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HR PRACTICES

What is Employee Engagement?

Employee engagement is essential to succeed in business, yet few organizations successfully define, measure or manage this leadership model. According to The Conference Board, fewer than half of U.S. workers are satisfied with their jobs*. Even more are disengaged. This 22 year low clearly shows that most organizations are not addressing the real drivers of engagement or improving them. Despite sincere efforts, positive employee engagement is regressing and employees are losing faith.

The Concept of Engagement

From a management perspective, engagement is the process of leading people by enabling them to want to do whatever is necessary to ensure the continuous high performance and success of the business. From the employees' perspective, engagement is their attitudinal and emotional state developed from experiences perceived to be controlled by management. These experiences or "drivers" determine engagement level. By managing these drivers to be positive experiences, leaders can stimulate an intrinsic desire for employees to consistently do their **best work**. **Employee engagement management is an alternative to commanding** and controlling what specific work should be done, when, at what speed and with what kind of attitude.

The assumption in the business world is that engagement level predicts the positive intensity and quality of effort the organization can expect from an individual within job confines. Business has also recognized that talent without engagement is poor value. So engagement's economic value to the business is, at a minimum, lower direct supervision costs, higher quality and higher revenue per employee; at the maximum, more numerous innovation events, higher customer loyalty, higher return on human capital and steady increase in stock price — but only if correctly defined, measured and managed.

Best Practice Employee Engagement Definition

To manage engagement one must first define it correctly. Scarlett Surveys defines employee engagement as an individual's degree of positive or negative emotional attachment to their organization, their job and their colleagues. This definition of employee engagement has increasingly become the

generally accepted global standard for three reasons: 1) it is measurable through the deployment of a survey questionnaire validated to measure the 15 drivers of engagement; 2) this definition provides leadership with a cause and effect understanding they can successfully influence; and 3) this definition will improve business performance when embraced as a responsibility of leadership. Adopting a solid definition of employee engagement is the critical first step in effectively managing this valuable phenomenon.

Quality Employee Engagement Measurement

Meaningful engagement measurement is derived from attitude classification psychometrics and collected via survey responses to a complete inventory of questions about employee feelings and experiences towards verified engagement “drivers”. An employee survey that accurately measures engagement is empirically validated to incrementally measure the 15 proven drivers of engagement that heavily influence on-the-job behavior and effort. The tricky bit on calculating responses to these question sets is that these drivers are not linear – some are more influential than others, so they don’t have equal value in calculating a meaningful engagement index or ratio. Responses and intensity of responses to these drivers should be compared to critical ranges that make the results meaningful and useful. Too often, organizations measure the wrong drivers and wind up managing the wrong things so engagement levels deteriorate. Engagement indexes and ratios are best calculated from employee responses to question batteries encompassing the 15 universal intrinsic and extrinsic engagement drivers. This provides the basis for classifying engagement level, each individual’s level of positive or negative emotional attachment to the organization and its goals. It is important to automatically combine that data into workgroup profiles to ensure respondent anonymity. Accurate engagement profiles make it easy to address key opportunities for improvement and develop worthwhile action plans that better engage employees. After all, the validity of employee engagement measurement is in the efficacy of improving human effort and business performance by managing the 15 drivers of engagement.

What Engagement is Not

Employee engagement is often confused with employee satisfaction. Satisfaction is a minimum attitude standard established during the age of mass production to guard against militancy by identifying and removing irritants. Satisfied employees are not endeared to their employer like positively engaged employees – they’re just not angry. Nor is engagement a total score of opinion questions or a dozen or so “levers” waiting to be manipulated. Having a best friend at work, while nice, is not a credible component of engagement. The results are in: these mis-definitions and mis-measurements fail to positively engage employees when acted upon.

Employee engagement is not something that can be quick fixed by making bathrooms cleaner or putting in more flextime. Extravagant benefits and engagement awards do not structurally improve engagement or performance. Neither do they make up for a horrible boss left unaccountable. To be sustainable and profitable, engagement must be credibly defined, scientifically measured and diligently managed as a leadership performance requirement. The Chairman of Southwest Airlines sums it up nicely: “Leadership is effectively supporting your team of employees.” This is how engagement is built to be profitable.

