

The Problem

Building an engaged workforce is a good idea – one that many companies build into their business and talent management strategies; however, many engagement improvement efforts fail. Why?

The term “employee engagement” has become synonymous with an engagement survey. And the mere act of conducting a survey creates expectations that **something new will happen**. Unfortunately, the frequent reality is that **nothing happens**. And worse, considerable time is wasted on “cascading action plans” that are soon forgotten or never started.

At GeNovo Consulting, we believe that many of the wrong factors are measured. Many popular engagement surveys focus on a narrow list topics that many organizations have little appetite to change. Second, too many hastily assembled “local” change plans get lost in the clutter of managers’ daily routines. **As a result, nothing happens**. The consequence is often deepening employee cynicism and *less* engagement.

“... many engagement surveys today focus on form over substance. More effort is placed on snazzy formats and exciting buzzwords than uncovering real strategic insights that can be used to take action and drive change.”

Talent Quarterly
The Engagement Issue, 2016, Num. 9

Solution

We use a simple 4-step approach.

1. First, we carefully look at what is being surveyed, how it is measured, including the relationship between engagement and 31 key organizational practices that cluster around 4 dimensions: People, Leadership, Operations, and General Business practices.
2. Second, we assess how frequently these practices are used, whether any are broken or sub-optimized, then determine which ones impact employee engagement.
3. Third, we focus on those practices that you are *willing and able* to change to improve the business.
4. And forth, we ensure the design of a robust change plan to make improvement a reality.

Framework

Based on our research combined with that from peer-reviewed scientific literature, we have created a proprietary organizational capability diagnostic framework. Ours is a model that looks comprehensively at your business and includes practices such as process efficiency, supplier management, innovation, leadership, talent management, customer orientation, performance rewards, among others – 31 separate practices in total (we also measure customized practices that might be completely unique to your business).

At a Glance

- 31 key management practices that span people, leadership, operational & general business dimensions
- Validated & normed engagement scale
- Online and paper-&-pencil administration
- Customized reporting
- Customized questions available (if necessary)
- Long and short versions
- Suitable for company & business unit levels

Reporting

Our reporting includes traditional data frequency counts and percentages; however, we go beyond mere descriptive reviews and include actionable insights based on a deeper analysis of the data. We use procedures such as stepwise regression, multiple regression, correlation, significance testing, among others. **Most importantly, we do the interpretation and communicate it using simple and practical language that you can act on.** We stand by principles that facilitate your improvement actions vs. a mere “data dump” with little insight into meaningful action.

Management Practice Profile			
People Practices		Leadership Practices	
Talent Retention	90	Strategic Leadership	82
Performance Improvement	83	Leadership Communication	50
Performance Rewards	78	Empowering Leadership	44
Talent Acquisition	40	Tactical Leadership	37
Career Development	30	Team Leadership	19
Job & Role Clarity	25		
Performance Review	20	Operational Practices	
General Business Practices		Safety	90
Regulatory Management	89	Customer Orientation	78
Strategic Clarity & Direction	88	Performance Clarity	76
Capital Management	79	Organization Structure	67
Financial Management	75	Stretch Goals	65
Infrastructure Management	69	Equipment & Resources	55
Information Sharing	58	Supplier Management	31
Goal Linkage	41	Metric Focus	24
Innovation	17	Process Efficiency	20
Organizational Flexibility	10	Continuous Improvement	18

Quartile: Top Second Third Bottom

Management Practices for Improving Business Performance & Employee Engagement

Building organizational performance capability to drive sustainable business results and employee engagement

MANAGEMENT PRACTICES FOR BUSINESS PERFORMANCE & EMPLOYEE ENGAGEMENT

Business Performance. Economists have long held that differences in organizational productivity are attributed to factors such as technology, labor, materials, capital, and markets. They also know that a large portion of productivity remains unaccounted for by these factors alone. Independent research has recently shown that the management practices used to run an organization day-to-day account for an additional, and significant, amount of a business's overall performance.

"Well executed management practices are indeed strongly linked to higher productivity, profitability, and growth."

National Bureau of Economic Research
February 2012 research study

Employee Engagement. Similarly, employee engagement has been shown to impact business performance - *firms with highly engaged employees perform better*. With this research we have extended this thinking to include the impact that management practices have on two important outcomes: (1) employee engagement, and (2) business performance as measured by employees' assessment of their company's results (shown to be a valid proxy for actual performance).

THE STUDY

Sample: 859 employees from executive to front-line levels in capital intensive and labor intensive industry groups were included in the study.

Industry Segmentation

- 40% - Capital Intensive
- 60% - Labor Intensive

Company Size (employees)

- 41% - 1001 to over 25,000
- 59% - 1000 and under

Measures: Employees completed three survey measures (see below): (1) the frequency of use of 31 key management practices, (2) a measure of employee engagement proven to correlate with business performance, and (3) an assessment of business performance.

