

Linking engagement to performance

 By [Daniel Munslow](#)

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Employee engagement and internal communication have become top business priorities among senior executives around the world. No longer is the function seen as a 'nice to have'...

It is being recognised as a key driver of business results and performance optimisation. The 2015 CEO Challenge, conducted by the Conference Board, proves this - of 943 CEOs interviewed, human capital was ranked the number one priority in the US, China, India, Latin America, and ASEAN.

What is of particular interest is that human capital ranked above other key business metrics, such as innovation, customer relationships, operational excellence, sustainability, corporate brand and reputation, and others. It is understood that if their employees are engaged, the rest will follow. You don't achieve the above metrics without employee engagement.



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With global levels of engagement being reported at approximately 30% by Gallup, and engagement in South Africa even lower, what are thought-leading CEOs globally doing about tackling the engagement gap? There are major focuses on leadership - specifically on enhancing the effectiveness of senior management teams; and of course on improving leadership development programmes that focus more heavily on the soft skills that drive employee engagement.

Businesses in the FTSE 250 all place significance on measuring the results and effect of their communication campaigns and how they lead to engagement. They are able to correlate the effectiveness of landing their internal communication

messages, with improved levels of engagement, to financial performance. This is the kind of outcome business leaders want to hear...

In fact, measurement today can even demonstrate that turnover of staff among leaders who are disengaged is double that than in departments where the leaders are engaged. Take a payroll and costs associated with that staff turnover, and you have a financial metric to present as to why the internal communication function is so critical, and a key enabler of engagement.

But with the above also comes another challenge - ensuring that both communication practitioners and leaders/managers are equipped with the necessary skills in this evolving and dynamic discipline. Local research shows that the two top skills communicators themselves are asking for more of, are leadership communication skills (how to support leaders in their communication), and strategic thinking - basically, shifting from 'order taker' to 'strategic advisor'. This shift is imperative in ensuring that the role of communication, and specifically internal communication, is taken seriously at the right levels of business.

On the issue of engagement driving a high-performing culture, and the communication function having increased budgets, rather than being the first division to have budget cuts, CEOs believe their companies need to be "agile, with a culture of accountability, whose managers set clear goals that are effectively measured for performance". The report goes on to say, "They (managers) should empower employees at all levels to make decisions and stress employee engagement to improve productivity".

And if you could guess what the number one strategy is among 943 CEOs to become or remain a high performing organisation in 2015, what would it be? That's right - "create a strong customer-centric culture... promote accountability... drive innovative.... And raise employee engagement."

Harvard Business Review (HBR) is also talking a lot about employee engagement and how business needs to engage with the skills required to drive this business indicator. A report released by HBR on "The Impact of Employee Engagement on Performance" says, "...while most executives see a clear need to improve employee engagement, many have yet to develop tangible ways to measure and tackle this goal. However, a growing group of best-in-class companies says they are gaining competitive advantage through establishing metrics and practices to effectively quantify and improve the impact of their engagement initiatives on overall business performance."

As a communicator, you want to be challenging your CEOs on the above... are they a best-in-class company that is driving engagement and showing the performance rewards from it. Do they realise leadership communication skills are key to supporting an internal communication initiative?

The quote above is from a report of a new Harvard Business Review Analytic Services of more than 550 executives around employee engagement-research that features in-depth interviews with 12 best-practice company leaders. It found that while most leaders understand the importance of engagement, around 75% of those surveyed said that most of their employees were themselves disengaged.

The same report shows a very interesting correlation between cost cuttings - something many South African communicators are all too familiar with - and engagement! "Low prioritisers were much more likely to focus on cost cutting vs. investment (43 percent) and are more likely to be middle managers within an operations or product management function. High prioritisers, meanwhile, were senior managers who placed greater value on other success factors: 94 percent believed high levels of customer service are important to achieving business success, compared to 39 percent of low prioritisers." Executives who understand the value chain of employee communication and engagement to customer services don't cut budgets to communication.

How can this be achieved? An interesting case study is from Eli Lilly Canada, where Karen McKay, vice president, human resources and learning and development, says her company uses the service value (profit) chain model globally as their model for connecting employee engagement to performance. The Service-Profit Chain is simple - it shows that exceptional

leadership leads to engaged employees, which leads to customer satisfaction, and in turn leads to business results. End of chain equals success. Solid organisations set up annual and medium term goals, which are then shared with employees in various forms. One important element is the focus on context as opposed to context - which is a whole other discussion!

The importance of this is critical - as the business environment becomes increasingly competitive and macro-economic pressures continue to mount, not to mention a challenging geopolitical climate, employees will have more choices. If they are not engaged to one business, they will leave for another... and the first people to go are the A-players. Can you afford that?

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