Engagement Measurement Management

To effectively manage engagement, it is essential for leaders to fully understand the drivers of engagement and their scores and to use consider both individual engagement and group engagement when developing action plans. Doing so ensures a balance between individual needs at each engagement level and synchronized unity of effort at the group level. Thus, leaders have the data to fulfill an engagement survey's business purpose, which is to increase associate economic contribution in sync with organizational goals while improving each individual's desire of commitment. When leaders are diligent implementing their action plans based on sound engagement drivers, employees gradually become more intrinsically motivated to do their best work.

The Business Case for Managing Engagement

Business leaders should care about understanding the mechanics of employee engagement because this is why most engagement efforts and businesses fail. When measured correctly, engagement drivers provide management with a statistical method to maximize return on human capital (ROHC). For example, our studies show that employees we classify as positively engaged have higher than average individual productivity and innovation events plus they remain with the company longer than disengaged employees. In addition, the discretionary efforts of the fully engaged are of higher quality and of a more positive intensity than other less-engaged employees: their economic contributions to the business consistently exceed their employment costs. From a quality of work life perspective, positively engaged employees are often energetic and enthusiastic which makes them more productive in group efforts and makes them enjoyable to work with and for customers to do business with. Our research also shows that fully engaged employees consistently solve problems and have lower incidences of absenteeism. In a nutshell, the higher the percent of engaged employees, the higher the probability of sustained business success.

Reliable Engagement Profiles are the Most Important Measures in the Organization

Within our world of fast-changing markets and hard-to-measure intellectual work, real employee engagement has emerged as the ultimate competitive advantage. Talent with engagement creates premium value and group engagement is the total driving force by which organizations will or will not succeed. When correctly defined, measured and managed, employee engagement is a reliable predictor of future employee behavior and effort that can drive your business to new heights.

**Source: The Conference Board TNS annual survey of 5,000 households*

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Author's Note:

Scarlett Surveys has surveyed over 15 million employees in over 48 years and has empirically validated the 15 drivers of engagement with their Associate Engagement Research (AER™) employee engagement survey.

“What is Employee Engagement?” is the most viewed and quoted White Paper on employee engagement. Ken can be reached at Ken.Scarlett@ScarlettSurveys.com.



Ken Scarlett, President and CEO

Ken Scarlett and Scarlett Surveys International have worked with hundreds of companies to accurately measure and improve employee engagement and return on human capital.



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Why AER™ is your Best Choice

How the AER™ Employee Engagement Survey Works and Why it is Your Best Choice

1. Employees have emotional reactions to workplace experiences an observation.
2. Based on these feelings, employees form positive, neutral or negative attitudes about objects, positions, events and situations at work that substantially influence their behavior.
3. There exists a particular set of objects, positions, events and situations in every organization that heavily influence employee willingness of effort and engagement level over time. This set is referred to as “engagement drivers”.
4. The sum total of employee attitudes towards these drivers determines engagement level. (These drivers were originally identified by Dr. Frederick Herzberg in his “The Motivation to Work” studies and empirically certified by Dr. Robert Brown and Ken Scarlett through the surveying of millions of employees worldwide.)
5. Engagement level, as measured by AER™, statistically describes and predicts employee willingness and intensity of effort. AER™ also provides a profile of strong engagement drivers and weak drivers by group so leaders can structurally improve engagement levels over time and thereby improve business performance.
6. High positive AER engagement produces high effort and high return on human resource expenditures with minimum tactical oversight.
7. Negative AER engagement produces low or off-quality effort and negative return on human resource expenditures.

How AER™ Incrementally Measures Employee Engagement

1. AER measures employee attitudes towards the proven 15 drivers of engagement calculating an index for each individual driver and an overall engagement index based on the correct weighting of each driver. Each leader has a statistical, psychometrically sound AER engagement profile for his group that he/she can impact.
2. Each engagement driver is independently measured by an empirically validated battery of questions.
3. Engagement drivers, questions results and AER Engagement Indexes are compared to our exclusive Scarlett Surveys Critical Ranges based on over 15 million surveys, thereby ensuring confidence of action.

