



Engagement Capability Report

2014

AltusQ experiential
coaching

RED
RECOGNISE EVERY DAY

Background

For the past four years AltusQ and RED have systematically surveyed 1,000's of organisations of all sizes and business sectors across Australia. The overwhelming majority (~85%) of individuals surveyed were people who are actively involved in making decisions relating to employee engagement (i.e. CEO's, General Managers, HR and other leadership team members).

While our broad topic of interest has been Employee Engagement our questions have ranged widely in the hope of identifying perhaps unexpected factors that impact engagement levels. We have been interested in everything from culture and values all the way down to the specifics of who has the authority to issue recognition certificates.

We have been on a mission to find out what factors truly and reliably lead to a committed, energised and loyal workforce.



Key take-aways

- > There are readily identified capabilities that high engagement organisations tend to have
- > The presence (or relative absence) of a capability is a strong leading indicator of engagement levels
- > It is practical to assess an organisation's engagement capability and to use that assessment to identify specific areas to focus on to take a targeted approach to improving engagement
- > Across the survey respondents the capabilities that are most consistently demonstrated by high-engagement organisations are around **culture, communication, purpose** and **KPI's**
- > Engagement, and engagement capability are both strongly correlated with *the values held by leaders* in the organisation. What you do matters, but what you think may matter more.

Engagement capability

“Engagement capability is the ability and readiness of an organisation and its managers to successfully engage their staff.”

How we determined engagement capability

Within the surveys over the last four years we asked organisations to rate themselves for 20 capabilities on a scale from 1- 5 to assess the level of understanding, depth and mastery they have in these areas. It's an uncomplicated approach but years of experience have demonstrated that this set of questions can provide a reliable and robust guide to organisational strengths and weaknesses.

Our research indicates again that the top performing companies have the highest level of capability within their organisation and as the capability drops so does the level of engagement. Engagement Capability therefore continues to be a useful and quick, leading indicator for the level of engagement in the organisation.

Capability as a predictor and engine of engagement

Product	2011 Capability Score	2012 Capability Score	2013 Capability Score	2014 Capability Score
> 80%	72	72	73	
60 – 80 %	64	67	64	
40 – 60 %	56	57	59	
< 40%	55	51	46	
Don't Measure	55	51	55	

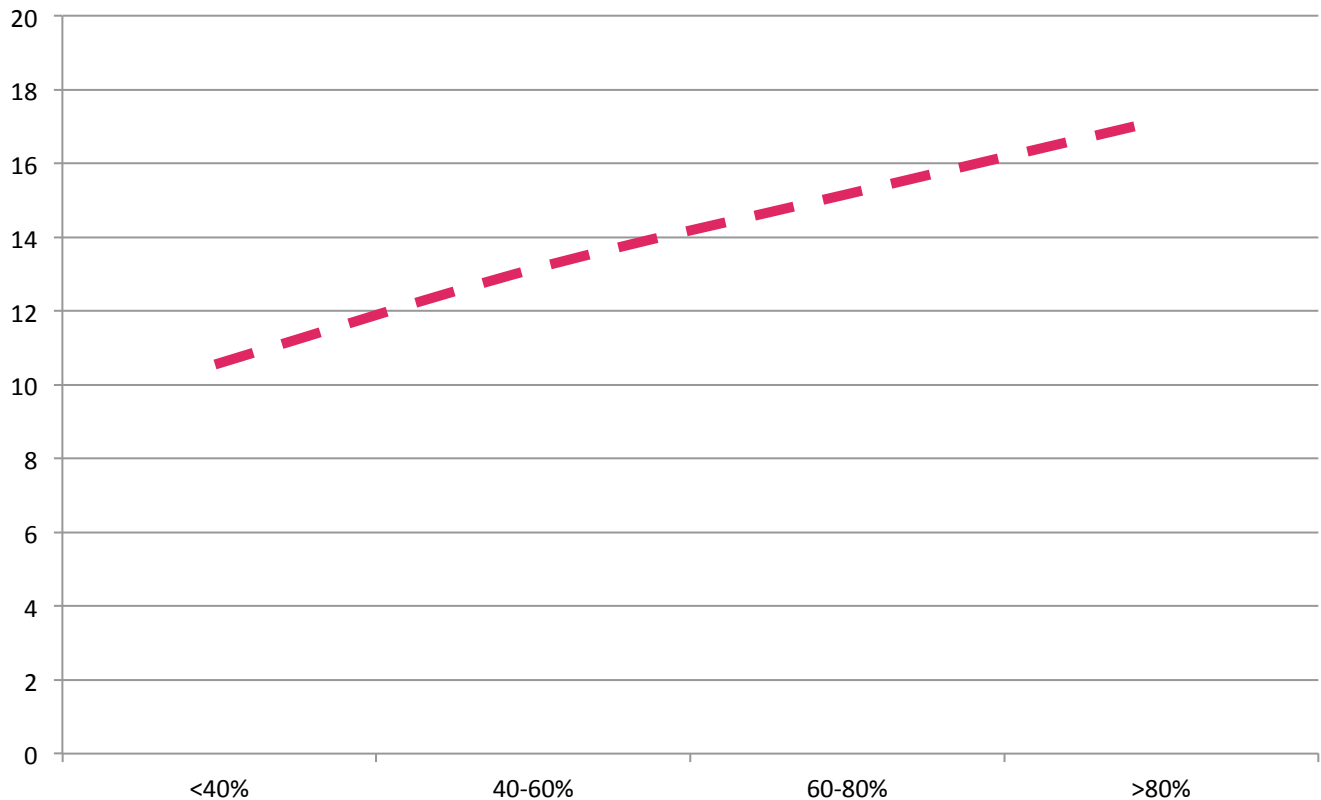
Engagement Score is self-reported by the organisation.

