

Employee Engagement 2016

Research Summary

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Brandon Hall Group Research Team

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Linking Engagement and Performance Improves Key Metrics

Example: Organizations that prioritize engagement and link it to employee performance are 62% more likely to have most employees consistently promote the organization externally and internally, according to Brandon Hall Group's 2016 Engagement Study.

KEY FINDINGS

- Linking employee engagement to performance drives participation and thereby improves business metrics.
- Recognizing and rewarding top business behaviors are vital to employee engagement.
- Investing in rewards and recognition technology solutions yields positive business impact.
- Many high-performing organizations agree on certain most valuable activities for increasing employee engagement.
- Choosing a technology solution provider that links recognition with performance management strategies, and employs analytics to track recognition, is critical to organizational performance.

Source: 2016 Brandon Hall Group Employee Engagement Study (n=288)

Overview

It is no secret that employee engagement improves organizational performance. Brandon Hall Group’s 2016 Employee Engagement Study found that, while making employee engagement a strategic priority is an excellent starting point, organizations that achieve the most success also link it to performance. They do so by paying special attention to how they prioritize and administer engagement practices, and which technology solutions they choose to support and evaluate engagement practices.

Two-thirds of the organizations we surveyed make employee engagement a strategic priority. Among those organizations, the most successful are the more than half that also link employee engagement to employee performance.

Our study compared two groups: organizations that prioritize engagement without linking it to performance, and organizations that prioritize engagement and link it to performance, which requires managers and employees to develop an action plan or other effective means to resolve issues that have resulted in a decrease in engagement. Organizations that linked engagement to performance performed significantly in many metrics. The difference in three general metrics are illustrated in Figure 1 below, and more details about the benefits of engagement are detailed in the Analysis of Top Findings starting on the next page.

Figure 1	General Impact of Prioritizing Engagement and Linking it to Performance	
	Prioritizes Engagement AND Links it to Employee Performance	Prioritizes Engagement AND Does Not Link to Employee Performance
Average percent of employees considered highly engaged	63%	45%
Increased customer satisfaction over past year	57%	43%
Increased revenue/performance over past year	61%	53%

Source: 2016 Brandon Hall Group Employee Engagement Study (n = 285)

