Stop Managing for Engagement and Start Managing for Performance

Get smart about surveying employees to create a win-win employment relationship that drives your business forward.
"To win in the marketplace, you must first win in the workplace."
~ Doug Conant, former Campbell Soup company CEO

INTRODUCTION

Employee engagement, explained

Engagement itself has several definitions, ranging from a promise of marriage to a hostile encounter between opposing military forces. Although neither of these extremes quite captures the typical employer intent of employee engagement, they aren’t too far from some of the tactics being implemented in American businesses today.

On the one hand, you have unprecedented perks to woo candidates and keep employees — everything from free lunch and dinner to on-site oil changes and car washes, gyms, yoga classes, massages and concierge services. Flex time, cappuccino, nap pods, game rooms and more foster employee happiness (and a life-long commitment).

At the other end of the spectrum are the employers solely focused on the “business benefit” of employee engagement. With military precision, they conduct annual employee surveys, set goals and conduct performance reviews that drive their troops toward maximum
profitability — more focused on the “resources” rather than the “humans” who make up their workforce.

Unfortunately, the valiant efforts being made by employers to keep their teams happy and/or driven is not working when it comes to keeping their employees engaged. A recent Gallup employee engagement study reveals 63% of workers are “not engaged” (that is, lack motivation and are less likely to invest in organizational goals or outcomes) and 24% are “actively disengaged” in their work (that is, unhappy, unproductive and liable to spread negativity). And in its “Reengaging with Engagement Report,” The Economist reported 84% of senior leaders say disengaged employees are one of the three biggest threats facing their business.

Gallup’s 2013 State of the Global Workplace study reports only 13% of employees worldwide are engaged at work.

So where is the disconnect? If employers want their people to be happy and employees want their employers to be profitable, why are we struggling to effectively manage both? More than likely it is the most basic and common of all relationship trials: effective communication. While there may be a lot of talking going on, is anybody really being heard?

This white paper will illustrate how surveys can open the door to better employer-employee dialogue, not only to improve communication and engagement, but to align both the employer’s and employees’ interests to achieve a win-win employment relationship that drives performance.
Why are we here?

Did you know that understanding the business strategy and how their work contributes to company performance is one of the top drivers of employee engagement? (The Conference Board, 2010)

Before we get to how well your employees understand why their work matters, we first should make sure “the company” is clear on why its work matters.

Do you have a clear direction of what you are working toward?

If you haven’t already, it’s not too late to define or refine your values, vision and mission statement. These should be the guiding light behind your business strategy, goals and objectives.

Identify and survey the leaders who are most appropriate to articulate your values, define your vision and create your mission statement. Questions you can ask them are:

- What values are important for the long-term success of the business?
- What values are important to the people in the business?
- What does the organization ultimately want to become?
• What are the company’s long-term goals?
• What is the purpose of the organization?
• How is our company different from other companies?
• What do our customers value most about our product or service?

Collecting all the data, collaborating with your leaders and crafting these statements are important, as they will help guide decisions when setting business strategy, goals and objectives. These should not be foreign concepts, and most of you probably have these in place, which is good because your success depends on knowing where you’re going and why you’re going there. How you are getting there is another important piece of this puzzle and the tactics used to meet your objectives should be identified and the required resources, infrastructure and processes put in place.

Only after this foundation is laid for your organization will you be able to engage your employees successfully in the company mission.

"No company, small or large, can win over the long run without energized employees who believe in the mission and understand how to achieve it."

~ Jack Welch, former GE CEO
Where staffers meet strategy

There is no point in having engaged employees willing to go the extra mile if they're going the extra mile in the wrong direction.

Effective communication, ongoing training and leaders committed to the goals of the organization are key in helping employees understand and identify with their jobs’ purpose.

But, how do you know if your employees know your values and vision? How do you know if your employees understand their job function and how to do it? According to The Conference Board, almost two-thirds of all employees are 33% as productive as they could be because they don’t understand what they are being asked to do — astonishing numbers if you are an organization that communicates with and trains its employees and leaders. The problem is in assuming your training and communication are working, as you can see in the following story from businessballs.com:

A new hotel employee was asked to clean the elevators and report back to the supervisor when the task was completed. When the employee failed to appear at the end of the day the supervisor assumed that like many others he had simply not liked the job and left. However, after four days the supervisor bumped into the new employee. He was cleaning in one of the elevators. "You surely haven't been cleaning these elevators for four days, have you?" asked the supervisor, accusingly. "Yes sir," said the employee, "This is a big job and I've not finished yet — do
you realize there are over forty of them, two on each floor, and sometimes they are not even there."

