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Human Resources Management and Employee Engagement

A needs statement

Written by Karen Austin and Helen Giles MBE

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First Floor, Elmfield House
5 Stockwell Mews
London, SW9 9GX

Telephone 020 7733 9340

Web site www.lhf.org.uk

Authors Karen Austin and Helen Giles MBE of Broadway

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1. Introduction

This paper sets out the theoretical and research background to the case for homelessness agencies - from the very smallest to the largest - investing adequately in resources that will enable them to take a planned approach to the effective recruitment, selection, motivation, development and performance management of staff.

The people management aspects of any organisation's strategy and activities are fairly generally known as 'human resources management', commonly abbreviated to 'HR'.

In the context of this report, where there is discussion of 'HR's impact', this should not be taken as synonymous with the impact of an HR team, function or individual HR practitioner, but to indicate the implementation and nurturing by the organisation – whether or not they have any dedicated HR resource or support – of effective people management practices. However, the Beyond A Helpline project was based on the premise, borne out by the evaluation of the pilot, that it is difficult for an organisation to achieve purpose, clarity and consistency in effective people management practice without some expert support from a trained HR professional.

The report sets out the case for a strategic approach to people management within organisations with a view to boosting employee engagement and therefore organisational performance. The latter, within the context of homeless organisations, is likely to be measured in terms of:

- positive client outcomes
- client satisfaction
- success in maintaining existing contracts for services and winning new ones
- financial health.

Arguably to this list should be added staff satisfaction, which is closely linked to employee engagement, a concept that will be explored in more depth in this paper.

The fundamental premise being explored in this paper is that positive people management practices lead to greater staff satisfaction and employee engagement, which in turn lead to a higher probability of high performance against an organisation's key performance criteria. Since employee engagement is a driver of high performance, it should also be measured as a dimension of organisational performance in its own right. This is particularly true in not-for-profit organisations which have the additional ethical imperative to be a 'good employer'.

In Section Four the paper seeks to go beyond theory and broad principles to give pragmatic guidance about how to effect some of these principles in practice. The guidelines set out in Section Four are based on the author's experience of supporting the Beyond A Helpline customer agencies to implement the principles and achieve the desired results in terms of organisational outcomes.

2. HR & Organisational Performance

New research from the Work Foundation is being heralded as ‘100% proof that good HR will boost your company profits’¹.

The research, entitled People and the Bottom Line, spanned two years and involved almost 3000 employers. Through this study the Work Foundation and the Institute for Employment Studies have concluded that those organisations with ‘good’ HR practices benefit from higher profit margins and productivity.

This is supportive of the contention – borne out over several decades by a series of smaller scale research studies – that working towards and with high performing teams in an organisation results in better organisational performance.

High Performance Working (HPW) was defined in 2002, by the Work and Enterprise Panel of Inquiry² as having the following five elements for consideration:

- customers and markets
- shareholders
- stakeholders
- people
- innovation.

This research is carried through into the theories of business success of Jack Welch, ex-chairman and CEO of General Electric. He is widely quoted as believing that the best picture of a company’s well-being comes from three areas:

- employee engagement
- customer satisfaction
- cash flow.

He adds to this that cash flow is deliberately placed last and that employee engagement is the clearest indicator of competitive advantage. The concept of employee engagement will be revisited later.

The focus of HR’s impact on the bottom line and an organisation’s success is born from the realisation that with any service or product offered by a business comes a competitive edge or unique selling point that can be replicated or built on by competitors as they then begin undercutting and, in extremes, forcing change or retraction from the market. This is where HR or people management can be the secret ingredient. ‘Good’ HR is about creating and nurturing a competitive edge that cannot be replicated and which will help an organisation stay reactive to these changes when those competitors come chasing. This is particularly relevant within the social housing and homelessness context where organisations are having to compete with each other to prove their effectiveness and efficiency as contractors for services.

The Work Foundation study concluded that the three elements of ‘good’ HR that lead to higher profit margins and productivity are:

- resourcing

1 Peacock, L. [2008]. 100% proof: Good HR will boost your company profits. Personnel Today. February 2008. p1

2 Cited in Employer’s Briefing – issue number 594, page 6. Wolters Kluwer Uk Ltd 2008

- employee engagement
- skills and development.

The Ivey Business Journal published a report that supports the employee engagement element of this list and perhaps goes even further by suggesting that everything begins with employee engagement.

They refer to Seijts & Crim's model of Ten C's within Employee Engagement³ that encompasses the elements of resourcing and skills and development as components of employee engagement:

- Connect – the employee's connection with the organisation
- Career – the challenge and meaning of a role
- Clarity – communication of a vision, goals
- Convey – messages of clear expectation including feedback
- Congratulate – recognition and reward
- Contribute – what contribution does the individual make to the wider picture
- Control – of the flow and pace of the job, employee involvement and autonomy
- Collaborate – trust and collaboration within team work
- Credibility – company reputation and branding, ethical standards
- Confidence – in the organisation and individual managers, employer's confidence in individuals, and job security.

The conclusions of the Ten C model and those of the Work Foundation research support each other to suggest that 'good' HR is in fact those practices that result in employee engagement. There is a very wide body of thinking around the importance of employee engagement, encapsulated by Jack Welch's statement that where organisations can 'boost productivity by restructuring, removing bureaucracy and downsizing... .. [they] cannot sustain high productivity without engaged employees'⁴. Again this is highly relevant to the social housing and homelessness sector in that we are increasingly being called upon to do 'more with less' in order to compete for service contracts.

3. What is employee engagement and how is it linked to productivity?

There is a vast amount of theoretical and academic work suggesting what employee engagement is and where it comes from. One of the clearest definitions, from the Chartered Institute of Personnel & Development defines⁵ it as the 'passion for work' along with the degree of 'positive feelings' towards work and the 'willingness to go the extra mile'.

