



## MEASURING EMPLOYEE ENGAGEMENT

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### ORIGINS OF ENGAGEMENT

Recent media coverage has focused on the meaning of “engagement” and how to make employees more engaged. By definition, employees feel engaged when they find personal meaning and motivation in their work, receive positive interpersonal support, and operate in an efficient work environment.

So, what brought engagement to the forefront, and why is everyone interested in it? Most likely, the tight economy has refocused attention on maximizing employee output and making the most of organizational resources. This is a move in the right direction because when an organization focuses attention on its people, it's making an investment in its most important resource. A company can cut all the costs it wants, but if it neglects its people, the reduced expenses won't make much of a difference.

Engagement is all about getting employees to “give it their all.” Some of the most successful organizations are actually known for their unique work environments in which employees are motivated to do their very best. These great workplaces have been recognized in lists such as *Fortune's* “100 Best Companies to Work For.”

The concept of engagement has naturally evolved from past research on high involvement, empowerment, job motivation, organizational commitment, and trust.

All these research streams focus on employees' perceptions and attitudes about the work environment. In some ways they are variations on the same fundamental issue.

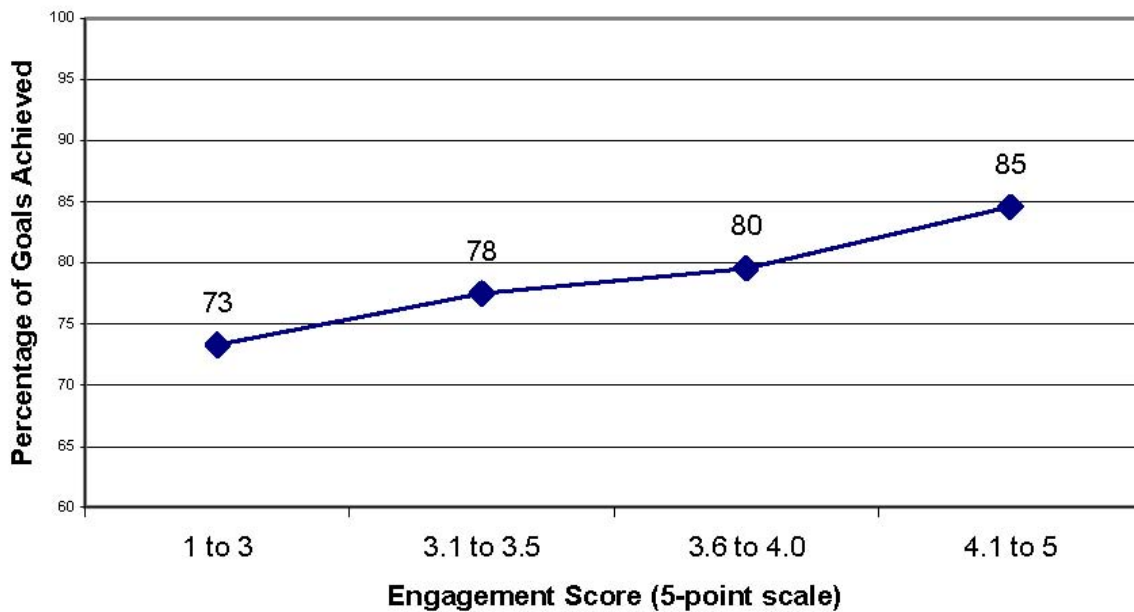
Obviously, all organizations want their employees to be engaged in their work. But what can help them predict if their employees will “give their all”? Several standardized tools exist for assessing employee engagement and then providing feedback for making changes. These tools tend to have several common goals and characteristics:

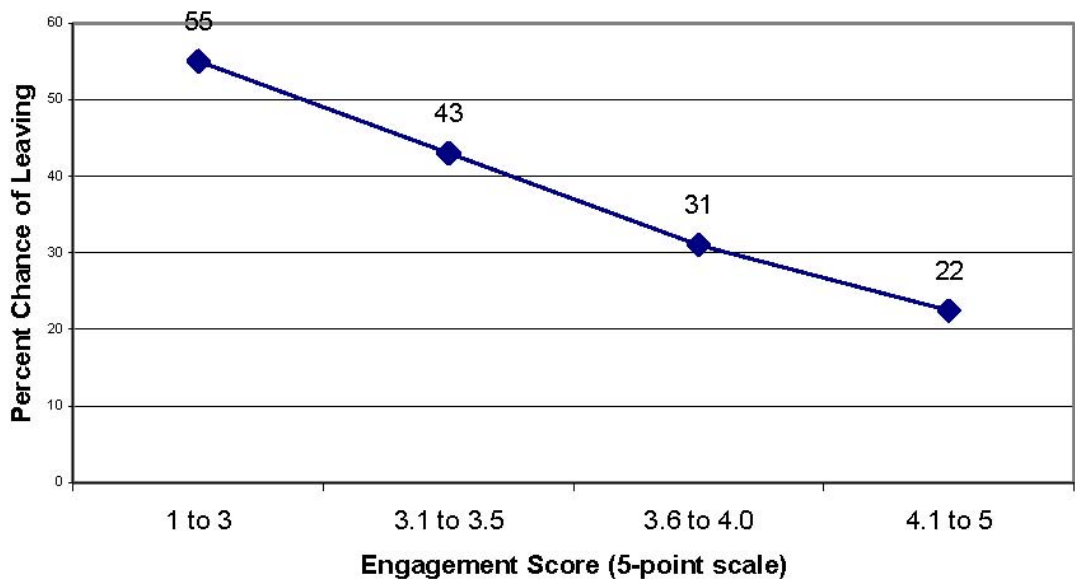
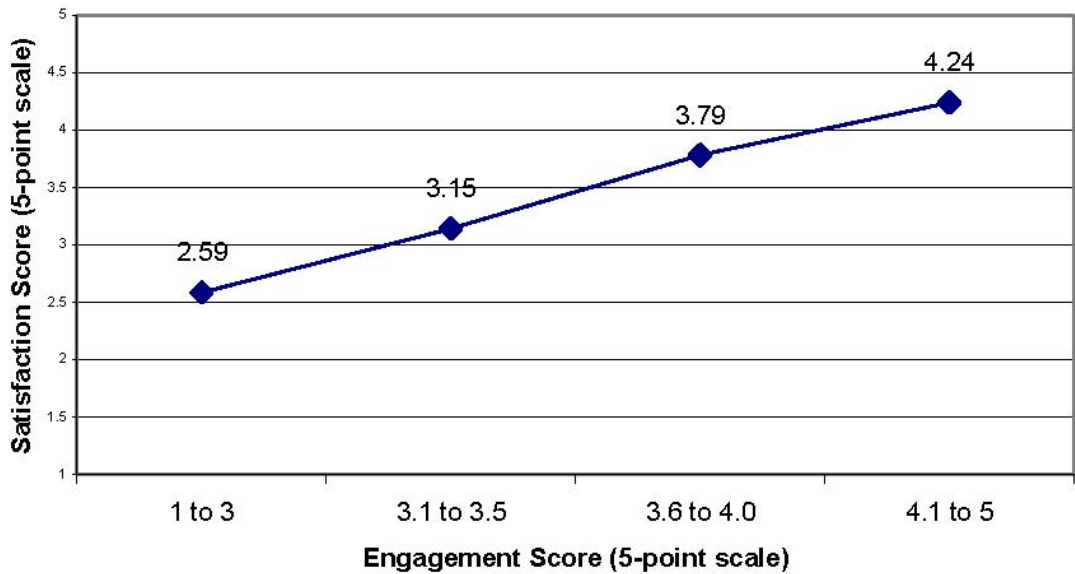
- **Create a simple and focused index of workplace engagement**—Many organizations are using very short, simple, and easy-to-use measures that focus on the fundamentals of a great workplace. Instead of conducting broad culture or climate surveys with 100 or more questions, many organizations are opting for a focused approach that measures fundamental qualities of the workplace that likely will be important 10 years later (e.g., feedback, trust, cooperation).
- **Allow for benchmarking**—Most organizations want to know how they compare with other organizations. Using a standard measure of engagement allows an organization to see how it measures up to other companies along a simple set of fundamental work qualities.

- **Direct action**—Engagement measures tend to be very actionable. This means that an organization can alter practices or policies to affect employees’ responses to every item in the measure.
- **Show relationship to company performance**—Without a link to the company’s performance or other critical outcomes, measures of engagement have little value. The whole idea behind engagement is that it leads to enhanced performance. The link to performance outcomes is a necessary underlying assumption of all engagement measures.