While this may be an extreme example, it does remind us of the importance of clear directions. Make sure your communication is effective whether it's introducing your mission statement in new-hire orientation or training employees on how to sell a new product. It doesn't just impact employee engagement levels. **Towers Watson's Communication ROI Study shows that companies with the most effective employee communication experienced 48% higher shareholder returns over the last five years.** Effective communication requires a six-step cycle that includes the message being created, encoded, sent, decoded and interpreted, with the final step being feedback. Feedback validates the effectiveness of your communication and surveys can be a powerful tool for soliciting that feedback to confirm your employees understood your message.
Surveys on company values, vision and culture are a great way to gain a better understanding of how your employees view the organization. If the survey results show that the values and vision are unclear or employees are not sure how their job impacts the success of the company, your leaders now are armed with actionable insight on where they need to focus.

Not every survey has to be a massive undertaking. After trainings, simply ask employees:

- How would you rate the instructor?
- How applicable was the content to your job?
- Did you learn anything new?
- Do you understand how this training can help you in your job?
- Do you understand how your job impacts the company’s success?

Just offering training doesn’t mean your employees are learning. Ask them for their input on your training program’s relevance and quality and make improvements based on that data to build an effective training program that ensures your employees know how to do their jobs and fosters their ongoing development.
How engagement yields end results

Employee engagement is not a business outcome, but it can drive business outcomes in your organization. Therefore, before you get too focused on your next employee engagement survey, you need to define what employee engagement looks like in your company and specifically identify the targeted results you would expect from higher levels of engagement. For example, how would increased employee engagement improve productivity and the quality of products and services? Would those improvements increase customer satisfaction levels, sales and profits?

*Fortune*'s annual “100 Best Companies to Work For” list strongly suggests that being a great place to work is a sound business strategy. According to greatplacetowork.com:

- When comparing annualized stock market returns, best companies perform nearly two times better than the general market.
- When comparing cumulative stock market returns, great workplaces provide more than two times the return.
- Trust Index Survey metrics rise by more than half, while profits increase 12-fold for companies that focus on building a great workplace.
- Best companies experience as much as 65% less voluntary turnover than their competitors.

Every official “great place to work” list requires a survey of your employees. What would your employees have to say about your organization’s culture, products, benefits, perks, leadership, communication, quality of work, training, environment, processes, development opportunities, etc.? Before aiming to be on a “best companies to work for” list like *Fortune*’s, start by striving to be the best place to work for your employees. Begin with surveying them regularly to find out what they think and what they care about, then translate that
information into actionable items for improving engagement and performance. It’s knowing how to leverage employee engagement to drive actual business results in your organization that will take you to the next level.

If you don’t, it’s not just a missed opportunity to be on a “great place to work” list or have better stock market returns. Your disengaged employees are costing you.

According to Gallup’s employee engagement study, the lost productivity of actively disengaged employees costs the U.S. economy $450-$550 billion annually.

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Separating staff from chaff

The truth is employee engagement is impacted by every aspect of the employment life cycle, starting with the candidates you hire all the way through to employees who retire, or whom you fire. **If a candidate is the wrong fit, no matter your engagement efforts, you can end up with a completely happy, unproductive employee or a productive employee who is disenchanted with the organization and gone in six months.** Survey your top performers to create candidate profiles that will help you hire better. Regular employee attitude surveys can help you identify disengaged and or dissatisfied employees early and help managers work to correct situations before they or the employee become endemic problems.

**Should you pay poor performers to quit?**

**Amazon CEO Jeff Bezos truly believes when someone really doesn’t want to be there, it’s not healthy for the company or employee, and he goes so far as to offer his employees money to quit — up to $5,000.**

This may seem counterintuitive to reducing turnover — if that is a business goal of yours — but so is keeping and continuing to invest in unproductive employees.