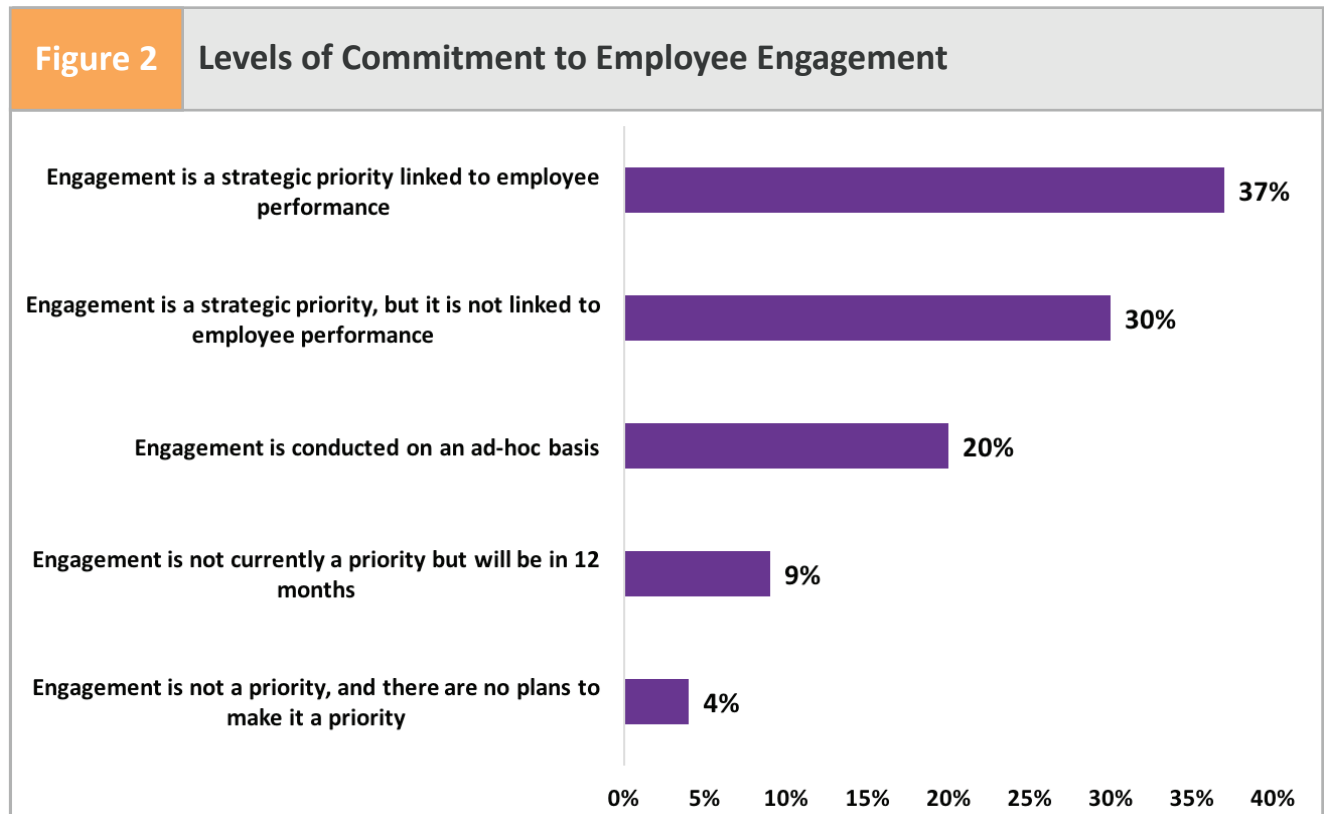
ANALYSIS OF TOP FINDINGS

Linking Engagement to Performance Drives Participation and Business Metrics

Overall, two-thirds of the organizations surveyed (67%) make employee engagement a strategic priority. (This represents an increase of about 4 points from the Brandon Hall Group 2014 Engagement survey.) However, only 37% of that group actually link engagement to employee performance. The remaining one-third of organizations surveyed do not make engagement a priority.

One-fifth (20%) report employee engagement efforts on an ad-hoc basis only, and 13% do not currently make engagement a priority, though about 70% of those without prioritized engagement say they plan to do so within the next 12 months.

Linking employee engagement to employee performance gives an organization greater control over overall organizational performance, leads to greater customer satisfaction/engagement scores, and increases both productivity and revenue. Our research indicates that high-performing organizations – those that show a year-over-year increase in key performance



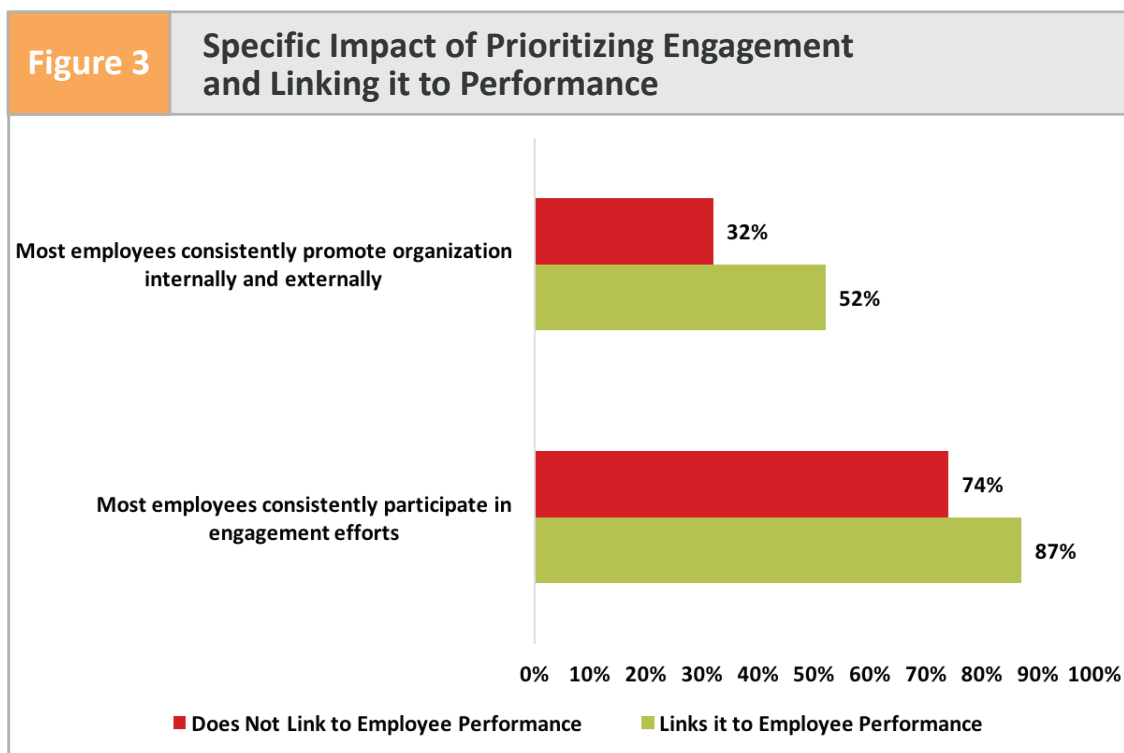
Source: 2016 Brandon Hall Group Employee Engagement Surveys (n = 249)

indicators – are much more likely than their counterparts to make engagement a strategic priority and link it to employee performance (52% of high-performers vs. 29% of other organizations).