In the quest for the above ten C's, the authors suggest that we can group our employees into three categories under employee engagement, those that are:

- **Engaged:** attracted and committed to, inspired and fascinated by their work and as a result more

3 Seijts, Gerard H. and Dan Crim (2006). "The Ten C's of Employee Engagement". Ivey Business Journal. Retrieved on 20th March 2008

4 Welch, J. 2002. cited by Anon, Our Ethos [online] available from <http://www.nkdgroup.net/our-ethos.php> . [accessed 4 April 2008].

5 Anon, (2007). CIPD Employee Engagement – Annual Survey Report. [online]. Available at: <http://www.cipd.co.uk/subjects/empreltns/general/empengmt.htm>

willing to invest time and effort into the work that they do.

- **Not Engaged:** mentally ‘checked out’ and are ‘sleepwalking through their workday’. Unengaged staff are those that turn up to work but lack passion and effort.
- **Disengaged:** going so far as to act out their lack of commitment with emotions such as unhappiness and by undermining the engaged and even unengaged colleagues.

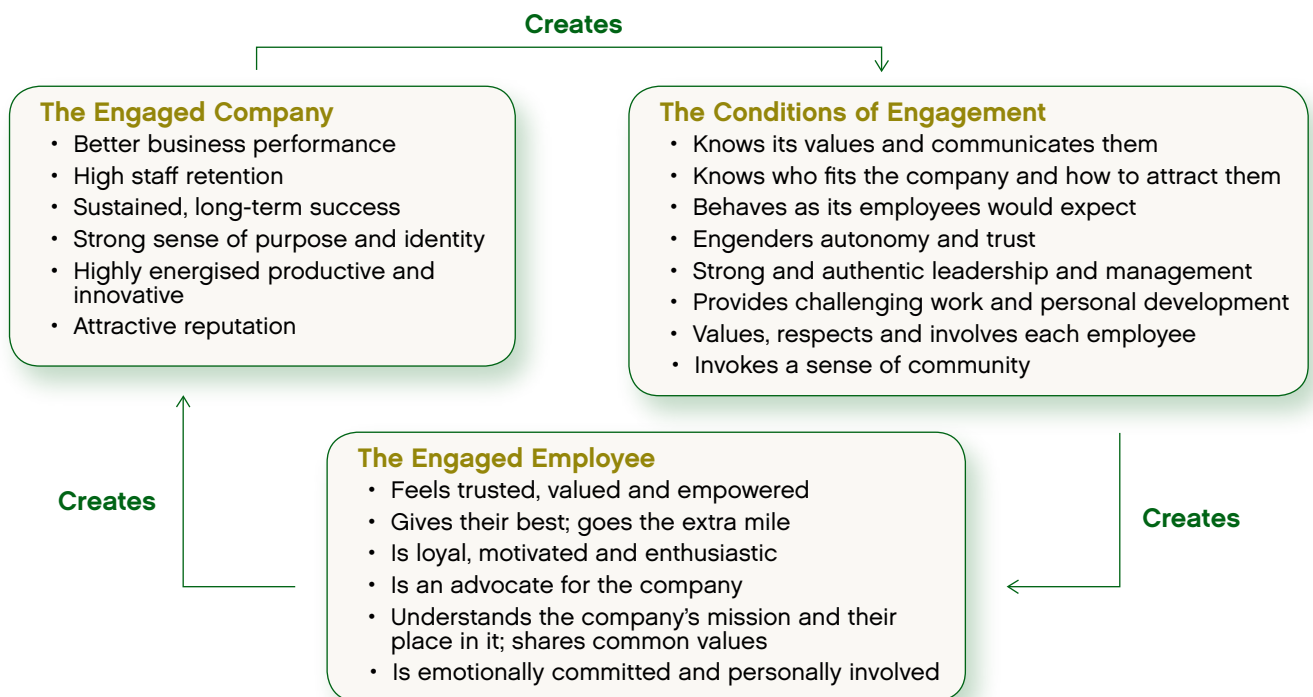
Research into the different effects that these three groups of staff have on a business is typified by the case, quoted by Seijits & Crim³, of New Century Financial Corporation, an American mortgage banking company. Their research showed that their ‘non-engaged’ and ‘actively disengaged’ staff produced 23% and 28% less revenue respectively than their engaged colleagues.

The Gallup Q12 survey showed that the most engaged workplaces are 50% more likely to have lower staff turnover, 56% more likely to have higher than average customer loyalty, 38% more likely to have above average productivity and 27% more likely to report above average profitability. Despite this the same survey reported that only 1 in 3 of staff are in fact engaged at work while 24% of people are reported to be actively disengaged.

Throughout the work that has been done on employee engagement, including the Ten C model and the Work Foundation study, there are common threads in terms of those HR practices that result in employee engagement and which can be linked to the bottom line. The term ‘bottom line’ can be interpreted broadly to mean the achievement of whatever constitutes an organisation’s core objectives. In the context of the homeless sector this is essentially the impact the organisation has on transforming the lives of its homeless clients.

An excellent illustration of the difference that HR can make beyond the financial ‘bottom line’ was drawn from research by Michael West in 2002⁶, in relation to the performance of NHS hospitals and the, at the time, newly introduced league tables. The study, based on 61 hospitals, found that HR practice could clearly be linked to patient mortality rates. The findings from the study were questioned by doctors who argued that the key to hospital success was actually the number of doctors per patient. This may seem an obvious point; after all, we have all seen our productivity rise when given the budget to expand our teams. However, the point the doctors missed is that quantity of staff and quality of staff are all too often considered independently. The real issue with their suggestion is that if we all have more staff but at the same time a higher percentage of disengaged staff, how can we still impact positively on our stakeholders?

