

Employee engagement - the crucial role of the supervisor

By Donna Brown (ISS)

Engaged employees are more productive, more customer-focused and more loyal – and companies with high levels of employee engagement are more profitable, according to a number of studies over the past two decades.

While the benefits of employee engagement are well established, the drivers for employee engagement are less well understood. Original research at a high performing ISS unit shows the crucial role that supervisors and managers play in ensuring employees feel engaged in their work.

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Executive Summary

It is widely recognised that employee engagement can play an especially important role in improving business outcomes. A considerable body of research has found evidence that engaged employees are more productive, more profitable, more customer-focused and more loyal. To give one example, Gallup found that companies with world-class, company-wide engagement have 3.9 times the earnings per share growth rate compared with organisations in the same industry with lower engagement (Gallup, 2010).

In 2012, original research was carried out to deepen understanding of the drivers of employee engagement from the perspective of frontline service employees (Brown, 2012). Employee engagement is important for most service organisations because the majority of their resources are human capital. Reaping the full benefits of employee productivity through maximising employee engagement could help many companies reduce costs and increase staff retention and competitiveness.

Research evidence suggests that employees' experiences and conditions at work are closely linked to the levels of engagement they feel. Studies recommend that organisations should seek to understand the facilitating drivers specific to their context by studying the management practices at their own highly-engaged units.

The research was carried out in a UK healthcare unit chosen because it ranked very highly for engagement in an annual employee survey. Employee engagement had risen at the unit since 2010, when a series of measures designed to improve engagement were put in place. The aim of the research was to identify which of the measures had been most effective in improving engagement – as this had also led to improved productivity and client satisfaction.

The principal conclusion of the new research was that the measures designed to develop the interpersonal relationships between frontline service employees and their immediate managers and supervisors were the most important drivers for employees feeling more engaged at work.

The majority of interviewees pointed to specific behaviour from supervisors and managers that made them feel valued, including efforts to foster good relations between them and their co-workers which positively influenced work engagement. Good relations with supervisors and co-workers meant they wanted to 'go the extra mile' and saw coming to work as meaningful and purposeful – which are significant factors driving engagement. This white paper reviews the research and findings and makes recommendations for improving employee engagement.



The power of employee engagement



The benefits of an engaged workforce

Since the early 1990's, employee engagement has been a buzzword in business and has been championed by academics, consultancy firms and governments. In the current economic climate, the case for improving employee engagement has never been stronger.

Substantial research evidence links employee engagement with critical business outcomes such as increased return on assets, higher earnings per share, increased customer satisfaction, profitability, productivity, and fewer accidents. (Harter et al, 2009; Schaufeli and Bakker, 2004; Banks, 2006; Saks, 2006).

Researchers agree that high levels of employee engagement are also correlated with higher productivity, improved organisational effectiveness and greater innovation. Organisations with an engaged workforce are ultimately more competitive – and this is particularly true in the service sector, where customer satisfaction is strongly linked with the behaviour and attitudes of the people providing the service.

One study found that a key characteristic of higher performing organisations was that they had much higher ratios of 'engaged' to 'actively disengaged' employees compared to average performing organisations – as many as five times higher. Research in the UK, found that disengaged employees take an average of 6.29 sick days per year, whereas the engaged take only 2.69 days. (Harter et al, 2009).

However, despite the overwhelming evidence and general endorsement by both academics and industry, there is no universally agreed definition of engagement. Academics tend to focus on engagement in terms of a psychological state linked to roles and tasks, whereas industry often describes engagement as a survey score, focusing on engagement with the organisation. There is also little consensus on what drives engagement.

The drivers of engagement

One of the consistent findings across the different investigations into employee engagement is that leaders and managers play crucial roles in creating the conditions for engagement. The role of the direct manager or supervisor is particularly critical.

One study in 2011 found that when employees perceive that their leaders and managers have an empowering style of leadership, they will feel empowered. These feelings of empowerment lead employees to feel motivated and engaged and also lead to feelings of connection and belongingness to their organisation.

