



# **A 2017 GUIDE TO MEASURING AND ACTING ON EMPLOYEE ENGAGEMENT**

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# INTRODUCTION

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Employee engagement isn't something that companies or industry talked much about 10 years ago, yet, today, companies have roles and teams in companies completely directly devoted to it. In fact, Chief Engagement Officer is the new CEO.

The reason it's been gaining a lot of steam is because, well, it's important! However, we are seeing that while companies understand the value of engaged employees, they are struggling to figure out where to start and how to put together a comprehensive plan to address it. We published this guide to help.

Our goal is to help answer the frequent questions we get from companies:

- Why is employee engagement important and how can I sell it internally?
- What are best approaches to identify and measure whether my employees are engaged?
- What should I ask my employees and what metrics should I measure?
- How can I gain actionable insights from my data in real-time?
- What is the importance of qualitative feedback?
- OK I've measured engagement, now what?

We hope you will love the content here as much as we loved creating it.

*According to a 2014 Gallup study, 70% of employees globally are disengaged at work. This is a big reason why we put this Guide together! Check out our "Tips" throughout the guide.*

# WHY EMPLOYEE ENGAGEMENT?

Having engaged employees is important. It has been proven time and time again that engaged employees leads to happy customers and higher revenue. Engaged employees are more likely to be evangelists for your products and services.

Don't believe us? Check out eight of our favorite articles (conveniently listed in the appendix) that can help you see the value of engaged employees. Here are some other quick facts about how engaged employees impact business success:

## Firms in top-quartile of employee engagement

65% lower turnover

48% fewer safety incidents

41% fewer quality incidents (defects).

55% higher Net Promoter Score

36% more likely to stay

4% increase in incremental operating margin



We know that engaged employees have a big impact on business success; but, now the hard questions: What makes an engaged employee? What are the drivers and influencers of engaged and disengaged employees?

# WHAT FACTORS DRIVE ENGAGEMENT ANYWAYS?

In order to measure engagement, we first need to understand the factors that DRIVE or INFLUENCE employee engagement. There are a plethora of questions, models (i.e. Gallup's Q12), and approaches to determine this, but we prefer to lean on studies from credible sources that identify the key drivers of engagement. We've collected a few of these studies, and outlined the factors they found below:

Towers Watson <sup>iii</sup>



Aon Hewitt <sup>iv</sup>



HBR <sup>v</sup>



**Figure 1. The simply irresistible organization®**  
 What we have learned: Five elements drive engagement



Most of these studies found that autonomy or empowerment, career growth, recognition or rewards, strong leadership, and work life balance were top factors, along with several other elements. However, from these examples, we can see that two things stand out:

1. The engagement drivers are relatively consistent in terms of WHAT they are, but,
2. The ranking or importance of each factor is dramatically different.

This sums up why it’s important to understand the unique engagement drivers at your organization. Third-party data helps us figure out where to start, but every company is different; every company handles some of these employee engagement factors well, and others, unfortunately, not so well. It’s important to have insight into what drives engagement with your unique workforce. When you start getting the right insights, this can help to inspire the right action.

But getting the right insight isn’t as straightforward as it may seem – you need to start by getting the right data. So, let’s shift gears towards how to measure engagement in your workforce.

*Tip: There is competing research around what key drivers of employee engagement are. It makes it important to understand the unique engagement drivers to your business.*

# HOW TO MEASURE EMPLOYEE ENGAGEMENT

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Data can be a great way to understand an employee or group's level of dedication to work, their sense of purpose, or happiness level in their jobs. Using data to understand the things that impact engagement is extremely important because it helps offer a road-map of how you can make a positive impact on employees, customers and overall productivity in your business.