When comparing organizations that also link employee engagement to employee performance, marked differences in business metrics emerge as well (Figure 4, next page). Generally, organizations that both prioritize employee engagement and link it to employee performance fare much better than the other organizations in these areas:

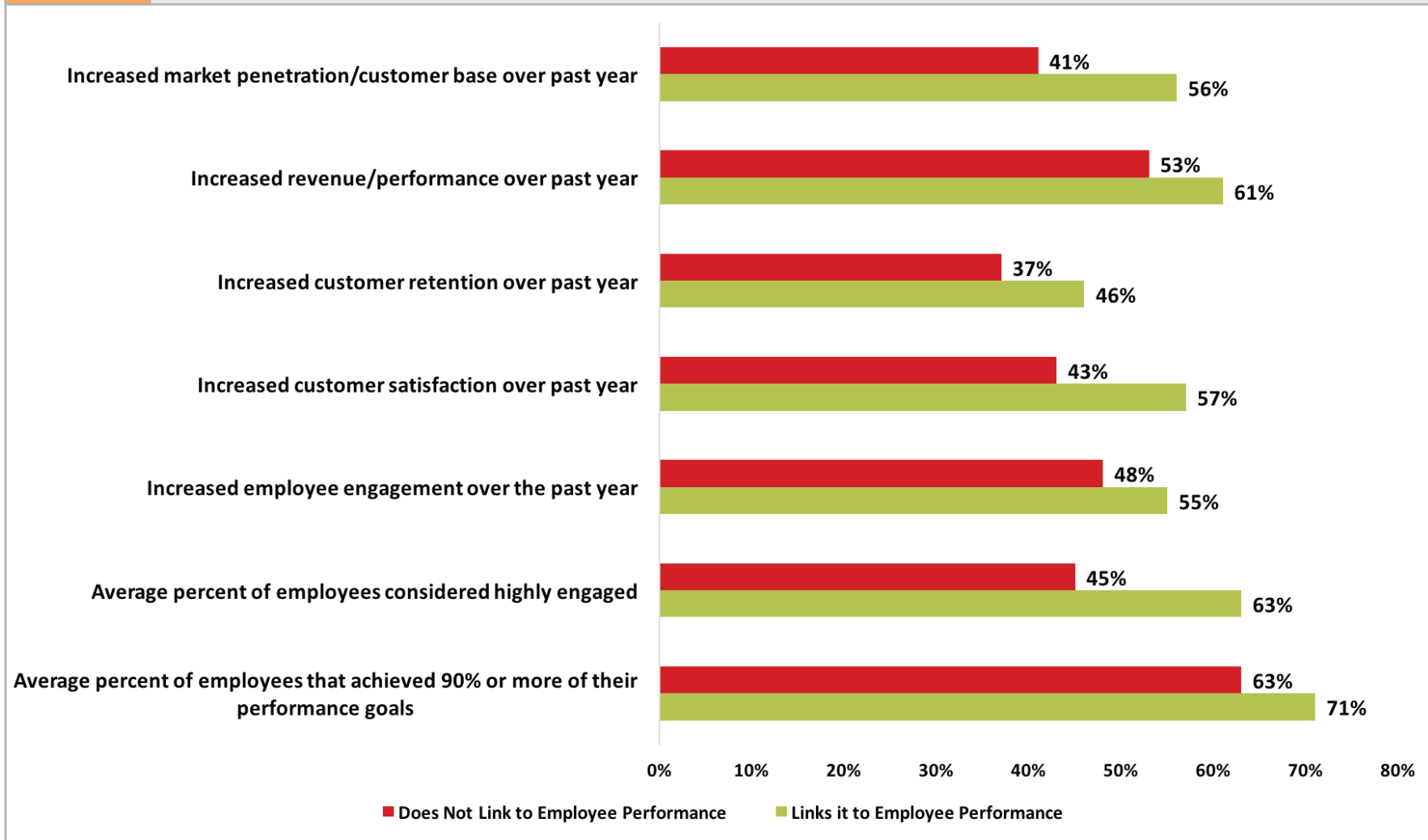
- Participation and promotion rates across generations and key employee groups
- Engagement levels
- Key performance indicators such as customer satisfaction, customer retention, revenue and/or organizational performance

While a number of factors can affect organizational performance, prioritizing employee engagement and linking it to employee performance are powerful contributors to an organization’s overall success. The graphics on the following two pages show significant differences in impact on organizational and individual performance (Figure 4) and employees participating in engagement activities who are internally and externally promoting their employers (Figure 5).