### ENGAGEMENT PREDICTS ORGANIZATIONAL SUCCESS

Many studies have shown that investments in people (i.e., HR-related practices) have a reliable impact on organizational performance. The Bureau of Labor Statistics ([www.bls.gov](http://www.bls.gov)) conducted a comprehensive review of more than 100 studies and found that people practices have a significant relationship to improvements in productivity, satisfaction, and financial performance. The DDI research profiled in this summary (see graphs) shows that when engagement scores are high, employees are more satisfied, less likely to leave the organization, and more productive.





Each organization is different, and there are many factors that can affect bottom-line outcomes; however, engagement scores can serve as meaningful predictors of an organization’s long-term success. Some companies use engagement scores as lead measures in their HR scorecards. When an organization can show the relationship between engagement scores and bottom-line outcomes, everyone pays attention to the engagement index. Establishing this critical link between people and performance helps HR professionals prove that people-related interventions are a worthwhile investment.

## ELEMENTS OF ENGAGEMENT

DDI's research concludes that engagement comprises individual value, focused work, and interpersonal support. Each of these three components has subcomponents that further define the meaning of engagement:

- **Individual Value** —Employees feel more engaged when they are able to make a unique contribution, experience empowerment, and have opportunities for personal growth. Past research (e.g., Conger & Kanugo, 1988; Thomas & Velthouse, 1990) concurs that issues such as being able to affect the work environment and making meaningful choices in the workplace are critical components of employee empowerment. As explained in DDI's research on retaining talent (Bernthal & Wellins, 2001), the perception of meaningful work is one of the most influential factors in determining employees' willingness to stay with an organization.
- **Focused Work**—Employees feel more engaged when they have clear direction, performance accountability, and an efficient work environment. Aside from the personal drive and motivation to make a contribution, employees need to understand where to focus their efforts. Without a clear strategy and direction from senior leadership, employees will burn valuable time on activities that do not make a difference for the organization's success. Additionally, even when they have a direction in place, employees must receive feedback to ensure that they are on track and being held accountable for their progress. In particular, they need to know that low performance is not acceptable and that there are consequences for poor performance.

Employees want to work in an environment that is efficient in terms of time, resources, and budget. People lose faith in their organization when they see excessive waste. For instance, employees become frustrated when asked to operate without the necessary resources or when forced to waste time in unnecessary meetings.

- **Interpersonal Support**—Employees feel more engaged when they work in a safe, cooperative environment. "Safe," in this context, means that employees trust one another and are able to quickly resolve conflicts when they arise. They want to be able to rely on one another and to focus their attention on the tasks that really matter. Conflict wastes time and energy and needs to be dealt with quickly. Other research from companies such as The Great Place to Work Institute also finds that trust and interpersonal harmony are fundamental underlying principles in the best organizations.

In addition, employees need to cooperate to get the job done. Partnerships across departments and within the work group ensure that employees stay informed and get the support they need to do their jobs.

## NEW MEASURE

DDI has introduced a new measure of employee engagement called the  $E3^{SM}$ , which assesses the elements of engagement described here. It also includes a standard measure of employee satisfaction. This measure is critical because the three components of employee engagement can all be considered predictors or precursors of overall satisfaction. When they feel engaged, employees also feel more satisfied and loyal to the company.

## CONTACT INFORMATION

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## MAKING USE OF ENGAGEMENT

Measurement of employee engagement can have many applications within an organization. As previously stated, engagement can be a general index of HR effectiveness in an HR scorecard. Engagement measures also can be used to conveniently benchmark the work climate against other organizations. Other uses include:

- **Needs analysis**—The fundamental issues measured in engagement provide a quick index of what leaders and HR representatives need to do to make things better. In addition, items in engagement surveys tend to be very actionable. This means that leaders or others in the organization can take action that will affect the score on a single item. DDI's measure of engagement provides a link to training and other solutions that can be implemented to address low scores on a particular item.
- **Evaluation**—Many learning and performance interventions are designed to affect some aspect of engagement. When an engagement measure is used as a pre-implementation baseline, the impact of the intervention can be gauged by measuring post-implementation changes in engagement.
- **Climate survey**—Some organizations like to use engagement measures as simple indexes of the workplace culture. While more extensive surveys are valuable, sometimes it's easier to focus attention on a few simple and proven factors.
- **Leader or department feedback**—Depending on the demographic information collected when the engagement measure is implemented, one can create breakout reports by department or leader.

This means departments and leaders can gain a better understanding of how engagement in their particular group differs from the rest of the organization. This information can be used to create development plans or plans for larger-scale interventions.

You can get more information about  $E3^{SM}$  by contacting your DDI representative.

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