The difference is surely made not where there are more staff but where HR practices promote effort and skill for most, if not all, employees resulting in a superior quality performance. The following diagram titled the ‘**Virtuous Circle of Employee Engagement**’⁷ illustrates in detail, the theory of how high levels of employee engagement link to higher organisational performance.



The findings and models we have discussed above can be condensed to highlight the elements of HR practice which have a positive impact on organisational performance:

- resourcing (recruitment) and job design
- performance management
- learning and development
- leadership
- clear expectations, goals and values
- employee involvement.

4. High impact people management practice

4.1 Recruitment and Job Design

Basic 'good' HR practices essentially depend on getting the right people in the right place, at the right time and keeping them there.

Delegates on any leadership or management programme such as the Management Development Programme provided within the Beyond A Helpline pilot will readily link the performance of their organisations to the people within them, clearly understanding that people are the key to their success.

7 De Vita, E. (2007). Get Engaged. Management Today, February 2002, p40

It is interesting to explore this link further by reference to Business Link's guidance on how to avoid the Common Mistakes When Starting up a Business⁸, which are:

1. poor or inadequate market research
2. weak financial planning
3. setting sights too high
4. taking your eye off the competition
5. poor supplier and customer controls
6. poor stock and asset management.

These six 'mistakes' are clearly all in areas that are influenced first and foremost by the people with responsibility for each area. For example with market research, it is the input and skills of the researcher that determines the excellence or inadequacy of the end result. The importance of having the right people responsible for carrying out key functions of the organisation at every level is reinforced further when we consider Business Link's seventh listed common mistake which is 'hiring the wrong people' and this is where the key to the first step to employee engagement comes in. It is not just people that make a successful business but the right people in the right places.

In 2007 the Chartered Institute of Personnel and Development (CIPD)⁹ cited the average recruitment cost of filling one vacancy at £4,333, increasing to £7,750 when calculating the associated labour turnover costs. Further to this, their figures indicate that in 2007 there was an average employee turnover rate in the UK of 18.1%. To estimate the cost of such a rate I refer to the cost of similar turnover rate in 2004 of just below 18% estimated to be around £48bn¹⁰.

These figures cannot be far wrong when we begin to add up the costs of reduced productivity in the areas of:

- separation costs
- temporary replacement costs / covering additional workloads
- recruitment and selection costs
- induction and training costs.

Maintaining a low turnover rate is not an end in itself, particularly in a sector where staff can become 'burnt out' and disengaged simply by working with the same clients or even the same client group for too long. Some employee turnover positively benefits an organisation – for example when a poor performer is replaced by a more effective employee or a resignation allows the promotion or acquisition of welcome 'new blood' – creating career development opportunities for your talented staff. On the other hand, getting the wrong person brings a very heavy price in the long term. Either they leave prematurely so that the costs of recruiting and inducting are doubled, or even worse, they stay in the wrong job. This eventually brings with it the costs of over-managing and compensating for their failings along with the lost opportunity cost associated with what could have been achieved by the appointment of somebody who was the right fit.

Some pointers to sound recruitment are:

8 Anon, (2007), Common mistakes when starting up - and how to avoid them [online]. Available at <http://www.businesslink.gov.uk/bdotg/action/layer?r.l1=1073858805&topicId=1075219484&r.l2=1073859137&r.s=tl> [Accessed:04 April 2008 date].