Researchers have found that higher levels of engagement are seen in employees whose direct managers exhibit more relationship-oriented behaviour and that supportive supervisor behaviours facilitate engagement. (Kahn 1990; May et al. 2004; Saks 2006). The immediate workplace environment employees experience every day can have the biggest impact on employee engagement.

These findings make sense because direct managers (supervisors) typically interact with their employees on a daily basis, which means they are most likely to influence the experience employees have at work due to their visibility and the impact they have on an individual's time and resources. Inevitably, researchers also found that managers' behaviour can be a key factor in creating disengagement, especially through inconsistent management style which leads to perceptions of unfairness (Maslach et al, 2001).

One study examined the influence that employees' trust in their supervisor has on engagement. Their findings were that a climate of trust is likely to have a significant bearing on employee engagement, which in turn is likely to promote learning, innovation, and high performance. The way employers treat employees has been shown to have a direct effect on how employees treat customers (MacLeod and Clarke, 2009; Menguc et al, 2012).

Researching employee engagement

A high performing, high engagement facility services unit

In setting the scope of the original empirical study, the researcher decided to focus on the perspective of frontline service employees for two reasons: firstly, most existing research looked at employee engagement from a management perspective; and secondly because it was a resource efficient way of finding the key drivers of engagement specific to a frontline services environment.

Before starting the new research, a thorough review of existing theory and research evidence was undertaken. This revealed that the determinants and the drivers of high engagement are complex and vary depending on the context, the job roles and are specific to each business sector. More than one piece of research suggested that companies can learn much about the facilitating drivers for employee engagement particular to their business by studying their own highly-engaged organisational units.

It was these insights that inspired original research at a high-performing site with high levels of employee engagement. The chosen site was ISS Liverpool (ISSL), which supplies all of the healthcare cleaning, catering, hostess, and portering services for the Royal Liverpool and Broadgreen University Teaching Hospitals NHS (National Health Service) Trust. The workforce at ISSL includes 502 frontline employees.

From 2010, ISSL launched a programme of activities designed to increase employee engagement. The process began with a baseline survey of all employees regarding management and supervisor behaviours. Staff roadshows and focus groups were also held to deepen understanding of engagement. The learning from these led to a number of formal initiatives being set up, including: *I Factor* (a 'Dragon's Den' for innovative employee ideas), *Safety Stars* (an incentive scheme around safety), communications groups, social events and local community support initiatives all involving frontline employees. In addition, there was a general policy that managers and supervisors should spend more face-to-face time with employees, build relationships, be visible and have an open door policy.

These interventions led to a marked improvement in employee engagement as measured by the annual employee survey. The completion rate in 2010 was 45%, increasing to 82% in 2011. The engagement score went from 76% to 81% in the same period. The measures also led to increased productivity. Sickness costs were reduced by 24%. Customer satisfaction (as reported to an independent source) increased from 2 out of 10 before the changes to 9 out of 10 in 2013. The unit ranking on the NHS league table (for criteria such as environmental cleanliness and patient feeding) also improved.

Which of these interventions are most effective in improving employee engagement is naturally important to know. The aim of the new research was to understand more about being engaged at work through the eyes of frontline staff to determine what actually engages them, rather than what the organisation believes engages them.

The frontline worker's perspective

During the research, 6% of ISSL's frontline workforce – a total of thirty employees – were interviewed using an in-depth, semi-structured methodology designed to encourage open and honest answers under conditions of confidentiality. The interviews were recorded and transcribed – extracts of the interviews relating to engagement were categorized and analysed.

For the purposes of analysis, the management interventions launched in 2010 were categorised under the following headings: 'leadership', 'management and supervision', 'communication', 'recognition and rewards', 'learning and development', and co-workers'. The research hypothesis (see diagram) was that the management interventions implemented at ISSL were the 'critical antecedents' responsible for the success of the engagement approach taken, which in turn led to improved financial performance, and enhanced customer satisfaction.