Capability Score is out of a possible 100 points, derived by us from answers to our survey.

Or to put it another way

This chart sets out the average scores achieved for the top five capabilities over all four years of results. Throughout all our research it is clear that organisations that perform well in a number of well-defined areas will tend to have high employee engagement levels.

Average engagement capability score



Culture is king

We have split organisational engagement capability up into 20 distinct aspects but our surveys have clearly shown that some aspects have more impact than others.

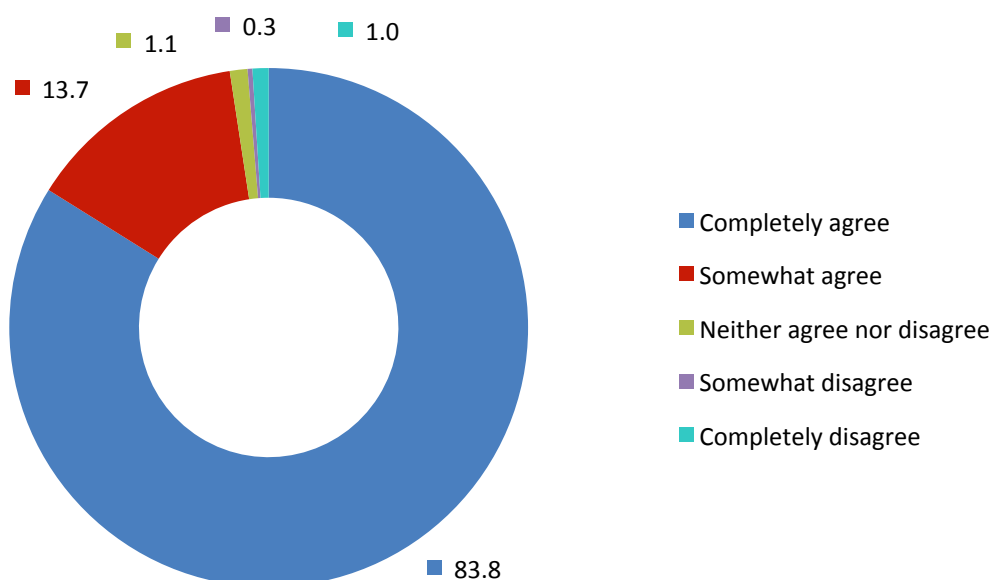
In all four years of our surveys to date, 'Culture' features as the capability where the top performers have the most depth. An overwhelming majority of our participants also report that culture is the key to company performance, especially in tough times.