An easy downfall for Executives, HR managers and People Managers is to assume that the employees that they speak with represent all employees. As companies get bigger, executives quickly realize that they just cannot interact with everyone anymore, and gauging the company's engagement pulse becomes a challenge. One-on-one meetings tend to be about day to day work, and, for the most part, conversations between employees and managers are limited to projects or tasks. Without a reason and a method to get feedback, managers and HR are not going to get accurate, representative information, if they get any at all. You need a way to measure employee engagement that:

- Can be looked at as a simple metric or a single number
- Can be done quickly enough that you can measure it on a regular basis
- Does not require a lot of manual analysis
- Is easy and fast for employees

## Measurement Considerations:

### Employee Net Promoter Score

**eNPS** = *Employee Net Promoter Score is a standard measure that helps you get a sense of your employees' overall sense of loyalty and engagement. "Would you refer your friend and family to work at our company?"*

A simple way to get valuable data is with the eNPS question. eNPS stands for “Employee Net Promoter Score”, and it is derived from the famous “Net Promoter Score”. The question is:

*How likely are you to recommend our company to your friends and family?*

A variation to this question is:

*Would you refer your friend and family to work at our company?*

The answer takes the form of a score, from 0 to 10, with 0 being not at all likely, and 10 being extremely likely. You then group your employees into three groups based on their response:

**Promoters (9-10):** Employees who love the company and will recommend it to others.

**Passives (7-8):** Employees who are ambivalent.

**Detractors (0-6):** Employees who are unhappy and may advise against working with you.

Thanks to Yelp, Uber and similar review based systems, a five-star rating is very commonly used for feedback. We suggest using a five-star rating system instead of a 1-10 rating.

You may prefer to group the ratings differently into the Promoters, Passives, and Detractors buckets; however, rather than focusing on the appropriate rating and percentage of people that fall into each group, you should focus on determining your baseline score (using any grouping you like) and using it to measure progress.

*“Very few companies can achieve or sustain high customer loyalty without a cadre of loyal, engaged employees.”*

- Net Promoter System

To calculate your Employee Net Promoter Score (eNPS) you simply subtract the percentage of employees who are Detractors from the percentage of employees who are Promoters:

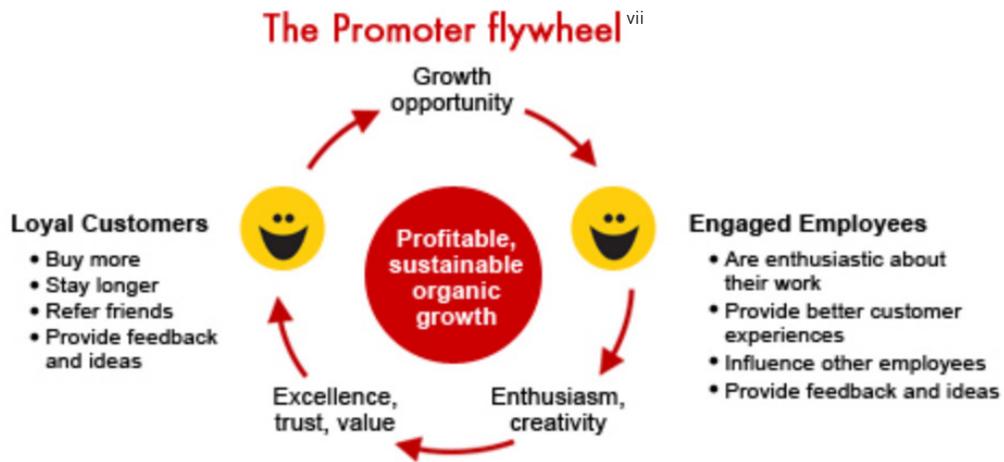
**Employee Net Promoter Score** = [% who are Promoters] – [% who are Detractors]

Your eNPS can be anywhere in the range of -100 (very bad) to 100 (very good). In most cases, it will be in between, with a positive value better than a negative value.

**eNPS example:**

Promoters (9-10): 75%; Passives (7-8): 25%; Detractors (0-6): 25%

Net Promoter Score: 75% - 25% = 50%



*Tip: eNPS offers the ability to get an overall sentiment of employees that you can track over time. This is a great number to share with the whole organization, however, further insight is required as a part of your engagement strategy.*

## Ask questions that focus on Drivers of Engagement

Now that you know how many of your employees are engaged you can move on to understanding why, which is more important. While all employees work for the same company, they typically work in different locations, departments, have different levels of responsibility. Most importantly, they all have different managers. Identifying the behaviors of happy employees and designing your eNPS to lean into those is a powerful way to improve overall satisfaction.