9 Anon, (2007). CIPD Recruitment, Retention and Turnover – Annual Survey Report. [online]. Available at: [http://www.cipd.co.uk/subjects/recruitment/general/_recruitment.htm?l1=1073858805&l2=1073859137&l3=1073859137&l4=1073859137&l5=1073859137&l6=1073859137&l7=1073859137&l8=1073859137&l9=1073859137&l10=1073859137&l11=1073859137&l12=1073859137&l13=1073859137&l14=1073859137&l15=1073859137&l16=1073859137&l17=1073859137&l18=1073859137&l19=1073859137&l20=1073859137&l21=1073859137&l22=1073859137&l23=1073859137&l24=1073859137&l25=1073859137&l26=1073859137&l27=1073859137&l28=1073859137&l29=1073859137&l30=1073859137&l31=1073859137&l32=1073859137&l33=1073859137&l34=1073859137&l35=1073859137&l36=1073859137&l37=1073859137&l38=1073859137&l39=1073859137&l40=1073859137&l41=1073859137&l42=1073859137&l43=1073859137&l44=1073859137&l45=1073859137&l46=1073859137&l47=1073859137&l48=1073859137&l49=1073859137&l50=1073859137&l51=1073859137&l52=1073859137&l53=1073859137&l54=1073859137&l55=1073859137&l56=1073859137&l57=1073859137&l58=1073859137&l59=1073859137&l60=1073859137&l61=1073859137&l62=1073859137&l63=1073859137&l64=1073859137&l65=1073859137&l66=1073859137&l67=1073859137&l68=1073859137&l69=1073859137&l70=1073859137&l71=1073859137&l72=1073859137&l73=1073859137&l74=1073859137&l75=1073859137&l76=1073859137&l77=1073859137&l78=1073859137&l79=1073859137&l80=1073859137&l81=1073859137&l82=1073859137&l83=1073859137&l84=1073859137&l85=1073859137&l86=1073859137&l87=1073859137&l88=1073859137&l89=1073859137&l90=1073859137&l91=1073859137&l92=1073859137&l93=1073859137&l94=1073859137&l95=1073859137&l96=1073859137&l97=1073859137&l98=1073859137&l99=1073859137&l100=1073859137">http://www.cipd.co.uk/subjects/recruitment/general/_recruitment.htm?l1=1073858805&l2=1073859137&l3=1073859137&l4=1073859137&l5=1073859137&l6=1073859137&l7=1073859137&l8=1073859137&l9=1073859137&l10=1073859137&l11=1073859137&l12=1073859137&l13=1073859137&l14=1073859137&l15=1073859137&l16=1073859137&l17=1073859137&l18=1073859137&l19=1073859137&l20=1073859137&l21=1073859137&l22=1073859137&l23=1073859137&l24=1073859137&l25=1073859137&l26=1073859137&l27=1073859137&l28=1073859137&l29=1073859137&l30=1073859137&l31=1073859137&l32=1073859137&l33=1073859137&l34=1073859137&l35=1073859137&l36=1073859137&l37=1073859137&l38=1073859137&l39=1073859137&l40=1073859137&l41=1073859137&l42=1073859137&l43=1073859137&l44=1073859137&l45=1073859137&l46=1073859137&l47=1073859137&l48=1073859137&l49=1073859137&l50=1073859137&l51=1073859137&l52=1073859137&l53=1073859137&l54=1073859137&l55=1073859137&l56=1073859137&l57=1073859137&l58=1073859137&l59=1073859137&l60=1073859137&l61=1073859137&l62=1073859137&l63=1073859137&l64=1073859137&l65=1073859137&l66=1073859137&l67=1073859137&l68=1073859137&l69=1073859137&l70=1073859137&l71=1073859137&l72=1073859137&l73=1073859137&l74=1073859137&l75=1073859137&l76=1073859137&l77=1073859137&l78=1073859137&l79=1073859137&l80=1073859137&l81=1073859137&l82=1073859137&l83=1073859137&l84=1073859137&l85=1073859137&l86=1073859137&l87=1073859137&l88=1073859137&l89=1073859137&l90=1073859137&l91=1073859137&l92=1073859137&l93=1073859137&l94=1073859137&l95=1073859137&l96=1073859137&l97=1073859137&l98=1073859137&l99=1073859137&l100=1073859137">http://www.cipd.co.uk/subjects/recruitment/general/_recruitment.htm?l1=1073858805&l2=1073859137&l3=1073859137&l4=1073859137&l5=1073859137&l6=1073859137&l7=1073859137&l8=1073859137&l9=1073859137&l10=1073859137&l11=1073859137&l12=1073859137&l13=1073859137&l14=1073859137&l15=1073859137&l16=1073859137&l17=1073859137&l18=1073859137&l19=1073859137&l20=1073859137&l21=1073859137&l22=1073859137&l23=1073859137&l24=1073859137&l25=1073859137&l26=1073859137&l27=1073859137&l28=1073859137&l29=1073859137&l30=1073859137&l31=1073859137&l32=1073859137&l33=1073859137&l34=1073859137&l35=1073859137&l36=1073859137&l37=1073859137&l38=1073859137&l39=1073859137&l40=1073859137&l41=1073859137&l42=1073859137&l43=1073859137&l44=1073859137&l45=1073859137&l46=1073859137&l47=1073859137&l48=1073859137&l49=1073859137&l50=1073859137&l51=1073859137&l52=1073859137&l53=1073859137&l54=1073859137&l55=1073859137&l56=1073859137&l57=1073859137&l58=1073859137&l59=1073859137&l60=1073859137&l61=1073859137&l62=1073859137&l63=1073859137&l64=1073859137&l65=1073859137&l66=1073859137&l67=1073859137&l68=1073859137&l69=1073859137&l70=1073859137&l71=1073859137&l72=1073859137&l73=1073859137&l74=1073859137&l75=1073859137&l76=1073859137&l77=1073859137&l78=1073859137&l79=1073859137&l80=1073859137&l81=1073859137&l82=1073859137&l83=1073859137&l84=1073859137&l85=1073859137&l86=1073859137&l87=1073859137&l88=1073859137&l89=1073859137&l90=1073859137&l91=1073859137&l92=1073859137&l93=1073859137&l94=1073859137&l95=1073859137&l96=1073859137&l97=1073859137&l98=1073859137&l99=1073859137&l100=1073859137">http://www.cipd.co.uk/subjects/recruitment/general/_recruitment.htm?l1=1073858805&l2=1073859137&l3=1073859137&l4=1073859137&l5=1073859137&l6=1073859137&l7=1073859137&l8=1073859137&l9=1073859137&l10=1073859137&l11=1073859137&l12=1073859137&l13=1073859137&l14=1073859137&l15=1073859137&l16=1073859137&l17=1073859137&l1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- **Preparation** – undertake a job analysis before publishing a vacancy. Understand the need for the role and the skills that you need to fill the role along with the activities, responsibilities and desirable qualities of a candidate.
- **Train your recruiters** – line managers should be in control of the recruitment process as they are likely to be the people that know the job best. They play a crucial role in the process and should be trained to be able to select the best candidate and select with their legal obligations in mind.
- **Be strategically focused** – take the same strategic and planned approach to staff recruitment and selection as you do to product and service development, growth and finances. Investing this time in the beginning will save the cost, time and reputational damage of repeat recruitment.
- **Be honest about the job** – you need applications from candidates who want the job for what it is and you need people to accept the job based on what they know. If you oversell or underestimate the role the new employee will realise very quickly once they start and this is likely to have a very negative impact on their morale and willingness to stay in the job. Remember that getting the wrong person results in extensive management time spent on performance issues and can double your recruitment cost.
- **Look beyond skills and past experience** – do not over-emphasise ‘past experience of’ in your person specification or advert. Look for bright, well-motivated people with transferable skills who will develop. Use a range of supplementary tests to support your decision and consider how they do a job not just what they can do.
- **Tighten up your pre-employment referencing processes** – remember that the people who know best how an employee is likely to perform are those who have worked with them in the past. Referencing practice by employers can be slack and even negligent so go for as many years’ worth of employment history as you can, always check the provenance of references, and don’t appoint people where the referee is less than 100% favourable or where there is a history of poor attendance.