Other questions this approach raises: what would your top performers do with such an offer? And how would your managers respond if their best employees asked why they shouldn’t take the money and go? Assuming you know the answers may be detrimental to keeping your top talent. Surveying this group is key to creating an engagement strategy that won’t have them looking for offers to leave, whether it’s from you or a competitor.
Stop trying to please (and survey) everyone. Identify whose opinions matter most (top vs. bottom performers) and survey them differently.

Look across departments to identify the top performing/engaged individuals, teams and managers to find the key performance indicators that are positively impacting your business outcomes. What are they doing differently regarding culture, communication, systems and processes, performance management?

Their answers should be instrumental in identifying areas of improvement for your average-performing teams and in determining the action items for setting them up for success.

Another reason to survey this group of top performers is to conduct “stay interviews” to bring to light the reasons why they stay and to minimize anything that may be a departure trigger. Examples of questions to ask include:

- What are the specific factors that cause you to enjoy your current job and work situation?
- Of which elements and motivational factors would you like to see more?
- Are you currently doing the best work of your life? If not, what factors could contribute to you doing the best work of your life?
• How do you believe your work makes a difference to the company, our customers and the world?

• Are there additional things we could be doing to more fully utilize your talents and interests?

• Make a list of the less-desirable elements or frustrators in your current role of which you would like to see less.

Knowing what isn’t working is also important and exit interviews can identify problems in hiring practices, leadership, work processes and other factors that contribute to low engagement levels and turnover. Exit interviews also can help in creating better candidate profiles for future hires.

Not only is it important to ask questions of employees as they’re leaving but also when they’re just starting. Survey your new hires at different intervals to measure their engagement levels and gain fresh perspectives on the effectiveness of your hiring process, new-hire programs, job training, team culture, supervisors, branding, the company intranet, etc.

Your employees have a wealth of information that can be leveraged to build a great place to work. The key is being strategic in your surveying and giving appropriate weight to the employees whose opinions have the greatest impact on your success. Don’t worry about surveying too frequently. Most employees will be excited about the fact that the organization is interested in their future success and values their opinions enough to consult with them.

One basic rule to conducting employee surveys is acting on the results. Employees must trust that their answers will be used appropriately, the results will be shared with them and that leadership will act on the information given. Don’t ask questions if the results don’t have the potential to create change. Poorly conducted surveys are a surefire way to disengage your employees.
Empowering the engaged

In the “Why are we here?” section, we discussed the importance of identifying and implementing the tactics, resources, infrastructure and processes required to meet your goals. While your leadership may have been at the heart of your plan's design, your employees give it legs. They are the ones doing the work and relying on the resources and infrastructure provided to do their jobs.

If you have engaged and productive employees constrained by outdated processes and limited in their ability to affect positive change, not only are you negatively impacting the productivity of your business and satisfaction of your customers, but these employees are likely to be engaged and productive elsewhere in the near future.

In his article “The Cookie and the Orange,” Peter Grazier compares two grocery store chains and how their approach to employee empowerment affected him as their customer. A self-declared “recovering cookie-holic,” Grazier longingly gazed at the cookies of the bakery where an employee noticed him and with a free cookie convinced him to purchase a package of their “healthy” oatmeal cookies. The employee tried to tempt Grazier further with a free sample of the store’s luscious and more expensive chocolate chip cookie. Grazier refused.

“But somehow he seemed to notice a twinge of doubt in my refusal, so he asked again. Again, I refused. Do you know how much I wanted to try that chocolate chip cookie? I’ll bet you can guess. And so did he, because when I returned home and opened the package of oatmeal cookies I bought, I found two chocolate chip cookies that he had secretly slipped into the package!”
Today Grazier is a regular customer at this grocery store, where his experience illustrated how this company's commitment to fostering a culture of empowerment allowed this bakery employee to make an independent decision to not only satisfy, but delight his customer.

Grazier tells a different story regarding a store where the prices for oranges continually were priced wrong, usually higher. After several inconvenient incidents of having the prices corrected at checkout and pointing out the problem to the people in the produce department, he finally confronted a manager to see if he could get the ongoing overpriced-orange problem resolved. Grazier explained:

“While the manager was phoning the other store, I talked with the young man in produce. He said that these juice oranges weren’t selling because the price was just too high (because of the pricing error). I asked him if he could change it and he said no. He also knew that they would be throwing out the oranges soon if they didn’t sell. His frustration in not being able to correct such an obvious problem in his own department was evident.”