For managers, understanding the level of satisfaction on factors that will keep their team engaged is the key to achieving success in their teams. Therefore, asking questions around subjects that are proven drivers of employee engagement is important. Once organizations have a pulse on how employees are feeling, they are in a better position to impact engagement – overall, and within specific teams.

Here are some examples of questions you can ask that will give you more specific data on the factors that cause people to feel engaged or disengaged:

Question	Engagement Driver
I receive useful and constructive feedback from my manager.	Manager Relationship
The company is transparent and communicates with me often.	Open Communication
I feel recognized for my accomplishments at work	Recognition & Rewards
I understand how my work contributes to the company's goals and objectives	Strategic Alignment
I know and believe in the company's mission	Company Mission & Culture

Using your eNPS pulse survey, you know whether or not employees are engaged. Using the feedback on the specific engagement factors, you know the reasons behind that sentiment, and digging a little deeper will give you the knowledge to make the right changes.

*“Organizations and researchers alike are finding that the traditional model of the annual survey just isn’t providing actionable insights anymore.”*

**- Deloitte**

## What about frequency?

Do you know if your employees are engaged this week? If you’re one of the rare companies that measure this on a frequent basis (weekly, bi-weekly) then you likely have an idea. If you’re doing this quarterly or annually, your data, and therefore your knowledge, is outdated.

Businesses are moving towards constant or regular iteration in most other areas – agile development can result in new releases every week, marketing campaigns are measured daily, and Business Intelligence allows organizations to make strategic changes on the fly. Why is your employee engagement measurement different? Organizations and researchers alike are finding that the traditional model of the annual survey just isn't providing actionable insights anymore.<sup>viii</sup> Think about how quickly your company moves and changes. You need a frequent pulse on engagement because your employees work in days and hours, not quarters and years.

More and more companies are moving toward regular measurement, allowing them to make changes to improve employee engagement as they are needed.<sup>ix</sup> Industry research is now recommending that organizations employ tools and methods that measure and capture employee feedback and sentiment on a real-time, local basis.<sup>x</sup> We recommend short weekly surveys that will enable you to keep a constant pulse on how people are feeling so that you are always equipped with the most relevant information.

*Tip: When you gather employee feedback and insight more frequently, it's important to not overwhelm employees. Each week you can ask 3 to 5 questions, avoid the temptation to ask more.*

## What format should I use for my questions?

There are several ways that you can ask questions, but an important consideration is the types of responses you allow. Are you asking for a rating out of five? A Yes/No question? A ranking question? You get the idea.

Our suggestion is that you keep it simple. We also strongly suggest that you ask open ended questions. Our rule of thumb is that response data will let you know where to dig deeper (for example, data derived from questions on a five-point scale), but the qualitative data will add actionable ideas and additional context. You could ask your employees using a 1-5 scale how satisfied they are with the level of recognition at the company, and follow this question up with an open-ended question where they can elaborate on their answer. Open-ended responses offer employees a voice, the ability to offer feedback, and perhaps bring up topics or issues that you didn't know were impacting engagement.

*Tip: Always ask open-ended questions. It offers employees a voice and insight that you'll never get beyond quantitative results.*

## **Should data be anonymous? Not anonymous?**

Industry research indicates that anonymous is the way to go when you are measuring employee engagement.<sup>xi</sup> Employees often believe that they will be punished for expressing their views, and so it isn't likely that you will get honest feedback if your surveys aren't anonymous. It's also just as important that your employees actually believe the survey is anonymous. If you use a tool like Survey Monkey or a Google Form, you must ask the employee for their information, which means they will immediately believe that the survey isn't anonymous. Having an online tool specifically for employee feedback and surveys helps to remove friction or lingering doubt around asking these questions.