Interestingly, another aspect where there is a big gap between the strong and the weak performers is that of Key Performance Indicators (KPI's).

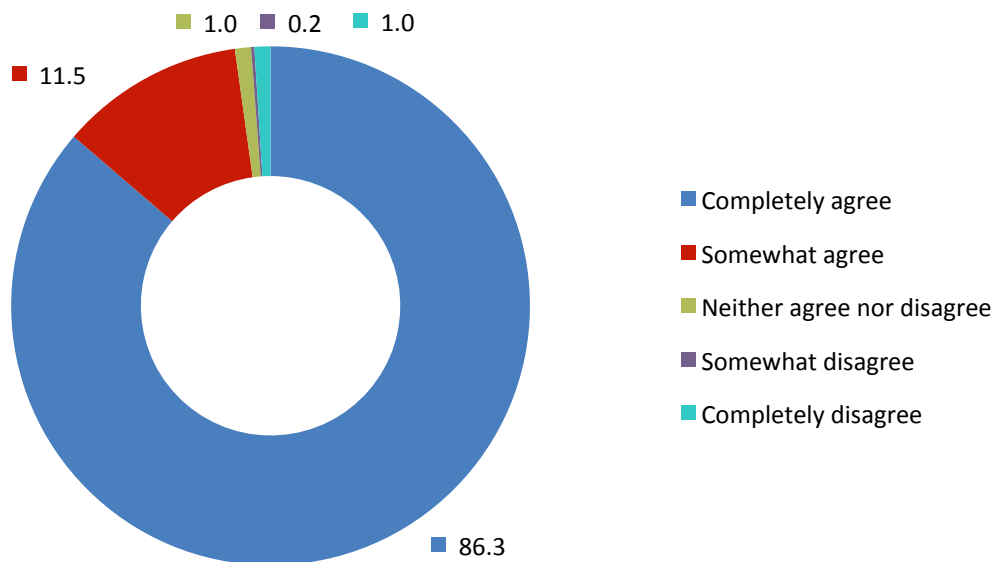
To a "hearts and minds" coaching firm like AltusQ this result is far from surprising. Culture can be characterised as something that comes largely from the "heart" – i.e. what it feels like to work within a particular organisation. KPI's, on the other hand, are very much a "head" thing. Clear understanding of what needs to be done, and of what constitutes good performance, is something that arises from careful and diligent thought. We **always** find that you have to address both heart and head to make real progress.

Strong performers commonly have the high-impact aspects under reasonable control and need to broaden their capability in order to keep making progress. For poor-to-moderate performers however focussing on just a few key areas makes all the difference to outcomes. The depth of capability high performers demonstrate in the areas of culture and KPI's (Key Performance Indicators) is strikingly greater than that demonstrated by the average performers.

Company culture has a direct impact on company and performance



A strong company culture becomes even more crucial in tough times



Five tips for a solid structure

1. Shared values – communities (and businesses) coalesce around a shared view of what matters and what doesn't.
2. Lived behaviours that match the values – values are only truly values when they are in action, and are seen in action.
3. Unique rituals and practices that bring them alive – **repeated**, collective action builds institutional habits.
4. Language and stories to help you remember them – humans have an evolved, inherent propensity for learning from stories.
5. Visual identity that makes you feel and look like them – visual cues can be powerful and constant reminders of shared culture.

The cultural power of reward and recognition

An organisation's approach to Reward and Recognition is undoubtedly a major contributor to engagement outcomes; delivered well it allows an organisation the opportunity to reinforce and embed desired behaviours which contribute to higher levels of capability elsewhere and organisational performance. It's part of the hidden wiring that ensures success for the high performers.

Reward and Recognition is a powerful tool for shaping and reinforcing culture by signalling which behaviours are appropriate and desired. Not all Reward and Recognition programs are equal however.