Offer your employees the opportunity to provide feedback. Survey them on their work, department structure and processes. Ask about their training and other resources for development. Solicit their feedback on how to provide better service and improve products, or simply on how you can empower them to do their job better.

According to the Hay Group Insight's employee effectiveness framework, high levels of engagement with enablement lead to greater employee productivity, more loyal customers and stronger financial performance. If employees are engaged but not enabled, Hay Group finds that one-third of the workforce is likely to be making plans to leave.
Goal: align talent with targets

We’ve talked a lot about using surveys to engage employees to drive business outcomes. Your surveys will produce analytics on employee attitudes and opinions on everything from your culture and work processes to communication effectiveness and product quality — anything and everything you choose to ask them about. Ideally, these answers will provide your leaders with actionable insight to better engage and empower their employees to do their jobs.

Although employee feedback is extremely important, measuring attitudes and opinions isn’t enough to drive performance. A robust talent management system that can leverage your survey results into actionable organizational objectives and employee performance and development goals is what you need. For example, you learn from a communications survey that one department in particular is uninformed about company plans and updates. Setting communication metrics as part of that department manager’s performance plan could help drive improvement in that area.
How Paycom pays off

Paycom Surveys offers a powerful research tool to ask your employees about the factors we’ve discussed throughout this white paper. A library of survey templates, as well as an intuitive survey builder helps you not only to implement surveys simply and quickly, but analyze results by the demographics of your workforce.

Compare by department, location, gender, length of employment or performance review ratings to delve into the true factors affecting your people. By having your survey tool built into your HR technology, you own the data and can view statistics and trends to compare how your results change over time.

Paycom’s HR technology serves as one system of record for the complete employment life cycle. Solution sets for talent acquisition, time and labor management, payroll, HR and talent management perfectly align with effective employee engagement strategies. Because everything is in one system, you enjoy a comprehensive view of your workforce and individual employee history. You easily can identify your top performers to create your ideal candidate profiles. These profiles, leveraged with our pre-employment tools, can help you make faster and better hiring decisions that can impact productivity and turnover for the better.

Industry-leading employee self-service functionality helps your new hires on-board
smoothly and gives them access to everything from online benefits enrollment and web time clocks to past pay vouchers and time-off requests. Empowering employees with HR tools and information eliminates many frustrations that can foster disengagement.

Another benefit of an all-in-one talent management system is the ability to align the goals of your organization and workforce with online performance management tools. Paycom provides tools for standardizing positions and pay grades and assigning and monitoring the completion of performance goals. Talent management with a pay data component is an unrivaled approach to compensation budgeting that helps ensure compensation increases are equivalent with contribution and automatically updates payroll when merit increases are set.

Effective performance management aligns individual goals and organizational objectives. It empowers employees with the development resources to meet their goals; it manages and measures performance with a formalized review process; and it implements fair and consistent compensation practices where performance directly impacts reward.

To learn more, visit www.paycom.com.
CONCLUSION

Set goals for your desired business outcomes and identify the performance drivers required to achieve those goals. For example, reduce turnover through better hiring practices; increase the retention of top performers with development opportunities, pay and benefits; improve customer satisfaction through better employee training, processes and the empowerment of customer-facing employees.

Be strategic in your employee survey design and implementation. Employee engagement surveys should not be a once-a-year event. Your employees are people, and their needs, opinions and attitudes fluctuate. They may be engaged with their work, but miserable working for a new manager or with a new co-worker. They may have been hired to work in accounting, but would prefer a position in marketing where they can shine as a copywriter. Survey smart, but survey often to know what's really going on with your workforce. Your employees will care a lot more when they know that you do.

Create individual goals in line with organizational objectives. Once you’ve identified what is important to your organization and what matters to your people, utilize a robust talent management solution to put your employees on a path for success. Assign performance and development goals that align with the organization’s and empower employees to achieve them. Track their progress and reward performance through fair and consistent compensation practices.

The right people, focused on the right things with measurable performance indicators and rewards, go a long way in creating that engaged and unstoppable workforce capable of meeting the most ambitious business outcomes.
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Guide to Creating Effective Employee Survey Questions

Before you start building your next survey, keep in mind the following tips for creating effective questions. Your goal should be to construct clear, direct questions and answers using language your survey participants will understand. The more thought you put into it, the better it will be for your participants and response rate.