Above all, the recruitment process should not be independent of your other HR practices. Judge candidates by the standards that you set for your highest-performing employees, treat all candidates as if they are your customers, to maintain your high reputation as an employer, and ensure that the learning and development phase of management begins in the areas listed below, even before the new employee starts.

4.2 Performance Management

For employees to become engaged through performance management there must be robust systems in place that managers are implementing properly, consistently and regularly, whether there are issues or not.

Key elements of a good performance management scheme are:

- **A competency framework:** competencies add a holistic element to managing staff as they go further than expectations on what people do and define how people approach their work. Competency frameworks are based on close observation of those behaviours which correlate most closely to a high level of achievement of work outcomes. Often split under headings of ‘technical’ and ‘behavioural’, they are an invaluable management tool for performance management. For example, attempting to performance manage behavioral issues, such as poor communication, a lack of proactivity and a negative approach to team working, without a competency framework

often relies on a manager's subjective opinion. A competencies framework, if designed correctly, provides clarity on expected behaviours and enables a manager to communicate these expectations clearly and consistently and recognise and encourage high levels of attainment while addressing development areas.

- **The agreement of clear performance expectations:** objectives, competencies and performance standards should be agreed with each individual at the start of their relationship with the organisation, or at the beginning of a new role. Managers and staff should not get caught up with what is the right way of describing objectives and standards but it is essential that every member of staff is absolutely clear what they are expected to achieve and are given some indication up-front as to how the manager and the staff member will know:
 - what good performance against each objective will look like
 - how performance will be monitored and measured
 - relevant deadlines for completion of any targets, objectives and/or improvements.
- **Induction into the organisation and the requirements of the job:** elements of a good induction are covered below under Learning and Development as it is essential that inductions are designed and maintained within the learning and development framework of the organisation.
- **Regular supervision sessions (one-to-ones) with the line manager:** all staff should be given time for sessions with their manager. Each session will have a shorter-term focus than an annual appraisal interview, but collectively the sessions provide the linking mechanism by which appraisal and performance management become a live and ongoing process. The sessions should have the primary purpose of:
 - enabling the manager to check an employee's general well-being at work
 - providing a structured forum for coaching
 - assessing progress against objectives and identifying and resolving any obstacles to achievement
 - motivation through timely recognition for any completed objectives or good work at the time of completion rather than waiting until the moment has passed at next appraisal
 - establishing changes to objectives and discussing new ones – objectives will not remain static throughout the year and these sessions are a place to review, adapt and add as things change
 - keeping the individual's learning and development plan under review
 - facilitating ongoing, open, two-way communication between the employee and the line manager.
- **Annual (and probationary) performance appraisal:** every staff member should have a full performance appraisal towards the end of their first six months in post (the probationary appraisal) and annually thereafter. The purposes of the appraisal are to:
 - assess the employee's performance against competences and objectives and to give them constructive feedback
 - identify any obstacles to achievement and look at possible solutions
 - identify key strengths and areas for development

- discuss future objectives and potential, and plan future development and training against identified needs.

The role of the appraisal is to enable the staff member and the line manager to take a longer-term perspective of achievements and future plans than is possible in the more regular sessions above.

The contents of and expectations within the full performance management process should be defined with the employee from their first day including a discussion over a clear set of goals, objectives and standards, towards which they know they are expected to work. The initial goal setting should be followed through using regular evidence-based feedback on progress.

All performance management interventions should be linked, from appraisal to supervision or one-to-one session to formal performance management proceedings. This linking enables any issues to be brought up early and addressed through informal and formal routes where necessary and promotes motivation through recognition of positive performance and behaviour.

Line managers need to have ownership and accountability of the cyclical performance management process with each of their direct reports. Recruitment and selection plays a key part in this, presenting the opportunity for an organisation to recruit people for whom managing people is a congenial agenda and who demonstrate the skills or potential to manage others consistently and effectively. What constitutes 'good management' within the organisation should be specified in clear leadership competencies and people management objectives against which line managers should be assessed as rigorously as they are against the more operational aspects of their roles. The failure to define line management as a clear and discrete body of actions and behaviours lies behind much of the wasted energy and resource seen in organisations where there is a high tolerance of underperformance and a high level of disruptive employee relations issues.

4.3 Learning and Development

4.3.1 Induction

A well-formed and planned out induction is an essential first step in gaining employee engagement. The way that you inform, guide, engage and relate to staff in the early months of their employment is absolutely crucial to how engaged and effective they are going to be in the longer term. It needs to follow on from the 'high' a candidate feels at getting a new job and the motivation that comes from a new challenge. The induction must be geared to tap into their motivation, cultivate and maintain it. Good inductions will allow the employee to settle in more quickly, enable them to become more productive more quickly and reduce the unsettled feeling among existing staff that can come from having a new person join the team.

Consider the following when planning the induction period:

- **Speak to previous new starters** – seek feedback from your newest employees to find out what they liked / found useful in their induction and what they would change.
- **Clarity of expectations** – prepare the post-holder's performance objectives before they start so that from the beginning you can explain clearly what you expect of them in terms of performance outcomes, standards, competences, attendance and conduct against your rules or code of conduct.
- **Who will deliver the induction** – choose the best people to deliver the clearest messages – the

line manager is not always the best person to do all of the induction and it should be used as an opportunity for the new person to meet people and forge ongoing relationships. The Chief Executive and senior managers should meet with new starters face-to-face and, ideally, should personally deliver induction sessions, for example about the values and direction of your organisation.