Allowing people to be anonymous helps them reveal the truth, and sparks real conversations about specific factors that are also important.

*Tip: Asking questions about an employee's department or manager in a survey dramatically decreases the faith of employees that it is anonymous*

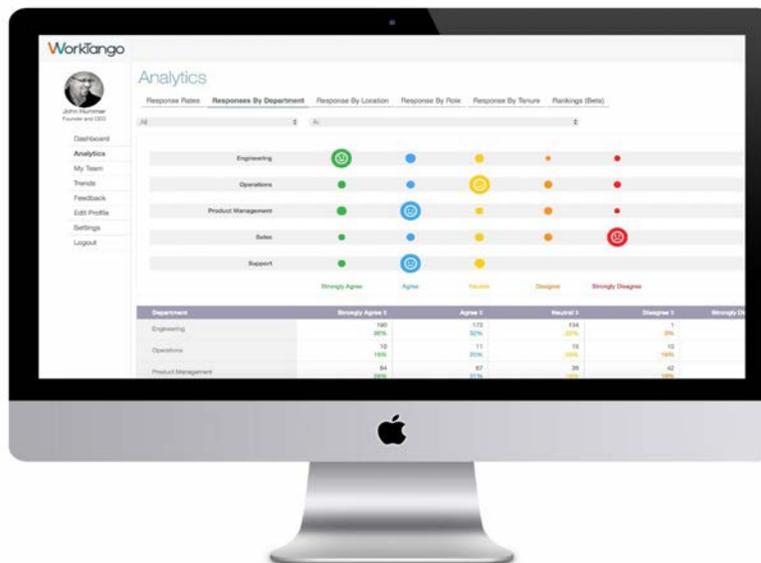
## **Give thought to what happens after you ask for employee feedback**

Your job shouldn't stop at deciding what questions to ask and when. If you want to gather insight from giving employees a voice, you need to think about how you will organize and interact with the results. Set up your analysis so that it provides illuminating information.

Common ways to segment employee data include grouping it in the following ways:

- 1. Department:** It's not just that the work responsibilities between departments are different, their policies can change a lot based on leadership.
- 2. Location:** Facilities and geo-locational factors that impact engagement can be captured through this segmentation.
- 3. Level:** Management has access to different information than mid-managers, who in turn have a different exposure than individual contributors.
- 4. Direct manager:** We all know that employees do not leave companies, they leave their managers. Grouping them by their direct manager is probably the best level of granularity as managers have the most influence on their employees.
- 5. By tenure:** Are there any gaps in engagement with employees that have been at your organization for less than a year? Perhaps it's your onboarding practices. Get interesting insight into how employees are doing and if there are any gaps in your employee lifecycle.

Segmenting employees by cohort is easy to do, so take the time to create groups that are logical for your organization. This gives you the data to make actionable decisions.



This is an example of the immediate insight WorkTango customers have about each department. The insight can also be viewed by location, tenure, and by each leader to help companies know where to focus their efforts.

*Tip: Master the ART of Data - Data is just numbers until you add context to it. The best way to ensure you get insight is understand the ART.*

*A is for Absolute - the number you're looking at. It's nothing without the 'R'*

*R: Relative. How is that number relative to another department? Or leader? You also need the 'T'*

*T: Trend. How is that compared to the past? Improving or declining?*

## **You've got the data. Awesome, right!? Now what?**

Your job has just started! You have the right data, but acting on your new-found wealth of information is the most challenging and important part of the process.

**You need to be able to interpret the data quickly** – if it takes a vendor or your friend in another department with good excel skills a month to get you the data, you aren't able to react and have the right conversations.

**Consider who should have access to the data and insights** – it's important to have an easy way to show executives, HR, individual managers and employees the information you want them to see. Ensure you can deliver data in different ways or offer access to specific data to whoever you choose in your company.