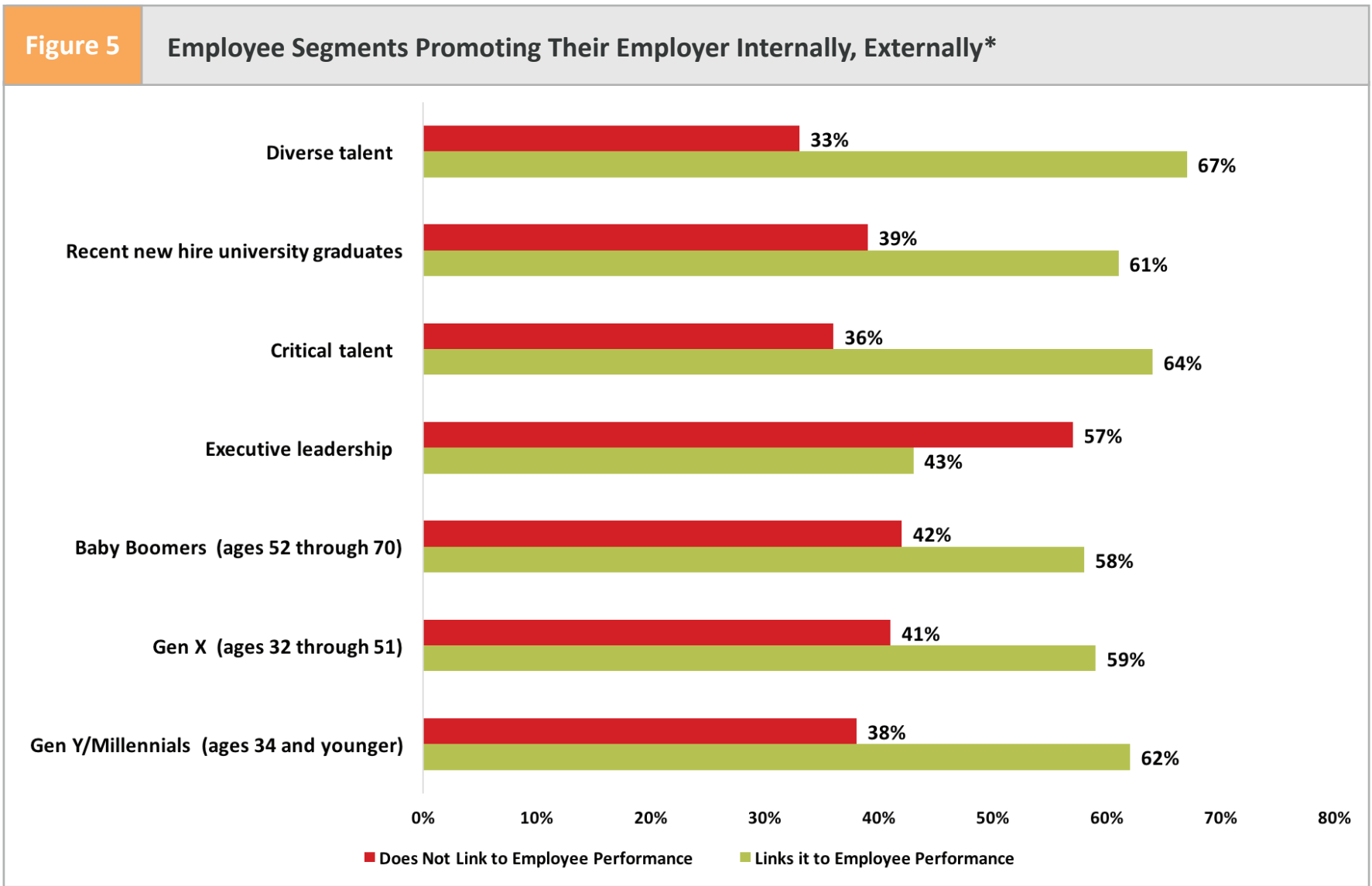


Source: 2016 Brandon Hall Group Employee Engagement Surveys (n ranges from 54 to 93, depending on segment)

Figure 4 Specific Impact of Prioritizing Engagement and Linking it to Performance



Source: 2016 Brandon Hall Group Employee Engagement Surveys (n ranges from 61 through 112 depending on segment)