- **How much information to give** – perhaps too often the induction period is planned out to the letter and given to the employee on a plate. Consider restricting it to signposts for the employee, giving them tools to uncover information and contact people for themselves, where appropriate. This will build their confidence and get them used to working with proactivity and initiative.
- **What information to give and when** – ensure that the induction covers what they need to know but spread it out over an appropriate period. Staff need to get to know what your organisation is about, its core values, how all the different elements fit together, and what expectations you have of them. Bear in mind to ensure that they are not bombarded with information which may stop the key essential messages getting through.
- **Remember the basics** – make sure that the basics of the organisation and the role are covered in the first week. It can be the case that the basic information that you may take for granted will not be there for the new person but bear in mind that this information will be key in helping them to contextualise their role and objectives.
- **Seek feedback and evaluate** – talk to the employee and get their feedback on how the induction is going. It is likely to be an ongoing developmental process and not everyone will need the same information. By monitoring the process and talking to the employee you will be able to ensure that they are getting all they should be from the process. Change the process if necessary and do not just wheel out the same old format every time someone new starts.
- **Use the Induction to confirm your recruitment decision** – the induction should be a crucial management tool in assessing the suitability of the new person for the role. Think of it as a six-month long selection process and assess the employee all the way through in every area of performance, conduct and attendance. All of these should be exceptional in the probationary period as the employee should be trying to impress - if there are any concerns with any of these areas do not confirm in post – extend or dismiss.

The table below shows findings from the CIPD¹¹ 2007 annual survey in the area of job tenure and the percentage of leavers in each bracket of job tenure considered. The reasons for leaving are not shown, however it is clear that most people appear to be leaving following the six-month period and before two years' service.

Job tenure - leavers' length of service (%)	2007 Survey	2006 Survey
Percentage of leavers with 0-6 months' service	19	19
Percentage of leavers with 7-23 months' service	28	26
Percentage of leavers with 2-5 years' service	26	26
Percentage of leavers with over 5 years' service	24	27
Base: 255		

CIPD Annual Survey Report 2007 – Recruitment, Retention and Turnover

This clearly indicates the importance for an effective and detailed induction that sets realistic expectations, provides support and sets clear and realistic paths for training, development and progression within the organisation. All of these will assist the retention of staff after the probationary period.

11 Anon, (2007). CIPD Recruitment, Retention and Turnover – Annual Survey Report. [online]. Available at: http://www.cipd.co.uk/subjects/recruitment/general/_recruitretnt.htm?IsSrchRes=1 [Accessed:04 April 2008 date].

4.3.2 Managerial Training and Development

Training for managers is considered to be the most popular measure employed to increase productivity in the workplace, according to 51% of employers interviewed by Employment Review¹². This makes sense when you consider that managers are the frontline of any employee engagement initiatives that are put in place. HR can drive strategy and support managers but alongside this the structure of training must have a focus on those at the top of the organisation and in line management roles, to ensure that they are skilled and competent in the key areas of people management, particularly:

- recruitment and selection
- performance management and staff development (including coaching skills)
- absence management
- managing conduct
- managing diversity.

To support managers in their attendance on training and to ensure that they are applying their learning it is also essential that:

- a. the five people-management elements listed above and training in these areas are part of a manager's job design and considered as individual objectives, and;
- b. each manager is held as accountable for learning these skills alongside any financial and project / service development targets they may have.

4.3.3 Wider Learning and Development Activities

Learning and development must be central to everything your organisation does and will not impact on employee engagement, or prove a worthwhile investment, if it is kept peripheral or where it is the first activity to be skimmed on in a financial review. Organisational performance can only be continuously improving where the organisation has clearly identified the skills requirements of staff and finds ways of meeting them. It is not about spending money, it is about having a simple but clear process for articulating clearly what the knowledge and skills requirements are and taking a planned approach to meeting these at organisational and individual levels.

Many of the ten C's of employee engagement can be considered under the heading of training, learning and development. The **connection** with an employee should be established in the induction but will need to be maintained by means of an ongoing and dynamic one-to-one performance management process, which includes mapping out a learning and development plan and planning and reviewing learning opportunities.

Training plans and career development will also be the tool to ensure that roles, where they can be, are **challenging** and that the employee can see the meaning and purpose of their role.

Training and career development can also be a key way of rewarding or **congratulating** an employee. The investment of time and resources that you make, and the encouragement you show in developing and pushing them, can go far, especially if your capabilities for financial reward are limited.

Organisations that cannot afford endless training courses and management coaching schemes should not be put off from tackling development issues and should recognise and communicate the potential for learning on the job, from managers and peers within the organisation and from free training interventions. It is advised that organisations consider free interventions carefully, although they are free, they will

¹² Anon [2008] Managerial Training is Top Productivity Booster, Employment Review cited by Personnel Today, March 2008

still incur costs of time and travel and as many free training courses are free due to their low quality, they are likely to be a false economy. In many cases it will be more beneficial to invest in a moderately priced course once and ensure that delegates filter their learning down to their peers back in the office, resulting in a much better return on initial investment.

On-the-job learning opportunities with structured coaching from line managers and peers will always be the most effective component of any learning and development strategy. Before considering training courses organisations need to find ways of building on-the-job learning opportunities into the day-to-day fabric of what is done by all staff.

The keys to all learning and development and employee engagement are to establish clarity of expectations in the area and push employees to take responsibility for their own training and career development.

Many employees complain about not having opportunities to develop but have never done anything to tackle it or suggest what they need to learn. Where staff are encouraged to take responsibility for their own development their motivation is likely to be greatly increased and at the same time the pressure from line managers in this area is reduced. In addition employees should be asked to consider how their requested learning will benefit the wider organisation before it is approved.