How to use AER™ to Structurally Improve Employee Engagement and Improve Business Performance

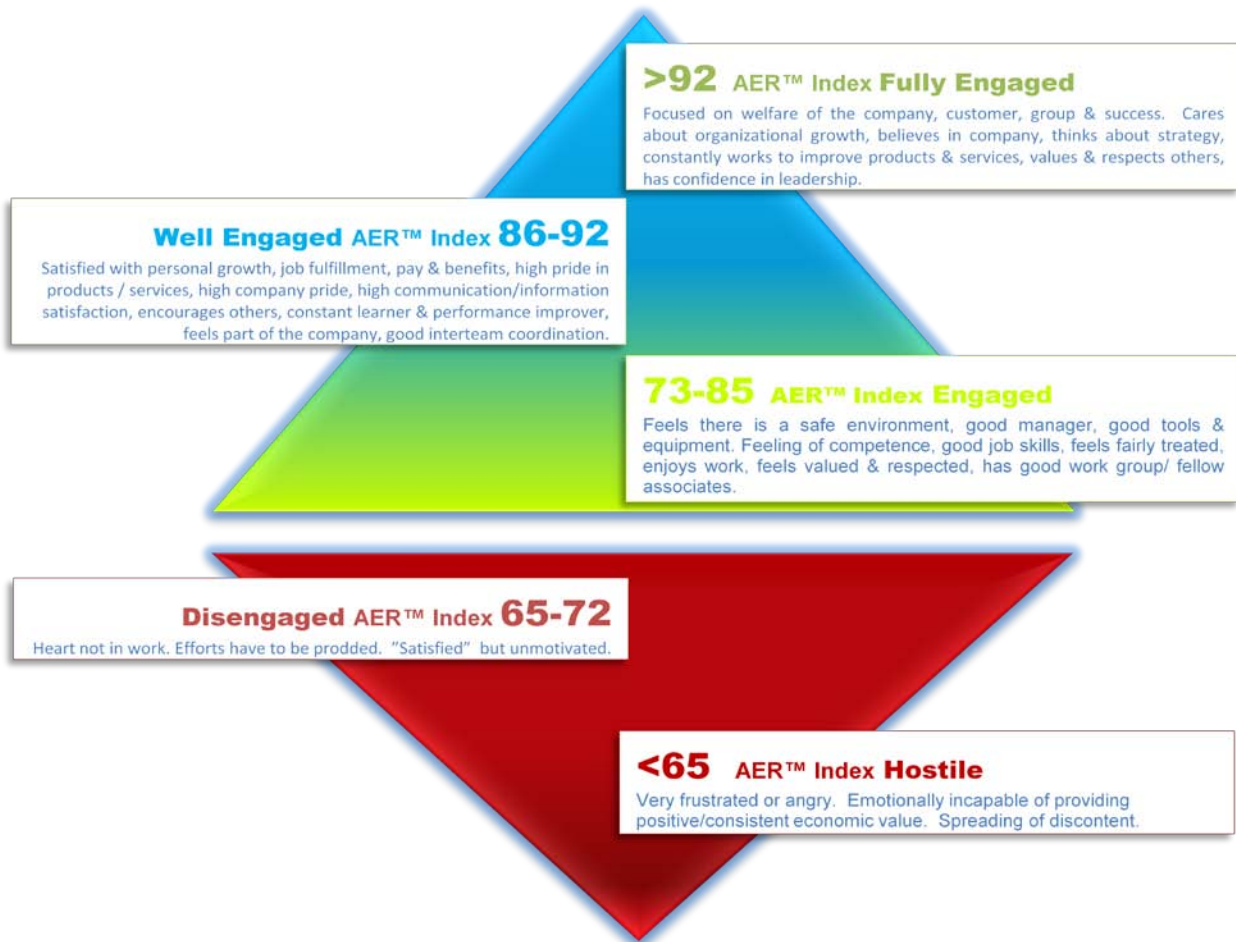
1. Use AER on an annual basis.
2. Ensure that each leader is accountable for their group employee engagement index scores; establish as a primary performance appraisal criterion.
3. Ensure that each leader prepares written action plans, approved and monitored by their immediate supervisor. Use the Scarlett Surveys ESAP (Engagement Survey Action Planning) system for action planning.
4. Develop causal and correlation models between engagement index and driver scores to business outcomes.
5. Set a high standard for Employee Engagement and institutionally support that endeavor.
6. To speed the improvement process, use Scarlett Surveys Engagement Leadership Training (ELT) certification for each level of leadership.



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AER™ Employee Engagement Levels and Associated Behaviors



Management / Professional



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Clients & Testimonials

Companies who have repeatedly used Associate Engagement Research™ (AER), employee survey system, to manage their human capital and improve business performance are listed below.