*Tip: Don't hold your insights tight to the chest of HR and executives. Get leadership involved. Serve overall data to employees. Be selective, but make it a company mission to increase engagement. Employees will know that you're listening and feel part of the solution.*

## SO HOW DO YOU ACT ON YOUR EMPLOYEE ENGAGEMENT DATA?

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By now you know how to measure engagement and segment your data to understand the factors that currently impact the engagement of your employees. But what about tomorrow? What about the changes or improvements you are considering making? Don't get stuck in analysis paralysis - no amount of segmentation can help you evaluate these options.

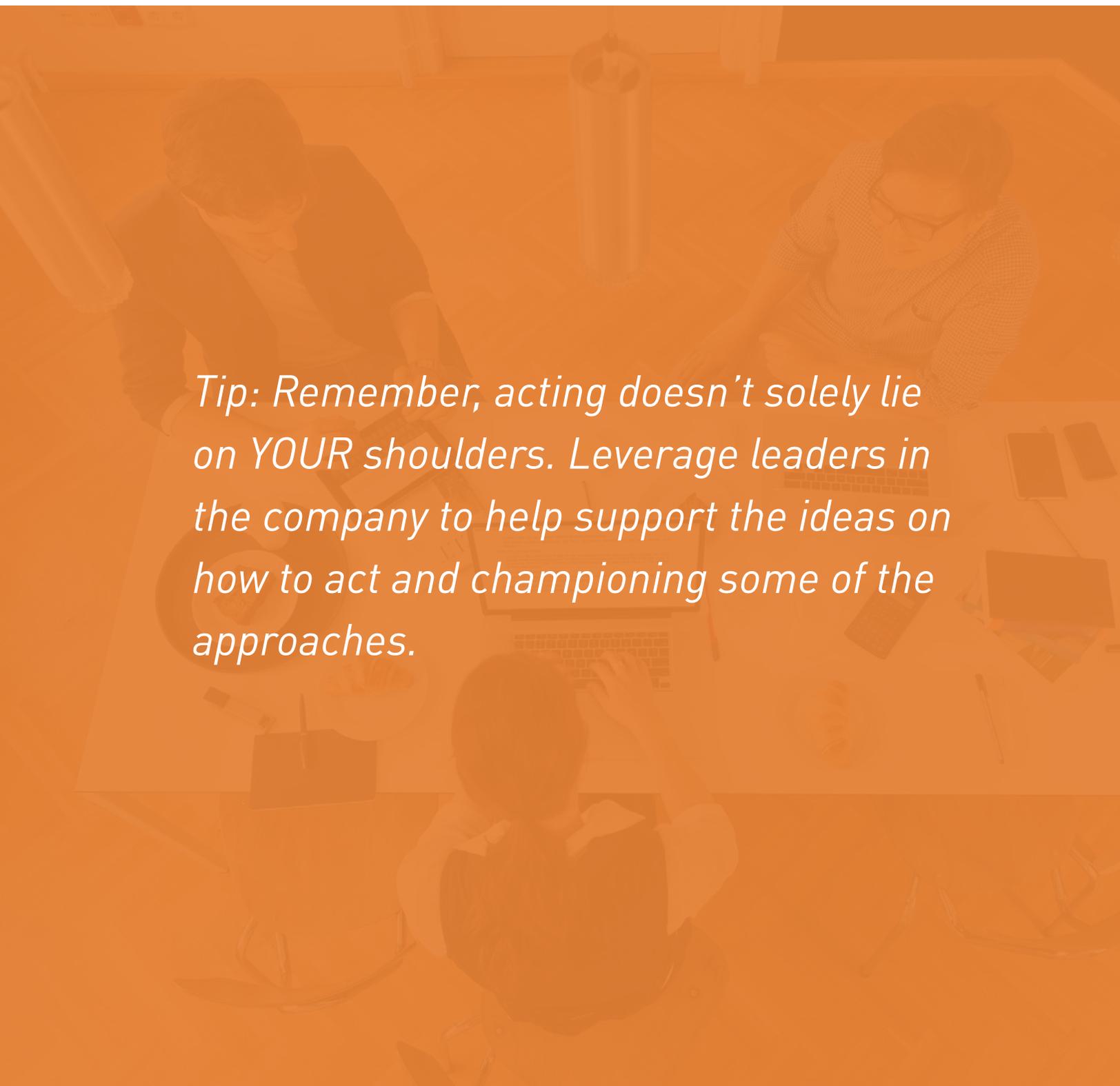
The only way to understand how your future actions will affect your employees' happiness is to speak with people. While this might not sound very scientific, you should, in fact, treat employee discussions like data collection exercises. If you don't, you may unwittingly introduce bias into the feedback you collect, which will drive you to false conclusions.

