

The 'Engagement' Connection

By: Daphne Woolf & Barrie Entwistle

Employee engagement involves a carefully balanced and integrated network of needs or drivers that make them feel valued and recognized. Daphne Woolf and Barrie Entwistle of The Collin Baer Group Ltd. look at where pensions and benefits fit into this.

Recent research by The Conference Board, Hewitt and Associates, Corporate Leadership Council, and The Gallup Organization has shown that current key engagement drivers are often related to whether employees feel adequately valued and recognized (typically in a non-monetary sense), whether they perceive they are supported by the leadership team, whether they are receiving adequate training and development, and whether they see exciting career opportunities ahead. Pension and benefits, in and of themselves, are not typically identified as key engagement drivers.

So how do they connect to engagement?

Employment Engagement Defined

Simply put, employee engagement is the desire of an employee to be at work, to do their job, and to do that job well. But for employees to be fully engaged on an ongoing basis, there has to be something in it for them – human beings are not that altruistic! That something has to be provided by the employer.

Employees need to be given the appropriate tools and support to be able to do their job – beyond the obvious tangible things like a computer, phone, desk or an ergonomic chair, they're looking for leadership, mentoring, training, personal growth and development, and career opportunities.

They also need to be given the appropriate responsibility and a corresponding

level of authority for the work they do, and they need to be able to manage up and down the chain of command to make sure things get done right and to refine practices



and processes to address changing business dynamics. After all, we all want to feel as if we are making a meaningful contribution to the success of whatever we're involved in. Nobody likes to be treated like an automaton or that someone else should know more about how to make changes to their job.

Finally, employees need to be recog-

nized and compensated for their efforts in a personally meaningful way. They want the right package and level of remuneration (pay, vacations, sick days, benefits, pension), and they need the right form and degree of recognition and reward for a job well done, as well as for their effort when things don't necessarily go as planned.

Engagement, then, involves a carefully balanced and integrated network of needs or drivers that both the employer and the employees are responsible for defining within each company – no two companies are exactly alike. Satisfying these needs is a two-way street, and it requires a constant and ongoing commitment. It demands a true partnership – a real give and take –

between the employer and the employees. That's why we prefer to call it *employment engagement*.

Whenever anything within the network of needs, or the employment engagement equation, goes "off-balance", it can diminish the person's level of engagement. Once the level of engagement is weakened, a state of unworkability develops, which, if left unaddressed, can snowball into a snarl of all sorts of issues throughout the organization. As the engagement breakdown persists, attitudes of cynicism, resignation, frustration, resentment, overwhelm and distrust can become increasingly prevalent, impairing individual productivity and attitudes, and weakening financial results.

Moving Towards Employment Engagement

Today's senior management teams are increasingly understanding and buying-into the importance of having an engaged workforce.

Surveys, questionnaires, and focus groups that measure job satisfaction and engagement-related issues are becoming increasingly effective and prevalent. The outcomes tell an employer where they have internal strengths and weaknesses, how they compare to other employers, and how they have improved, declined or stayed the same on various issues on a year-over-year basis.

Yet even with all this information at hand, many senior management teams are reluctant to see the value of addressing these engagement issues. Few of them are prepared to embrace any engagement-related interventions without metrics that allow them to measure the effectiveness of the interventions. It's much easier and more straightforward for them to deal with issues relating to sales and operating expenses; they have a more apparent and tangible impact on financial results. After all, that's how management teams have been trained to handle business issues for years.

Dealing with employment engagement can be challenging because it involves dealing with people's attitudes and perceptions. As a society, we are generally uncertain and uncomfortable in doing this. But done effectively, it can impact the bottom line in a profound way because you are really getting to the root cause of the issues.

Changing Attitudes

As much as pension and benefits are not currently key engagement drivers, they are nevertheless an integral part of the total employment engagement equation. They just aren't as critical as they once were.

Key engagement drivers are a reflection of our society – the concerns and issues that we are all commonly facing, the needs that aren't being met. Standardized working hours, job safety, minimum wages, and equal pay for work of equal value were all once key engagement drivers.