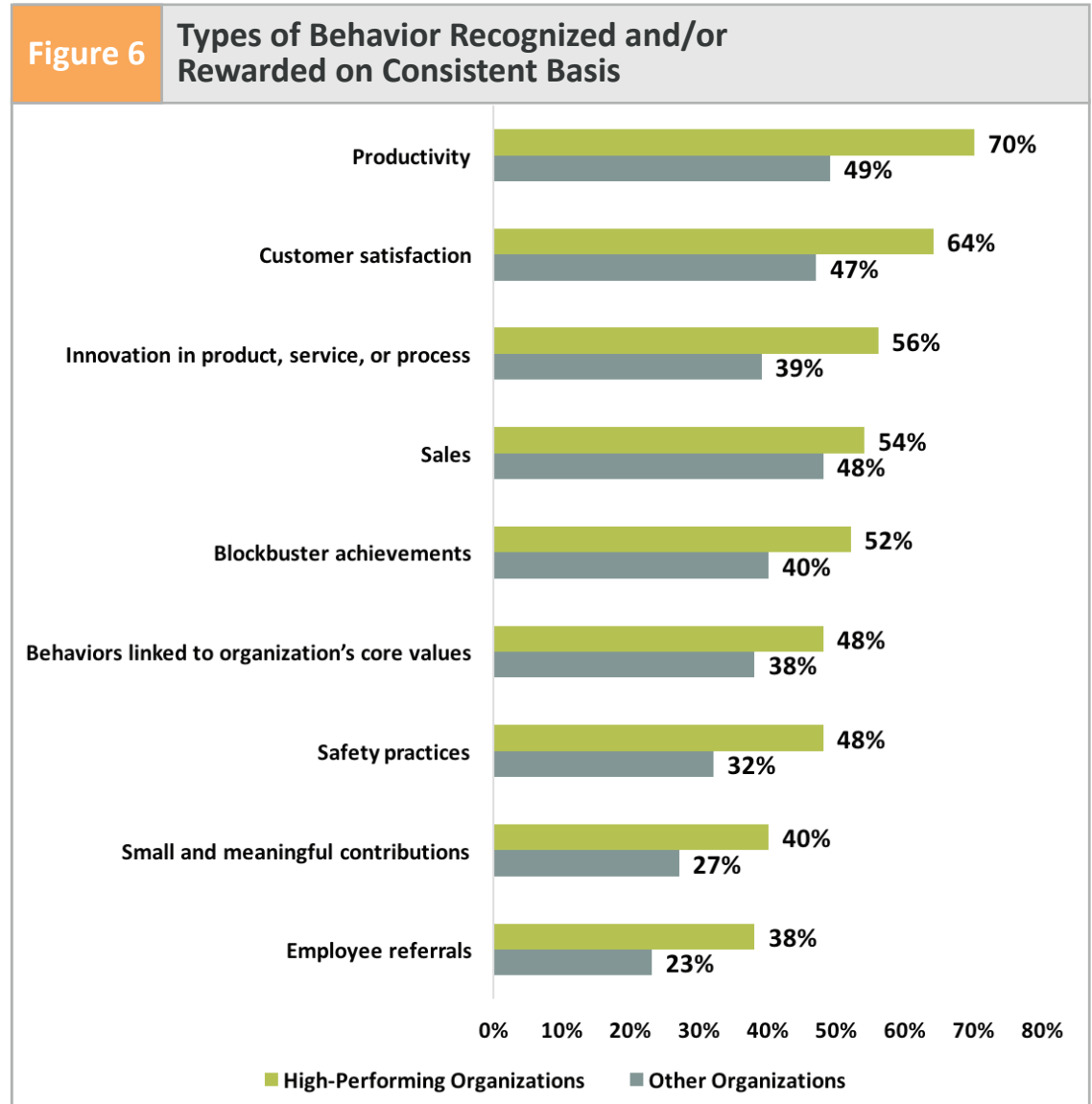


Source: 2016 Brandon Hall Group Employee Engagement Study (n ranges from 46 to 67, depending on choice and segment)
 *Among Employees Participating in Engagement Efforts

Recognizing and Rewarding Top Business Behaviors are Vital to Employee Engagement

Overall, a greater percentage of high-performing organizations recognize and/or reward employees for the behaviors shown in Figure 6 – especially productivity, customer satisfaction, and innovation. Rewarding and/or recognizing employees for their performance behavior is one of the most significant ways to improve overall organizational performance.

Most organizations seem to know the importance of recognizing and rewarding employees for behaviors that directly impact organizational performance (e.g., productivity and customer satisfaction). However, recognizing and rewarding a number of other positive behaviors, such as small and meaningful contributions, employee referrals and safety practices (Figure 6), are not only an effective way to manage talent, but also enhance the culture of the organization and promote its overall excellence.



Source: 2016 Brandon Hall Group Employee Engagement Surveys (n= 50 for high performers; n = 124 for other organizations)

For example, recognizing and rewarding employees for referring their connections for employment can result in quality hires that are well-aligned with the organization's culture. Recognizing employees for exceptional safety practices can reinforce the organization's safety guidelines/training.

Many High-Performing Organizations Agree on the Most Valuable Ways to Increase Engagement

More than half of the high-performing organizations surveyed identified each of these activities as paramount to their employee engagement efforts:

- Employee surveys (72%)
- Performance reviews (69%)
- Career development paths (61%)
- Coaching and mentoring programs (58%)
- Work/life balance supports (57%)
- Formal employee recognition programs (56%)

The majority of all organizations (82%) use surveys (typically anonymous) as a tool to benchmark employee engagement at a given point in time, with 44% doing so annually. Leadership reviews the survey results and provides managers with aggregated data that maintains anonymity, yet enables managers to develop plans to improve engagement among all reporting employees. This is the most common method of linking employee engagement to employee performance.