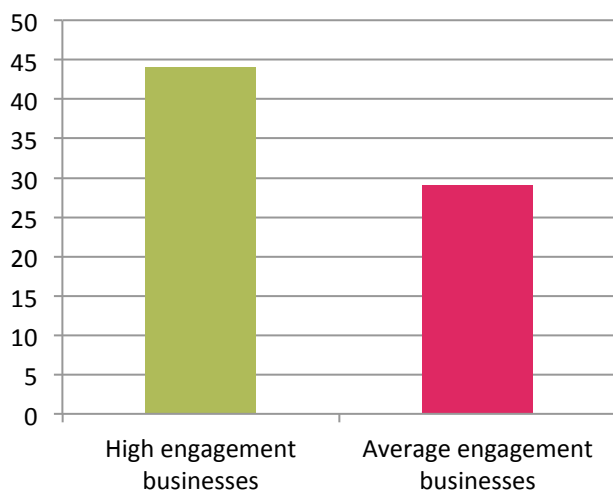
Five tips for high-impact Reward and Recognition

1. Do it now. Don't wait for end-of-month or end-of-year awards. Behaviour reinforcement works best when the behaviour in question is clear and present.
2. Be specific. A generalised "thanks" may be appreciated but it doesn't impart any clues as to what behaviours specifically should be repeated.
3. Be personal. With the exception of really big awards Reward and Recognition should be delivered by line managers with direct knowledge of both the recipient and of the practical benefits of whatever the recipient has done.
4. Be both formal and informal – direct, immediate and personal Reward and Recognition is best for day-to-day but it can be powerfully supported by more formal and structured actions.
5. Be authentic – nothing will undermine a Reward and Recognition program faster than any sense that management are only, "doing this because we thought we should."

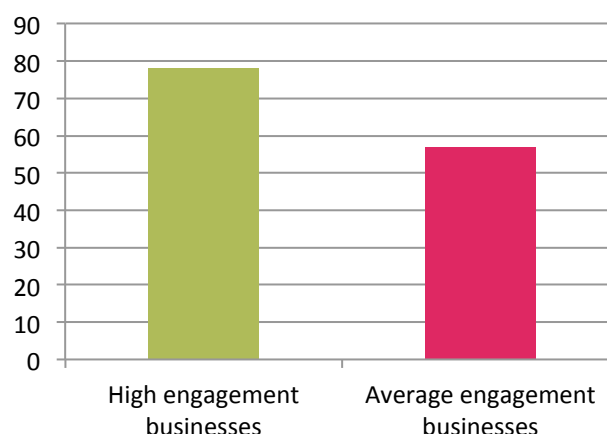
So what do the strong performers do?

When we look in detail at what those with the highest levels of engagement are doing, and that the average and poor performers are doing less of, we discover some interesting patterns:

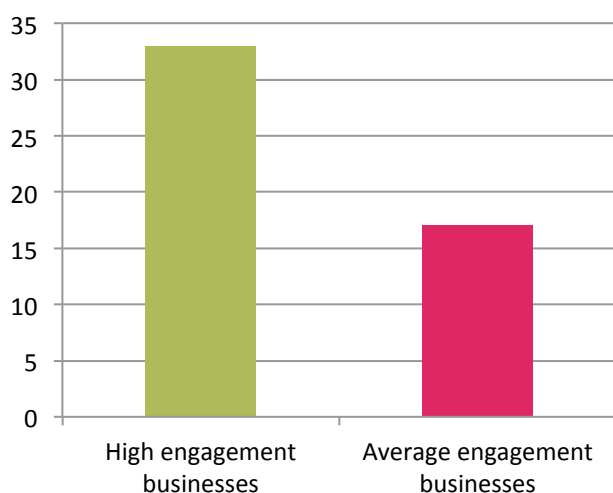
Investing in a coaching program (%)