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|---------------------------------|---------------------------|-----------------------------|
| Administar Federal | Johnson Controls Globally | Roper Pumps |
| AMCOR Globally | Kemet Globally | Rotorion |
| Baptist Medical | Mannington | Sage Automotive |
| BlueCross BlueShield | Michelin | Sandmeyer Steel |
| Capsugel | Milliken | Springs Industries |
| Cigna | Mohawk Industries | St. Francis Hospital System |
| Companion Insurance | Montell | Toyota Boshoku |
| DecisionOne | Nacom | Trailblazer |
| Diamond Crystal | Okonite | TRICARE |
| Educare | Our Lady of Bellefonte | Trimasters |
| Federal Express USA & Europe | Palmetto GBA | United Government Services |
| Hansen | People Serve Inc. | United Way |
| Honey Baked Hams | Pierburg | Voca |
| Humana | Prymn/Dritz | Whirlpool |
| Integris Health | Rexham | Xaloy/Bernex |
| Intertec | Roadway | YKK |

“The AER™ survey tool... employee engagement 15 drivers model, is very clear. The dashboard presents meaningful data. AER™ has a robust data base for results and benchmarks.”

- Program Manager, US Department of the Treasury.

[My consultant] helped to design, deliver and analyze a series of AER™ employee surveys across our businesses; developed and delivered leadership training; and provided a range of management-consulting services. ...I can say with confidence that the resulting business-performance benefits were outstanding.”

-Global VP HR – Fortune 50 company

“The engagement survey has helped us to implement specific strategies and programs to improve the aspects that were found to be below our expectations, and it gave us the opportunity to see if we were headed in the right direction. The report of results was excellent.”

-Automotive company, Mexico

[The AER™ Employee Engagement Surveys] system is extremely successful. We will be able to set up Action Plans which will help to satisfy our employees.”

-European Automotive company

“The data was very useful. It gave us the information we were lacking to be able to take actions to improve the social climate. We were also surprised (positively) about some answers.”

-European Automotive company

“We could not effectively manage our locations in Mexico and Eastern Europe because we could not get complete and accurate information. Scarlett Surveys solved that problem for us.”

-Anonymous

“Decades of experience [AER™] make it possible to measure our results against the norms in the automobile industry around the world.”

-Johnson Controls

“Love the PathFinder™ Data Mining system!”

-Hospital System, USA

For more information about AER™ contact Westport



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About Scarlett Surveys International The Survey Company®

Founded 1963

Scarlett Surveys is a privately held consulting company with over 49 years experience installing AER™ employee engagement survey systems, based on 15 engagement drivers and 15 million surveyed employees, to thousands of companies worldwide. Scarlett's unique Associate Engagement Research (AER™) employee engagement measurement survey and engagement improvement systems are proven to optimize business performance while maximizing employee engagement. AER™ is a proven, effective and sustainable system for effectively managing human resources long term. Scarlett clients include leading manufacturing, technology, transportation, Medicare contracting, healthcare and governmental organizations. Global clients include Malcolm Baldrige and Shingo awardees and organizations that have earned Six Sigma and ISO certification.

Scarlett Surveys is both a pioneer and a leader in employee attitude and engagement survey research and innovative management consulting. Their work is featured in The New HR Analytics titled "Quality Employee Engagement Measurement" authored by Ken Scarlett published by The American Management Association.

Scarlett Surveys International was founded in 1963 by the former head of Personnel for Milliken & Company, Ken Scarlett, Sr. Ken began his study and application of morale and employee survey research sciences in the early 1950s, in conjunction with study teams at The Conference Board, The American Society for Training and Development, and the Employee Attitude Research Group at the University of Chicago, while holding executive Personnel (HR) positions at Enka, Crown Cork & Seal, and Milliken.

Ken partnered with Dr. Frederick Herzberg, Dr. Robert Brown, and Dr. Lester F. Zerfoss to create an employee attitude survey instrument that describes and predicts employee willingness to accomplish organizational objectives and group unity of effort (i.e. morale, group engagement). These proprietary survey measurement principles and algorithms are the cornerstone of Scarlett Surveys' uniqueness. Scarlett Surveys is the only provider of the world-renown Associate Engagement Research (AER™) employee engagement measurement and improvement system.

Ken Scarlett, Jr. became President of Scarlett Surveys in 1992. His experience prior to entering the family business was in automotive marketing research and manufacturing management. Ken has published many articles pertaining to employee attitudes, engagement, and morale, and has worked directly with top leadership at hundreds of organizations to effectively turn employee research data into competitive advantage.