employment experience of people with disabilities more successful.
- Stamping out bullying and harassment must become a priority for management attention.
- Flexible working can leverage engagement by facilitating personal choice.
How does a major corporate use employee attitude data?

by Greig Aitken

The Royal Bank of Scotland (RBS) Group has over 140,000 staff based in 30 countries. Its brands include NatWest, Direct Line, Tesco Personal Finance, Coutts and Ulster Bank. In an organisation of this size, understanding the effectiveness of its people strategy and employee proposition is a strategic imperative.

Over the past three years, RBS has developed a human capital strategy that provides its business leaders with a detailed understanding of how effective the group is at attracting, engaging and retaining the best people and how its people strategy drives business performance.

At the heart of this approach is RBS’s ‘human capital toolkit’, a comprehensive suite of online resources that provide HR staff with desktop access to a range of diagnostic tools, benchmarking resources, employee research and measurement tools. Together these resources provide RBS businesses with a deeper understanding of the links between effective people management and superior service and financial performance. This is a sophisticated, business-focused strategy within which employee attitude surveys play a key role.

The human capital toolkit provides consolidated information on the global employee base of RBS and is split into six core elements:

- Surveys – these provide access to analysis tools, presentations and action planning support across the group’s entire range of employee surveys. This includes joiner, leaver, pulse and employee opinion surveys as well as acquisition surveys and management/leadership effectiveness surveys.
• Benchmarking – RBS has developed tailored benchmarking information for each business and function (for example, IT, call centres and head office departments). Forty human capital measures have been benchmarked against RBS’s competitors in all their markets (for example, insurance, US credit cards, UK retail banking, and so on).

• Research – this resource provides access to internal research across the group on topics such as call centre performance, performance measures and organisational development. It also offers direct access to external research and employee research partners such as the CIPD. HR staff can also commission custom research across any HR topic from their desktop – and researchers in Washington and London are used to ensure their questions are answered quickly. Staff can also discuss the findings with the researcher.

• Measurement – HR staff can investigate the links to business performance themselves by first accessing key metrics derived from HR’s global data warehouse. Metrics can be delivered in seconds at a range of levels, from the whole group down to individual cost centres and business units.

• Reporting – this gives access to human capital reports on a variety of topics such as absence, staff turnover and diversity. It includes reports to the group’s board, executives and senior HR staff, giving a deeper understanding of how key HR issues relate to business performance. Access to all external reports is also provided.

• Business intelligence – this is a ‘one-stop shop’ for business information relating to RBS’s competitors and links to RBS business information. It’s aimed at keeping HR staff updated with business context and competitor analysis.

A key resource in RBS’s human capital strategy is its annual survey of employee attitudes. The ‘Your Feedback’ survey is delivered to over 140,000 staff in 30 countries in nine languages and is completed online and on paper (depending on business access). RBS conducts this survey anonymously through its survey partner, ISR, to get direct employee feedback and to compare their results to peers. The results are compared to ISR’s financial services sector and global high-performer benchmarks, which tell RBS how it is performing against its competitors and provides managers with a powerful tool on which to base decisions. At 86%, RBS’s response rate for its employee survey is 20% higher than the market average.

Figure 4: RBS Group’s summary results

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<td>Divisional leadership</td>
<td>7</td>
</tr>
<tr>
<td>Performance management and development</td>
<td>7</td>
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<tr>
<td>Image and competitive position</td>
<td>6</td>
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<tr>
<td>Respect and diversity</td>
<td>5</td>
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<tr>
<td>Job satisfaction and engagement</td>
<td>5</td>
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<tr>
<td>RBS Group leadership</td>
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<tr>
<td>Workload and work–life balance</td>
<td>5</td>
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<tr>
<td>Co-operation and working relationship</td>
<td>4</td>
</tr>
<tr>
<td>Efficiency and innovation</td>
<td>4</td>
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<tr>
<td>Customer focus</td>
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</table>
The survey results are communicated to internal and external audiences in various ways:

- The chief executive communicates to all staff the group’s results and each division delivers local presentations.
- Managers receive online reports relating to their area.
- The results are reflected in continuing employee communication and engagement.
- Results are also reflected in discussions with financial analysts and in an annual corporate social responsibility (CSR) report.

Managers are also provided with an online survey results toolkit and an action planning booklet so that, at a local level, tangible actions are agreed and targeted:

- This includes the report for their individual business unit, bank branch and so on, as well as broader business results.
- There is detailed analysis, for example, their top and bottom ten scores, and data on how they compare.
- The toolkit provides a capability to automatically generate a tailored PowerPoint presentation for the meeting expected to take place with the manager’s team.

As part of its human capital strategy, RBS is an enthusiastic user of peer benchmarking – internal and external – across its employee surveys:

- Managers are able to compare their results against other parts of the group (for example, their call centre compared with the RBS call centre norm and the external call centre norm).
- RBS has pre-selected 24 benchmark groups – by geography, market and business type – to use for external comparison.
- RBS uses 14 categories of organisational features for internal and external comparison.

Key to the company’s success has been cross-business executive support. RBS has established a human capital board to manage its work in this area. Chaired by the Head of Human Capital Strategy, it consists of business executives, HR directors and the group’s deputy chief economist. Under the governance of the group’s HR leadership team, this board is responsible for prioritising human capital initiatives based on business impact. The strong support from the group director, HR and his leadership team has been instrumental in setting the human capital agenda, and ensuring the approach continues to receive strong business sponsorship.

RBS publishes human capital measures in its annual accounts and in its corporate responsibility report. This includes a review of performance, workforce demographics and the results from its global employee survey, together with how RBS is positioned against its peers in each category. The detail that RBS reports externally is extensive and is audited under the ISAE3000 assurance standard by Deloitte, who also audit the group’s financial reporting. By reporting how our people strategy drives business performance, we differentiate RBS Group as a great company to work for, invest in and bank with. Sharing our approach to developing a highly rewarding and productive workplace is a key part of this approach.

**Implications for managers**

- Employee attitude surveys are a fundamental component of sophisticated strategies for managing human capital.
- Findings on employee engagement can be used to monitor business performance, alongside those on, for example, communication, diversity, leadership and work–life balance.
- Combining attitude data with other metrics can provide managers with a greater understanding of the relationship between HR policies and practices and business performance.
- Benchmarking detailed results across business units allows managers to compare their results with those of other parts of the group.
References


We explore leading-edge people management and development issues through our research. Our aim is to share knowledge, increase learning and understanding, and help our members make informed decisions about improving practice in their organisations.

We produce many resources on people management and development issues including guides, books, practical tools, surveys and research reports. We also organise a number of conferences, events and training courses. Please visit www.cipd.co.uk to find out more.