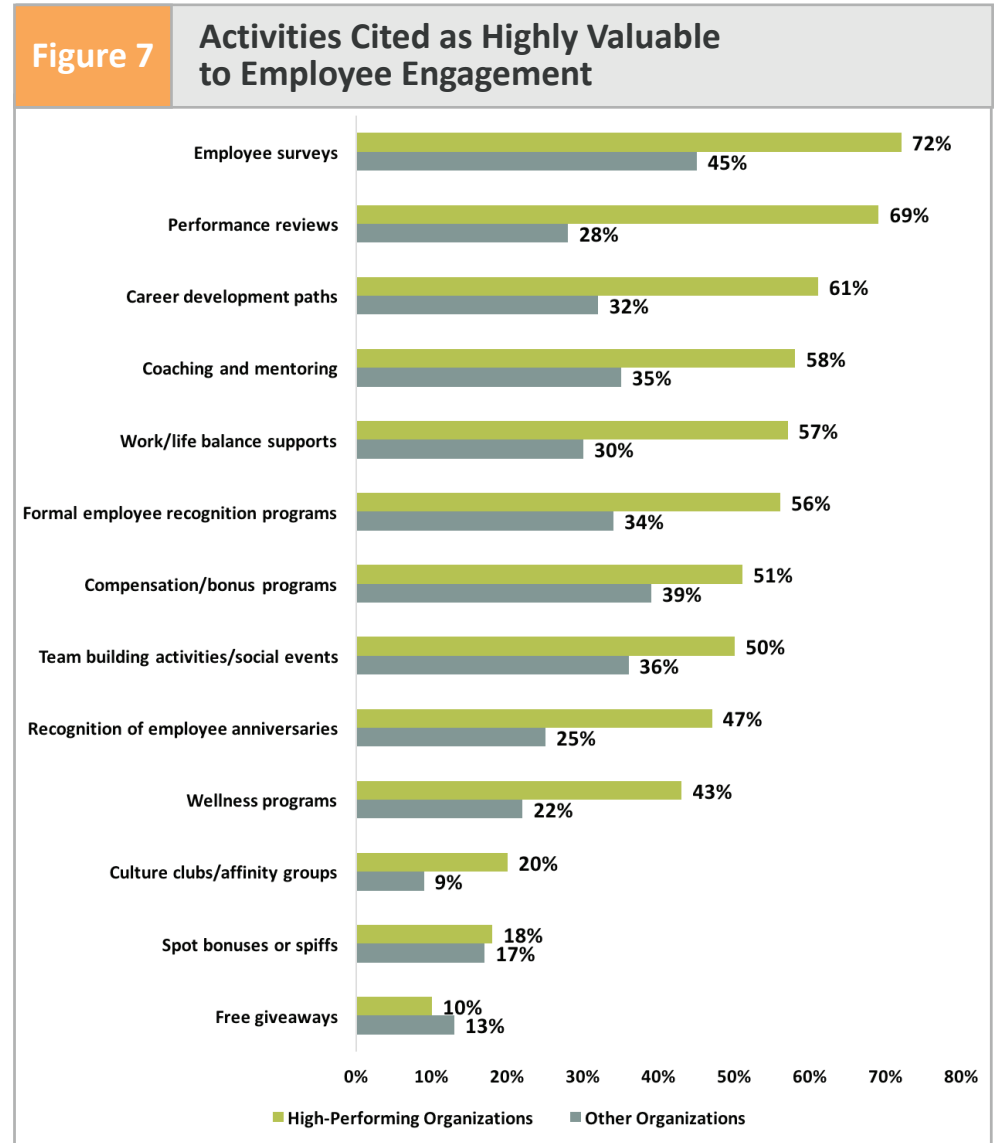
Organizations also review employee engagement surveys to evaluate the extent to which engagement at the organization has changed over a period of time. More than half of the organizations use these surveys to provide feedback to employees (59%), or to improve learning and development (56%), organizational culture (54%), and/or management practices (50%). While employee

surveys do not drive employee engagement per se, they do give management a tool for identifying ways in which to improve employee engagement.

Performance reviews, career development paths, and coaching and mentoring are effective ways for organizations to advise and encourage employees to improve performance, develop skills, and contribute more to the organization.

In addition, work/life balance supports are increasingly important in today's fast-paced, digital environment. Many employees work remotely, and mobile devices enable employees to respond to work requests throughout the day. Examples of work/life balance supports are flex time, the ability to work from home, personal time off, on-premise or near-premise day care, job sharing, etc.

Formal employee recognition programs can foster a culture of recognition tied to employee performance. Recognition can be in the form of an ecard, banner, sign, social site mention, or other method preferred by the organization. Finally, compensation/bonus programs – as well as a number of other perks, privileges, team-building events, and incentives – can be used to improve employee engagement.