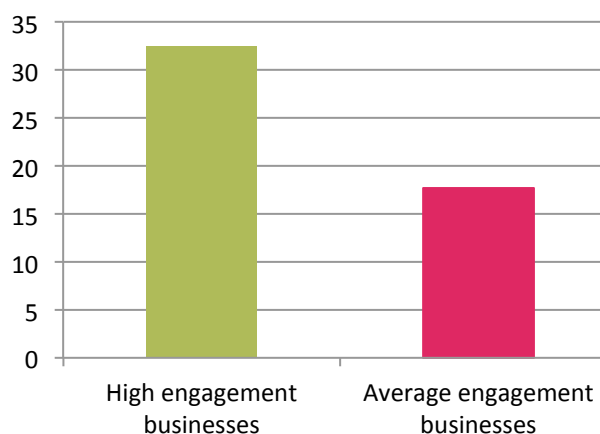
Training and development program (%)



Operating a buddy program (%)



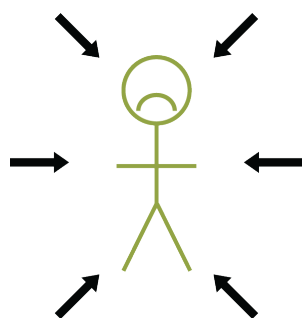
Have a formal mentoring program (%)



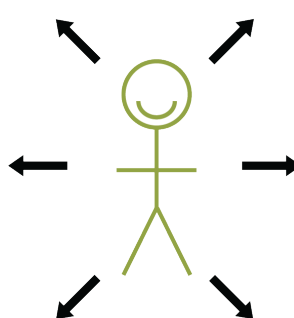
Data from past years suggests that the high performers (those with an 80%+ engagement score) have a higher level of commitment to their engagement programs than the poorer performers, who are much quicker to slash their training, development, coaching, incentive and reward programs in tough times. Needless to say we would argue this is the falsest of false economies.

Employee engagement and leadership

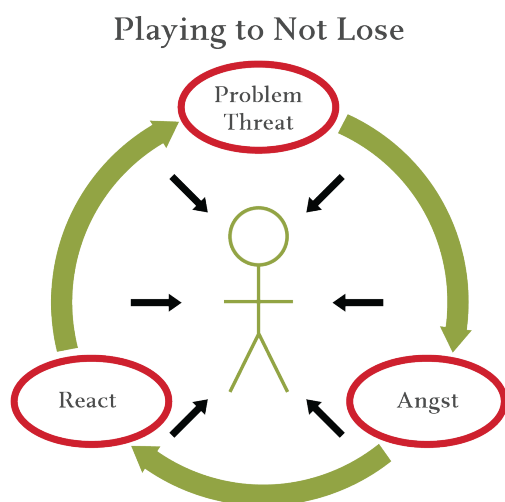
For the 2014 survey we thought it might be interesting to dig a little deeper into the relationship between engagement levels and the beliefs and behaviours of organisation leaders. Our guess was that there'd be a correlation, with better engagement at organisations with evidence of positive, creative leadership styles. This guess was based on years of experience helping businesses and individuals shift from "reactive" mental models to creative ones.



At Effect - Reactive

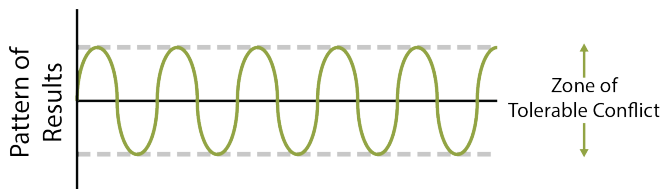


At Cause - Creative



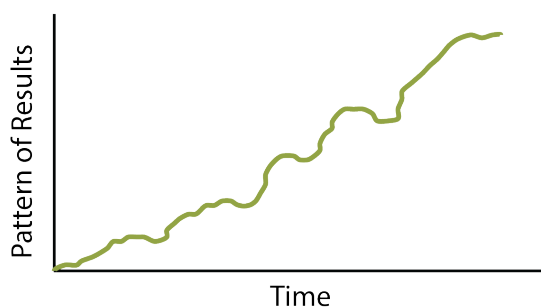
Playing to Not Lose

Moving Away From
What I Don't Want



Playing to Win

Moving Towards What Matters Most
Bringing Something Into Being



What did we find?