1. Determine the goal for the survey and make sure each question can give the feedback needed to achieve the goal.
2. Don’t survey if the results don’t have the ability to create change.
3. Keep questions short and easy to read.
4. Opening questions should be easy to answer to encourage trust and participation.
5. Place sensitive questions toward the end.
6. Use a consistent and balanced rating scale throughout, e.g., 5=high, 1=low
7. Be precise in question word choice avoiding terms like “often” or “rarely” which can mean different things to different people.
8. Construct questions as objectively as possible.
Types of Survey Questions

Multiple choice question:

How many times have you eaten in the cafeteria in the last month?

- [ ] 1-5 times
- [ ] 6-10 times
- [ ] 11-15 times
- [ ] More than 15 times
- [ ] N/A

Rank order question:

Please rank the following employee perks from most to least important to you (1=most important; 5=least important):

<table>
<thead>
<tr>
<th>Perk</th>
<th>1st</th>
<th>2nd</th>
<th>3rd</th>
<th>4th</th>
<th>5th</th>
</tr>
</thead>
<tbody>
<tr>
<td>On-site Gym</td>
<td>O</td>
<td>O</td>
<td>O</td>
<td>O</td>
<td>O</td>
</tr>
<tr>
<td>On-site Daycare</td>
<td>O</td>
<td>O</td>
<td>O</td>
<td>O</td>
<td>O</td>
</tr>
<tr>
<td>Flex Time</td>
<td>O</td>
<td>O</td>
<td>O</td>
<td>O</td>
<td>O</td>
</tr>
<tr>
<td>Concierge Services</td>
<td>O</td>
<td>O</td>
<td>O</td>
<td>O</td>
<td>O</td>
</tr>
<tr>
<td>Massage Services</td>
<td>O</td>
<td>O</td>
<td>O</td>
<td>O</td>
<td>O</td>
</tr>
</tbody>
</table>
Rating scales:

The scale you choose should be based on the type of response you are looking for and always include a “neutral” category. Five-point and seven-point scales are typical. Following are examples of scales used to measure everything from quality to satisfaction. Always use the scale most appropriate for the question. For example:

**Quality scale:**

The quality of service the HR team provides employees is:


**Agreement scale:**

My job makes good use of my skills and abilities.


**Awareness scale:**

Rate your level of awareness regarding your health benefit options.

Frequency scale:
I receive useful feedback from my immediate supervisor.

Importance scale:
How important to you is online access to your past pay vouchers?

Satisfaction scale:
I am satisfied with the total compensation (salary, benefits, retirement, etc.) that I receive from this organization.
Semantic differential scale

These scales are labeled with contrasting statements and can also vary using five or seven points. For example:

How would you describe your experience navigating our company intranet?

<table>
<thead>
<tr>
<th>Very hard</th>
<th>Somewhat hard</th>
<th>Neither hard nor easy</th>
<th>Somewhat easy</th>
<th>Very easy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hard to Navigate</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
</tbody>
</table>

Open-ended questions

Open-ended questions can be harder to answer and more difficult to analyze but they are very helpful for collecting feedback. For example:

Make a list of the less-desirable elements or frustrators in your current role of which you would like to see less.

Ensure there is enough space to provide a complete response.
What to Avoid

**Asking two questions at once** (double-barreled questions):

Example: How satisfied are you with your supervisor and co-workers?

**Overlapping responses:**

Example: How long have you worked here? [0-3 years, 3-6 years, 6-10 years, more than 10 years]

**Leading questions:**

Example: Our CEO was just named as a Most Trusted CEO by CEO magazine. Please state your level of agreement with the statement “our CEO is trustworthy.”

**Built-in assumptions:**

Example: This year’s performance review process was better than last years. (The question assumes they participated in both performance review processes.)

In summary, the quality of your survey questions is critical to eliciting accurate and actionable information. If the questions are not phrased in ways that enable respondents to provide useful answers, it’s a waste of everyone’s time. Consider using Paycom Surveys as part of its full-service HR software. With a library of templates, and an easy-to-use survey builder, surveying your employees has never been easier. Learn more at paycom.com.