4.3.4 Career Development

Those organisations with flat structures or small numbers of staff should not be afraid to tackle the area of career development.

It is easy for staff to see when there is no room for movement and avoiding the issue will not advocate an open and honest management relationship. Be honest from the beginning and where there is no scope for people to move up quickly consider aiming to recruit people that have potential and transferable skills, rather than those that are already capable and trained up for the job. People with potential can be retained for longer, and smaller and in-house development interventions will be useful for them and appreciated.

If people are hungry for development it will be far better to be honest and develop and support them where possible. If they move on they will then do so with positive things to say about the organisation and may come back one day after they have moved around and developed elsewhere.

4.4 Clear and consistent policies, expectations, goals and values

Two of the ten C's of employee engagement were quoted as Clarity and Credibility. It is recommended that one is added here, consistency.

Many employee surveys confirm that employees are able to function better and feel more comfortable and secure where there are clear and transparent ways of working, expectations on them and where there are policies and procedures for them to work within. However, you can only turn this clarity into credibility if you maintain consistency in how all of these things are applied.

The only people who ultimately benefit from loopholes created in the absence of consistency and in the name of 'flexibility' and 'trusting staff to behave like adults' are the bullies who get everything on their own terms. These are the people that do not want to come to work and do not perform, their behaviour is not acceptable but you find that you cannot challenge them without the tools to do so. Invariably the

next stage is that other staff soon begin to recognise that unacceptable behaviour is tolerated and either begin to replicate it or see the organisation and its managers as less credible for their lack of management capabilities.

4.5 Employee Involvement

In many cases employee involvement and engagement are quoted alongside each other as elements of HR strategy and organisational initiatives to boost productivity. In effect one does not come without the other. Employee engagement will never be fully recognised unless staff are involved, consulted with and genuinely engaged in two-way communication in the organisation, although employee involvement does not automatically guarantee engagement if it is not supported by the other elements discussed above.

Employee involvement covers six of the previously referenced Ten C's of Employee Engagement as, where effective, it enables employees to **connect** with the wider organisation and gain **clarity** and a level of **control** over the actions of the organisation, their policies and procedures. Where two way feedback and consultation is part of the culture employees are also likely to have more **confidence** in the organisation and an idea of the **contribution** they make to the organisation. This in turn enables them to feel that decisions are made in **collaboration**.

Through reflecting on employee involvement using the Ten C model it is clear that the employee gains a lot from meaningful involvement. It is often the case however that the organisation stands to gain a lot from an employee involvement culture.

Employee engagement can help to:

- maintain employee engagement and high productivity
- prepare employees for, and make them more receptive to, change
- build trust
- generate new and fresh ideas
- facilitate consistent and controlled messages to filter down (and up)
- engage and build good relations with trade unions and employee representatives.

The key to employee involvement is ensuring that communication is two-way, through identifying clear simple ways of getting across key messages to staff regularly, but also through ensuring there are ways to listen. If you have good staff they will have good ideas and so building up transparent and effective ways of capturing these, and also feeding back on the progress of ideas will benefit everyone and build on productivity. It is highly de-motivating for staff when they are asked to work on producing ideas but never hear what becomes of them. And get your senior managers out of their offices and engaging with employees who are doing the frontline work. This, as prosaic as it may seem, is the true key to 'inspirational leadership'.

4.6 Leadership

Leadership plays a vital role in influencing levels of employee engagement and is a quality that any one at any level can possess. It is suggested, within a recent paper produced by Festo Didactic consultancy¹³, that leadership, along with change, is reported to be the most commonly mentioned factor influencing employee engagement.

¹³ Anon, (2008). "The Impact Of Leadership On Employee Engagement". Festo Didactic

The role of a leader must be to influence through setting examples of how work should be done and the attitudes that the organisation seeks to replicate. Hence they do not have to be the CEO. Typically however, it is those with management responsibility and in particular senior managers that are thought of as leaders.

Leaders and individuals with leadership potential should be sought during recruitment and selection and through learning and development interventions, as these are perfect opportunities to assess the natural behaviours and approaches people take in their work. Competency frameworks again are an excellent tool for use here, recognising and coaxing out the leadership potential of individual staff.

There are countless theories as to what makes a great leader, however it is essential that an organisation establishes what qualities it needs from its leaders and factor those in at all levels of performance standards and management. The Five 'P' model below highlights some key elements that the author chose to pull out as leader characteristics:

- pay attention to what's important
- praise what you want to continue
- punish what you want to stop
- pay for the results you want
- promote the people who deliver those results.

The Five Ps of Leadership ¹⁴

It is clear that a leader should possess these skills to be able to influence their teams to complete objectives and establish a productive way of working, however, it is suggested that in fact all managers should possess these five P's and that leaders are those that have something extra. Within the paper referred to above Festo Didactic go on to define the difference between managers and leaders, stating that where managers tell, acknowledge, react and inform, leaders are those that sell, encourage, act and involve.