Findings: Frequent use of certain management practices correlate to business performance and impacts employee engagement (which also correlates to business performance). Practices that are most important for success differ according to type of industry and business, and impact engagement differently according to this segmentation.

31 MANAGEMENT PRACTICES CLUSTER AROUND 4 BROAD DIMENSIONS

People

Practices that enhance employee skills, motivation, and careers.

Leadership

Leader behaviors that optimize operations, strategy, teams and employee support.

Operational

Practices that optimize operational performance.

General Business

Practices used to build and run a strategically sound firm, business unit or function.

3 DIMENSIONS OF ENGAGEMENT

Employees are more engaged when they are focused, energized, and mentally connected to their work

Focused

Staying focused on one's job without unproductive distractions.

Energized

Working hard at one's job and feeling energized by performing one's duties.

Mentally Connected

Finding one's job meaningful, engaging, and prideful.

BUSINESS PERFORMANCE

Over the past 3 years, how often has your company exceeded its financial performance goals?

STUDY DETAILS & FINDINGS

Findings

- ✓ According to this study, about 21% of organizational performance (as measured by employee proxy), and 45% of employee engagement (measured by employee's self-reports), can be accounted for (r^2) by **how** a company uses these 31 key management practices. Some practices account for more variability than others as shown to the right, Although all contribute to varying degrees.
- ✓ These relationships hold true for both labor intensive and capital intensive industries; however, the practices that are most important to each industry differ.
- ✓ "Broken" practices act to reduce organizational performance, engagement, or both and should be fixed.
- ✓ Individual companies have divergent operating and strategic requirements, which requires uniquely bundled sets of management practices necessary to support performance and engagement.

Practices from all 4 dimensions contribute to stronger performance & engagement; statistically, those that contribute the most shown in blue and green, although all contribute to varying degrees*.

		Analysis Type	Performance	Engagement
		Multiple Regression $r^2 =$ (using all 31 practices)	0.21	0.45

People Practices			Leadership Practices		
Talent Retention					
Performance Improvement					
Performance Rewards					
Talent Acquisition					
Career Development					
Job & Role Clarity					
Performance Review					

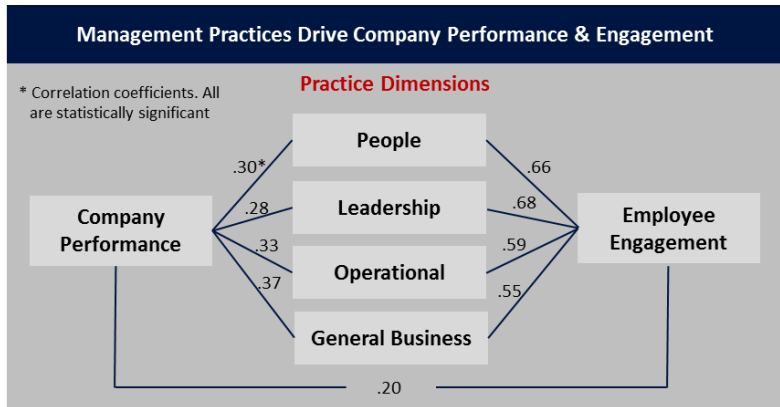
General Business Practices			Operational Practices		
Regulatory Management					
Strategic Clarity & Direction					
Capital Management					
Financial Management					
Infrastructure Management					
Information Sharing					
Goal Linkage					
Innovation					
Organizational Flexibility					

* Analysis based on 24 U.S. DOL industry groupings combined.

SUPPORTING STATISTICAL ANALYSIS*

Main Conclusion: Management practices used to run the organization day-to-day correlate significantly with company performance and employee engagement.

- ✓ As expected, people and leadership practices relate to engagement more strongly than do operational and business practices; and operational and business practices relate to company performance more strongly than do people and leadership practices (see chart).
- ✓ However, if **any** practices within the 4 dimensions are broken, either performance, engagement or both can be adversely impacted; similarly, strong practices can drive both outcomes.
- ✓ Company performance and engagement are also correlated, making engagement an important enabler along with critical management practices.



APPLICATION

- ✓ Broken or sub-optimized management practices can (and should) be fixed as they degrade performance and engagement. A robust and sometimes simple fix can be applied through employee involvement in designing and implementing workable solutions.
- ✓ This model also doubles as an organizational capability diagnostic useful for uncovering areas for organizational change and improvement that extend into the four dimension areas: People, Leadership, Operational and General Business practices.

* Further detailed analysis is available from the author: Larry W. Norton, PhD, Principal, GeNovo Consulting, LLC.