When getting ready to talk to employees about implementing changes based on their collective feedback, make sure to always do the following:

- **Randomly select employees.** Don't just talk to the employees you already know well, or the ones that are the easiest to reach. Always randomize the employees you collect feedback from to ensure they are a good sample. Remember that not all employees will have time to talk to you so choose a large enough group that even though not all will participate you'll still have enough interviews.
- **Always ask the same questions.** It can be tempting to simply sit down with employees and let the discussion drive the questions. However, unstructured discussions give you inconsistent feedback and make it difficult to avoid bias. Be sure to have the same set of questions for all conversations.
- **Focus on feedback, not imagination.** Employees often have a hard time imagining ideal solutions to their problems, but they are great at providing feedback about potential solutions you put in front of them. Instead of asking them how they would like you to solve something, show them some options and allow them to choose.
- **Get your managers in the same room.** Arranging an expert HR coach session with your managers can be valuable, but it is probably expensive and infrequent. A recurring meeting for people managers to share their management style and tactics to improve their team's sentiment can be very useful, cheap and good for team building.

Those of you who are experienced with survey design will find these familiar - that's because the same rules you would use in good survey design apply to customer interviews as well.

Even after doing these things it might seem difficult to turn qualitative feedback into data driven decisions. Read on to find out how to turn your employee feedback into data driven actions.



*Tip: Remember, acting doesn't solely lie on YOUR shoulders. Leverage leaders in the company to help support the ideas on how to act and championing some of the approaches.*

## Creating a baseline and staying on top of your employee pulse

One of the most challenging aspects of analyzing employee feedback is that different employees will answer in different ways, even though there is very little difference in their work situation. Some may be distraught or happy from a recent event. Some may just have an extra optimistic or pessimistic outlook in general. However, eventually, the law of averages will win and make sense of the divergent response patterns.

Every company is different, and you may need to re-segment your employees into logical buckets if you want to have accurate insights. Once you determine what your baseline is, as an HR/people manager, it's important to ensure that the net eNPS of a cohort (department, location etc.) is steady or improving.

In the end, it is important to remember that being on top of your organizational pulse is the best way to understand your company's most important asset: its employees.

*Tip: When you start gathering insight on a frequent basis, just remember to be patient. It will take a few months until you can really start seeing relative insights and trends.*

## Determine Next Steps

Gathering and analyzing your data is like going to the grocery store and buying ingredients – you have the tools and supplies, but that doesn't mean you have dinner. Likewise, now that you have analyzed your data and figured out what areas need improvement, you need to put everything together and take action to improve those scores.

Every organization will have different measures or policies that they can put in place to ensure employees are engaged at work, but there are a few steps that we recommend taking to make sure you are effectively acting on your data.

- **Take all your feedback seriously** – you may have received feedback that seems trivial or incorrect, but remember that people’s perception is their reality. If a team believes something that is not true, take action to ensure that opinion is corrected. If an employee voices frustration about the fact that their team is always five minutes late for meetings, communicate the importance of respecting people’s time. While these matters may seem like they won’t move the needle on engagement, they are things you can easily rectify, and they can actually have a big impact on reducing people’s frustration at work.
- **Prioritize** – You’ll collect a lot of data, but you can’t act on all of it. The frequent pulse of engagement will allow you to focus on the most critical issues or trends that are negatively impacting your company. When your survey questions are connected to specific drivers of engagement, you’ll have a map showing you where to focus company efforts.
- **Be transparent** – It may not be possible for your organization to make all of the changes that employees are looking for right away. However, being transparent about the feedback from surveys, and showing everyone the plans for the future are great ways to show your employees that you have heard them, and you are doing something about it.
- **Empower your managers to act on feedback** – Managers are the people who have the most responsibility and the best chance of success when it comes to making positive changes to engagement. Unfortunately, they don’t always know it’s their job, or if they do, they don’t know what to do with the feedback they receive. Train your managers on how to act on the insights they receive, and hold them accountable for making it happen. Don’t know where to begin with training your managers? We’ve outlined a few tips in the next section.