Figure 1: Management intervention categories



The interview approach was chosen to provide rich descriptions of engagement for analysis, which revealed that frontline workers thought the following three factors were the most important to fostering feelings of engagement:

Management and supervision: the interviews revealed that it is the immediate managers and supervisors, and the nature of their relationships with employees, which have the most profound effect on levels of engagement (or disengagement).

Co-workers: relationships with co-workers were the second most important driver of engagement, demonstrating the importance of fostering a climate that facilitates relationship development.

Recognition and rewards: above and beyond performance-related incentives, the participants articulated the importance of feeling valued and understanding the wider impact of their work.

The crucial role of the supervisor

The interviews revealed that – by a clear margin – employees felt that the quality of management and supervision was the most important factor in promoting engagement with their work. All but three of the interviewees (90%) made positive references to the management and supervision they experienced.

This finding supports the conclusion of many studies into employee engagement: higher levels of engagement are typically found in employees whose direct managers exhibit more relationship-oriented behaviour. This also validates the approach prioritised at ISSL for supervisors and managers to be highly visible, to be very accessible and to have increased face-time with employees. The high visibility and accessibility of the management/supervisory team were mentioned in many of the interviews. Several referred to a specific supervisor:

“She does not go past without getting on to you and asking how you are. She put her arms around me when I came back to work after my husband died. It’s the little things that mean something”.

“She is down to earth nothing gets brushed under the carpet. She will say it like it is. She always comes back with whatever we’ve given her.”

“She said thank you for all the hard work I had done, it made me feel good in myself that she had noticed what I had been doing.”

“You see her doing walks.”

“You always get her coming round saying you are doing a great job.”

Others mentioned the role of immediate management more generally:

“The managers are always there, the door is always there if you want a word with them, you can talk to them openly.”

“Your supervisors, again they are more like your friends than your supervisors. You can go to them with anything, you can go in confidence, speak to them confidentially and it will stay that way.”

“There isn’t a management thing and the workers, there is nothing like that. There is no ‘I’m the manager’; it is not like that here.”

“They are brilliant. They go that extra mile. In my old jobs, I had never met my bosses. I never saw them. To see these all the time I think it’s good because you see their faces so you aren’t scared to talk to them.”

The analysis of the interviews found that the second most important factor in experiencing high engagement was the employees' relationships with their co-workers. Some 77% made positive references to their co-workers, with many referring in positive terms to the efforts supervisors made to bring co-workers together both formally (work meetings) and informally (socially).

"They do nights out and get all the staff together and they do little things...like once a month karaoke, a bit of a buffet...all the workers from ISS getting together".

"There are loads of activities. It's good because everyone gets connected."

The third most important factor for high engagement were recognition and rewards (70%). Some of the interviewees mentioned specific incentive schemes:

"ISS introduced the 100% attendance award and Employee of the Month [on our contract]...it gives you a boost. You want to aim for those targets if you get a bit of recognition."

"I have had the 100% attendance. To me, attendance is one of your targets, I am never late but you get certificates and you get recognised. In any other job I have never been recognised for it."

Just as important to many of the employees were informal kinds of recognition:

"What I like about it is every time I finish work and I am going home, supervisors will say "thank you"...I am getting paid to do the job but it's nice that they always say thank you."

Other important factors the interviewees raised related to feeling engaged were: the kind of leadership they experienced; the quality of two-way communication (both formal and informal); and opportunities they had for learning and development.

Another important theme that emerged was that the frontline service workers interviewed saw their work in a broader context – their effort contributed to helping patients in the hospital get better.

“If I go off on holiday or off on sick, my mind is still on the job...because I like that clinic to be left the way I have left it – clean.”

“Patients – that’s what we are here for to get them better...even though I only do a small part”

“...we are helping people who are sick.”

“...talk to patients, make sure they are okay make them comfortable this is part of the job.”

One of the aims of ISSL leadership was to encourage frontline service employees to feel that their work played an important role in ensuring the patients get better – and the research found evidence that they have succeeded in this.

Improving employee engagement

Employee engagement in ISS is measured through an annual survey, a postal, a telephone or an on-line analysis targeted at ISS employees. The results provide detailed information on the extent and drivers of employee engagement. Managers are required to generate action plans for their staff based on the survey's results – and these plans are held centrally.