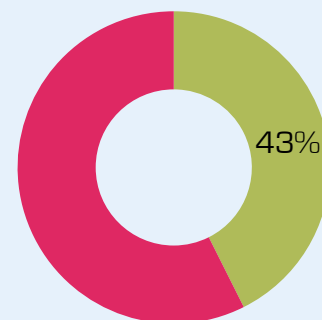
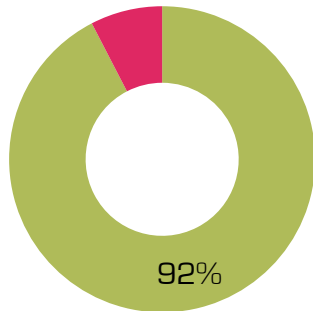
Evidence of creative leadership

(Level of employee perception that they are being led creatively)

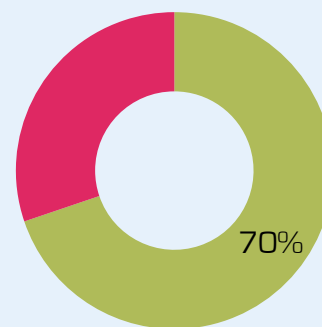
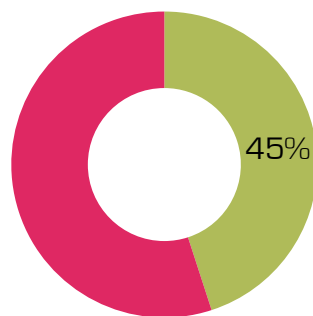
Evidence of reactive leadership

(Level of employee perception that they are being led reactively)

Businesses with high engagement capability



Businesses with low engagement capability



Creative Leaders

- > Foster caring relationships
- > Take time to connect with people
- > Behave according to values
- > Find courage to speak out even on controversial issues
- > Show positive attitude, even in the worst situations
- > Get on with the job without drawing attention to themselves.

Reactive Leaders

- > Push too hard for perfect outcomes
- > Have unrealistic expectations
- > Are not happy unless things are done their way
- > Seek to please others rather than risking transformational change
- > Are too conservative and wishy-washy with decision making
- > Are emotionally distant and ego driven.

1. Engagement Capability has been assessed from answers to our survey questions. Engagement Capability scores have been shown, across thousands of participating businesses, to be strongly predictive of Employee Engagement levels.
2. Surveyed staff were asked a series of questions of the form, "Overall, leaders within my organisation [behave a certain way]" to identify perceptions of creative or reactive leadership styles.

The raw data informing this infographic is available on request – please contact info@altusq.com.au

The core capabilities

1. Purpose, intent, cause – does the organisation know why it does what it does?
2. Culture – can staff articulate what is important to them as a group?
3. Commercial vision – do people know where the business is going?
4. Innovation – is the organisation capable of, “thinking outside its own box”?
5. Brand energy – is the organisation commonly known for something strong/positive?
6. Managing capacity and workload – is work pressure typically steady or does it come in waves?
7. Functional structure/resource allocation – clear and understood roles and responsibilities, with the right people in the right jobs
8. Key Performance Indicators – are KPI’s consistently linked to behaviours that drive the vision?
9. Rewards and recognition program – when people do well is there a structured process in place to ensure their performance is acknowledged and reinforced?
10. Communication – do people feel informed? Do they know what’s going on and what they should be doing about it?
11. Coaching – does the organisation support performance improvement or does it merely expect/demand it?
12. Managing expectations – is the bar typically set too high, too low or (ideally) high enough to make people stretch?
13. Work/Life balance – is the meaning of work/life balance *as it applies at that organisation* clearly and consistently understood and articulated?
14. Compensation and benefits – are remuneration levels seen as generally being fair and reasonable?
15. Recruitment – are potential recruits assessed for cultural fit and alignment as well as for experience and technical competence?
16. On-boarding – are new hires actively integrated or left to sink or swim?
17. Performance management – are managers willing and able to have hard but productive conversations with staff?
18. Developing people – do people become “better” as a consequence of working for the organisation?
19. Decision making – do decisions get made when they are needed, consistent with purpose, vision and culture?
20. Effective meetings – do meetings typically have well understood agendas and outcomes?