*Tip: You can’t solve all the company’s problems in a month. A good way to approach prioritization is to identify all of the things you COULD do to improve the employee experience. Then ask employees to help you prioritize it. Your actions will truly be the voice of your employees.*

## **Leverage your Secret Weapon (Your Managers) to ACT.**

The key to transitioning from listening to taking action is in engaging your people leaders. Today, work happens in highly empowered teams; each team is different, with unique needs and challenges.

Here are five suggestions that will help you engage people leaders in your engagement strategy:

1. **Educate:** Your people leaders need to understand the value of engaged employees. Clearly communicate why engagement is key to retention and team performance. Show leaders why it matters to the organization and how it will impact their performance.
2. **Measure:** Frequently take employee pulse surveys to understand how changes in the business are impacting engagement drivers. Provide people leaders with real time visibility and benchmarks.
3. **Empower:** Trust and empower people leaders to come up with initiatives they believe will have the highest impact. This can be having more frequent check-ins with employees, coming up with development or growth plans, clearly setting goals and expectations with each employee, celebrating successes more often, recognition, or a myriad of other initiatives. Bonus points if you can support them with the right tools.
4. **Accountability:** Engagement and performance on a leader's team is a reflection of their leadership. Hold managers and leaders accountable by including their engagement initiatives and result in their OKRs, goals and performance evaluations.
5. **Results:** Show people leaders how their action is having an impact on their team's engagement and performance. Engagement is an ongoing initiative, changes in the business will have an ongoing impact and it's on the leaders in your organization to continuously listen, adapt, and act

*WorkTango customers share engagement levels for each manager's team. It doesn't end there. The engagement levels are compared to an average of all managers in the company to inspire accountability and action at the management level.*

## Oh, and measure again.

It's not a good idea to run your survey, analyze the results, put a few new policies in place, and then never look at employee engagement data again. You should continue to measure so that you understand how new changes at the organization are impacting engagement. Are your new dress code policies popular? Is the new management training working? You will never really know unless you have an unbiased, representative way to measure.

Use your baseline net eNPS score, described earlier, and monitor how it performs over time and with different changes. You can then continue to do the things that are working, and stop doing the things that aren't.

# CONCLUSION

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You're spending time and money measuring the critical areas of your business – marketing, sales, operations – so why not your critical resources? Measuring employee engagement at work will empower you with the knowledge to make the right changes at the right time. Making the right changes will help your workforce deliver better results, faster.



# APPENDIX

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Resources from us, to you.

We like sharing! So here are our favorite posts and studies about employee engagement:

1. Deloitte - [Culture and engagement: The naked organization](#)
2. Gallup - [Employee Engagement in U.S. Stagnant in 2015](#)
3. Aon - [2016 Trends in Global Employee Engagement](#)
4. Employment Hero - [8 Employee Engagement Trends For 2016](#)
5. ORC International - [Global Perspectives 2015: worldwide trends in employee engagement](#)
6. CIO - [16 employee engagement trends that will shake up IT in 2016](#)
7. Deloitte - [Global Human Capital Trends 2016: The new organization: Different by design](#)
8. Quantum Workplace - [2016 Employee Engagement Trends](#)

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WorkTango helps companies frequently collect employee feedback and gain immediate insight versus traditional annual performance reviews and employee engagement surveys. Real-time analytics and agile goals help leadership act on the right things to improve employee engagement and performance.

[www.worktango.io](http://www.worktango.io)