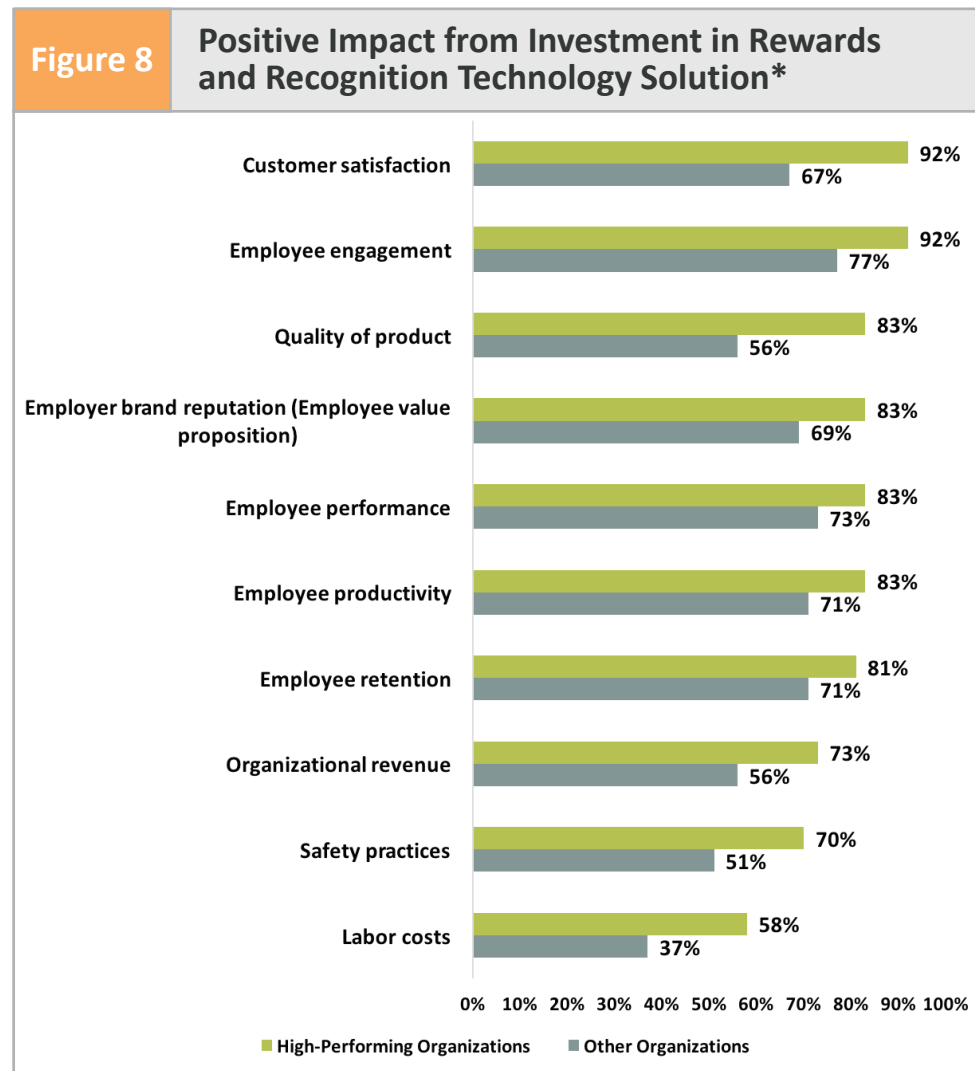
Source: 2016 Brandon Hall Group Employee Engagement Surveys (n=50 for high-performers; n=128 for other organizations)

Rewards and Recognition Technology Solutions Yield Positive Business Impact

Among organizations that invest in a rewards and recognition technology solution, most report that their investment has had a positive impact on their business metrics. In particular, almost all high-performance organizations (92%) cite improvement both in employee engagement and customer satisfaction. Slightly fewer (83%) experienced a positive impact on employee productivity, performance, employer brand reputation, and quality of the product.

Organizations that are not high-performers also noted a positive, though somewhat less, impact on business metrics. The impact on business metrics is not only a result of the mere implementation of a rewards and recognition technology solution, however. A number of other factors also play major roles:

- How well leadership explains and communicates with stakeholders about the program
- How well leadership implements, maintains, and supports the program
- The degree of employee buy-in