Back in the '50s, employees considered themselves privileged to have a modest amount of group life insurance and a Defined Benefit pension plan as part of their compensation package. Nowadays, thanks to the demands of the baby-boom generation and trade unions through the '70s and '80s, any company worth its salt has developed and maintained a robust offering of pension and life, health and disability benefits as part of their recruitment package, and employees can now expect a certain level of protection under these programs. Just try to introduce cost-saving measures to a health or dental plan, and you'll soon find out how important their benefits are to them.

Therein lies the problem!

Employee expectations of what they think they should have and deserve make it difficult for employers to implement any changes to the programs. They've been allowed to believe that they have no responsibility in maintaining the plans, which to a certain extent, is a downfall of the traditional patriarchal management style.

Many HR managers today are valiantly trying to manage the cost of their benefits programs as dental, drug and disability claims are spiralling crazily upwards.

Retirement programs are even more challenging. They're either deciphering how to incorporate the CAP Guidelines into their Defined Contribution pension plans or struggling with funding issues around their DB plans.

These same HR managers don't sense that their employees are their partners in finding or implementing solutions. At the same time, their employees are skeptical of management's intentions whenever changes are announced and are reluctant to take on their part of the solution. This is an example of what happens when employment engagement is not present.

Survey results show that the pension and benefits program is likely not the cause of the dissatisfaction, but it bears the brunt of it. Whatever the source is, as long as any part of the employment engagement equation is out-of-balance, elements such as the pension and benefits program can become negatively impacted.

Changing Practices

Probably the two most influential aspects of employment engagement are how you communicate and involve your employees. Partnership between the employees and management and an unrelenting commitment to employment engagement are the keys to both.

If you want to cause a significant shift in attitude among the employees and reawaken a spirit of partnership and employment engagement in your company, you want to have your employees actively and genuinely involved, especially in defining what needs to be done. Communication needs to be simple, straightforward and honest.

Let's consider two examples of how to effectively operationalize employment engagement and job satisfaction results to drive the effectiveness of your pension and benefits offering.

Example 1 – Absence Management

Absenteeism and disability claims are escalating almost across the board in all companies. But why?

Employees are absent from work for one of three reasons:

- ◆ Legitimate injury or disease
- ◆ Personal issues and time-constraints (loss of daycare support, needs of an elder parent, flooded basement)
- ◆ Lack of engagement (feeling overworked and under-appreciated, unresolved conflict with supervisor or coworkers, resentment/upset about how a situation was handled)

As an employer, you may look at the absenteeism rates and think that a change in the short or long-term disability plan is needed, when in fact, the plan design may be just fine. To fully discern what's going

on and positively impact the situation, you need to correlate the absenteeism data with the engagement/job satisfaction survey results. It would be a shame to spend time retooling an already effective plan design when the root of the problem is elsewhere.

Example 2 – Retirement Income Plan

An engagement/job satisfaction survey indicates that your older workers are not being stimulated by their work, while younger workers are unhappy about limited career development within the company. This finding could explain the lower productivity and higher absenteeism among your older employees, and a transfer of negative morale from older to younger workers. It could also explain high turnover among younger employees and an increased recruiting and training burden on the organization.

In deciding how to impact these findings, you could consider a package of early retirement incentives. This tactic would boost employee morale across the board. The older workers could always come back on contract to act as mentors to preserve their intellectual capital, while younger employees could benefit from the resulting career opportunities. As for the cost implications, beyond the obvious added retirement benefit costs, you could also experience savings from lower absenteeism, higher productivity, lower turnover, and lower recruiting and training costs.

The Final Word

Employment engagement should not be viewed as "today's task" that can be ticked off a list when "done." It is always present, and it always needs nurturing by employees and management.

No matter what method you choose to identify, structure and implement changes in your organization – including your pension and benefits offering – you will affect the balance of your employment engagement equation. Hopefully the impact will be positive. That is, after all, the goal!

Even if your objectives and targeted results aren't specifically geared to securing a greater degree of employment engagement, you will create an even more stable and sustainable solution if you take the state of the employment engagement in your organization into account during your planning. ■



Daphne Woolf and Barrie Entwistle are managing partners of The Collin Baer Group Ltd. (dwoolf@collinbaer.com & bentwistle@collinbaer.com).