There is some evidence that follow-through on these plans has been patchy, and it typically depends on the belief that individual directors and senior managers have in the benefits of high levels of engagement.

The principal recommendation to come from this research is that frontline service providers should recognise the important role played by supervisors and immediate managers in fostering employee engagement. The role should be reframed to emphasise the importance of relationship-orientated behaviours – as well as enhanced visibility, high accessibility, and increased face-time with employees. Where appropriate, the profile of the people recruited to these roles, their role specifications and training need to be adapted to reflect this crucial aspect of the job.

Overall, it is recommended that companies adopt a more focused organisational approach to improving employee engagement – from high-level measures such as the formation of an engagement board through to company-wide awareness training and worker involvement programmes. To realise the full benefits of employee engagement, it needs to be taken seriously at all levels – even as far as incorporating engagement and customer satisfaction dimensions into the employee bonus scheme.

Other recommendations include:

- Establishing an **engagement Board** made up of senior personnel from across the business to promote a culture of engagement. The Board could set up 'engagement forums' to understand engagement better from the employee perspective; an 'engagement task force' could implement new approaches and 'engagement champions' could be appointed to raise awareness of the importance and power of employee engagement.
- Setting up **engagement focus groups** comprising operational service managers to complement and enhance the annual employee survey. The focus groups would be driven by employees and could act as a feedback mechanism on the annual survey and actions taken as a result of the survey.

- **Providing engagement awareness training** for all levels of supervision and management to explain the importance of engagement, the benefits of high levels of engagement, and the barriers to engagement.
- Carrying out a full review of **communication** to develop strategies and tactics that serve to enhance engagement, such as coverage of employee awards events, recognition stories, case studies, and recognising employee achievements. As highlighted by the research findings it is also considered essential that communication is seen from the perspective of employees, and not exclusively from the perspective of managers.
- Implementing **worker involvement programmes** to facilitate engagement, for example, involvement in health and safety to ensure employees become engaged in the safety aspects of their work, thereby facilitating improvements, and promoting the company's safety programme.
- Where possible the concept of **working in teams** to enhance engagement should be piloted as the research findings highlight the benefits of strong attachment to co-workers. It is believed that this could lead to improved productivity.
- Reconfiguring company **bonus schemes**, (which are typically based on financial results only) to also recognise improvements in employee engagement and customer satisfaction.

Finally, it is recommended that **further research** is carried out into different aspects of employee engagement from the viewpoint of frontline service workers, to develop approaches to improve engagement, avoid burnout and create competitive advantage.



Conclusions

Employee engagement can be a powerful driver of improved business outcomes. The package of management interventions implemented at ISSL led to a marked improvement in employee engagement and – as a result – lead to higher employee productivity and client satisfaction.

An investigation into which of these interventions was the most effective concluded that the measures designed to develop the interpersonal relationships between frontline service employees and their immediate managers and supervisors were the most important drivers for employees feeling more engaged at work.

The immediate managers and supervisors of frontline service employees at ISSL adopted a day-to-day policy of high visibility and accessibility towards individual employees. In addition, a range of formal and informal group activities were introduced to encourage engagement at work and foster good relations between employees and their co-workers, and between employees and their managers and supervisors.

The principal recommendation of this research is that frontline services providers recognise the importance of the role of the supervisor or immediate manager in fostering employee engagement. This role is paramount to the worker's experience of their job because they shape the workplace climate.

Overall, companies should adopt a more focused organisational approach to fostering employee engagement – from high-level measures such as the formation of an engagement board through to company-wide awareness training and worker involvement programmes.

To realise the full benefits of employee engagement, it needs to be taken seriously at all levels – even as far as incorporating engagement and customer satisfaction dimensions into the employee bonus scheme. Adopting this approach could lead to 'engagement contagion' s, with engaged individuals and teams 'spreading' positive engagement to others and preventing disengaged employees from undermining their engaged colleagues.

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