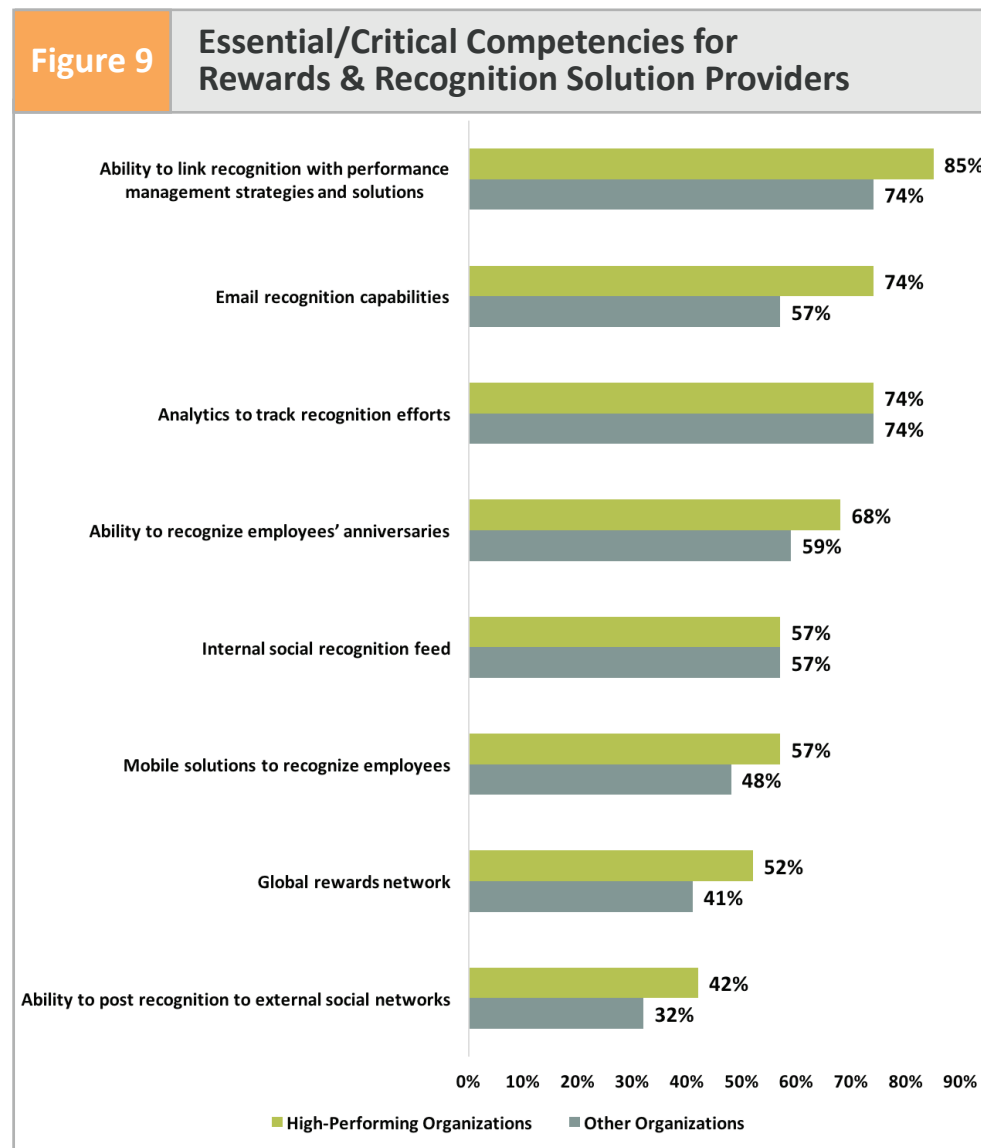
Source: 2016 Brandon Hall Group Employee Engagement Surveys (n, high performance 35 to 37, other 65 to 74)

* Among organizations investing in rewards and recognition technology solutions.

Top Provider Competency: Linking Recognition with Performance Management Strategies and Analytics

Most organizations are focused on how they manage employee performance. Consequently, the greater majority of both high-performing (85%) and other (74%) organizations name having a rewards and recognition provider that facilitates linking recognition with performance management strategies and solutions as a critical or essential competency. In addition, nearly three-quarters cite providing analytics to track recognition efforts as critical or essential competencies for their rewards and recognition provider.

More than one-half of all surveyed organizations also named email recognition, recognition of employees' anniversaries, mobile solutions, and an internal social recognition feed, as critical or essential provider competencies. Such capabilities enhance the social and collaborative culture of organizations, particularly for employees working remotely.



Source: 2016 Brandon Hall Group Employee Engagement Study (n=174)

About Brandon Hall Group

Brandon Hall Group is a HCM research and advisory services firm that provides insights around key performance areas, including Learning and Development, Talent Management, Leadership Development, Talent Acquisition, and HR/Workforce Management.

With more than 10,000 clients globally and 20 years of delivering world-class research and advisory services, Brandon Hall Group is focused on developing research that drives performance in emerging and large organizations, and provides strategic insights for executives and practitioners responsible for growth and business results.

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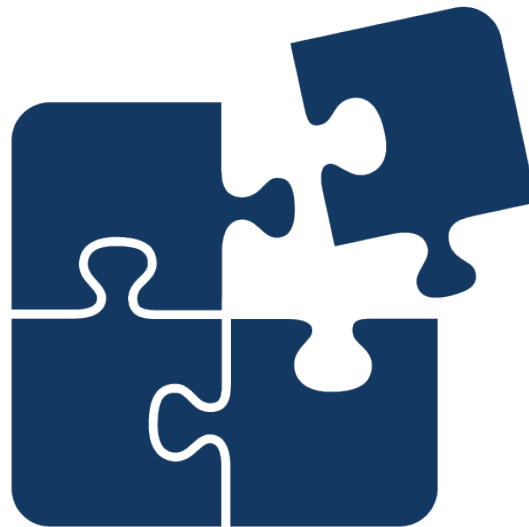
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