Referring back to the Ten C's of engagement and considering leadership as a tool for facilitating employee engagement it is suggested that leaders should also bring the skills to be able to cultivate the areas of employee engagement:

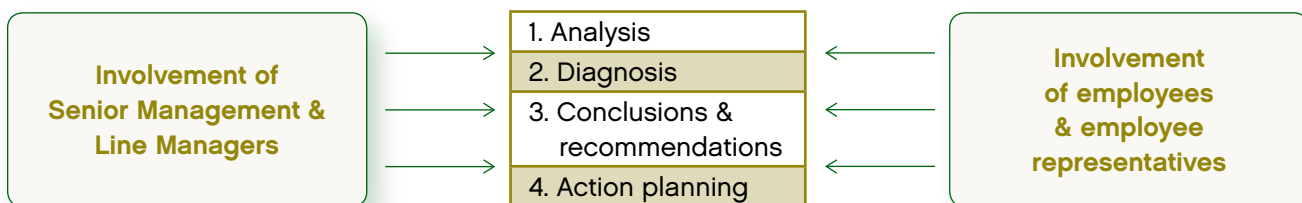
- Facilitate, maintain and develop the employee's **connection** with the organisation
- Encourage and support the employee to grow in their role and rise to the **challenge**
- **Communicate** clearly and be able to get and give information
- **Convey** clear and consistent messages around goals and objectives setting expectations and facilitating feedback
- Promote and build a culture for trust and **collaboration** within team work
- Be a role model building **credibility** in their own, their team's and the company's reputation, branding and ethical standards
- Promote **confidence** in the organisation, individual managers, employees and their confidence and job security.

And, as discussed above, a leader must be visible and thought of as someone to whom everyone can and wants to relate. The work of the Best Companies team, who collect and collate the results of the staff surveys on which entries to the annual Sunday Times Best Companies list are based, have highlighted this very clearly. They have found that the organisations (which include those drawn from the voluntary

and public as well as private sectors) that score most highly in terms of employee engagement are those in which the most senior people make a point of making themselves visible and approachable to staff at all levels.

5. Monitoring and Evaluating

Before addressing any of the areas detailed above, the first step to improving productivity through employee engagement is to gain an understanding of the status quo. The model below demonstrates how a strategic review of the current status can be done. The aim is to establish what needs to change and potential ways of addressing areas to be changed.



Conducting a Strategic Review¹⁵

Before the analysis stage, a review needs to be undertaken to establish what areas of the business should be analysed and how the different areas can be monitored. The analysis should not be designed to assess every aspect of an organisation’s operation but those elements that can be fundamentally linked to the area of the business or ‘bottom line’ that is singled out for improvement; the link between these will provide the business case for the proposed work and justification for the spend. The rating tool below can be used quickly and simply to identify areas which are current and those which are desired within an organisation. By simply plotting in the first column what HR strategic objectives are available to you allows you to rate in the second and third column, on a scale of 1-10, how important they are to your organisation and how effective you presently are in each area. The results will clearly show which areas are your priorities.

Possible HR Strategic Objectives	Importance	Effectiveness
Support the achievement of organisational goals		
Meets needs of employees		
Develop a high performance culture		
Ensure that the organisation is seen as a great place to work		
Increase engagement and commitment		
Recruit and retain talented people		
Develop talented people		
Reward people according to their contribution		
Provide employees with a voice		
Provide a good working environment		
Others:		

scale 0 = low 10 = high

Rating HR Strategy Goals¹⁶

¹⁵ Armstrong, M., 2008. Strategic Human Resources Management – A Guide to Action. 4th ed. Kogan Page.

¹⁶ Armstrong, M., 2008. Strategic Human Resources Management – A Guide to Action. 4th ed. Kogan Page.

Essential elements of the strategic review process will be the involvement of managers at all levels along with staff and their representatives.

Key performance indicators that need to be assessed before any new people management and employee engagement initiatives are undertaken are likely to be:

1. sickness absence rates and time lost due to sickness
2. staff turnover and reasons for leaving
3. frequency of probationary and established staff appraisals
4. numbers of and reasons for formal employee hearings
5. equal opportunities and diversity statistics.

Once the above have been monitored for long enough to establish a clear picture of the organisation the areas for address will become clear to enable a diagnosis of:

- the areas for concern
- the areas that will impact on the required areas for improvement
- the perceived impact that the current status quo is having on the performance of the business overall.

A recommendation to any organisation undertaking to introduce employee engagement initiatives is to start with the basics. In order to prioritise and maximise the effectiveness of the new approaches to people management and employee engagement, and before introducing new policies, an organisation should consider how and where it can build in the administrative capacity to ensure the consistent application, monitoring and evaluation of the new tools. For example, how will the organisation support managers to follow policies through, record absence and turnover rates and facilitate feedback throughout the process?

Within the conclusions and recommendations stage of the strategic review it is also essential to set levels of expectations for the projects. Invariably as the five elements listed above are monitored more closely, and once the implementation of initiatives begins (such as consistent policies, training and development plans and competency frameworks), staff turnover, frequency of employee hearings and absence rates go up. If this is not planned for it is likely that those expecting results from the project will become disheartened and lose belief in the project altogether. To combat this, the action plan must come with a clear identification of the areas of:

- responsibility and key personnel involved
- budgetary constraints
- tools for measurement
- results expected from each one at short, medium and long-term intervals (even where the results are expected to get worse before they get better).

The resulting action plan should be linked clearly to the business case identified for each action and the perceived long-term financial and non-financial gains expected from the initiative.

6. Conclusion

The central premise of this paper – corroborated by an ever-increasing body of research – is that good people management results in higher productivity.

‘Good’ HR might be defined as having the strategic people management practices in place to promote employee engagement.

Employee engagement is the extent to which people in an organisation are passionate about what they do and the lengths they will go to in order to achieve their own performance objectives and the wider organisational goals. Although the effort to obtain employee engagement appears to be considerable, evidence suggests that the long-term financial and non-financial rewards for the organisation justify the investment.

Employee engagement practices are identified as:

- resourcing (recruitment) and job design
- performance management
- learning and development
- employee involvement
- clear expectations, goals and values
- leadership.

Before embarking on a new strategy for people management and employee engagement, an organisation is advised to initially undertake a review of the status quo to ensure that they focus action in areas of priority. This will set a benchmark from which they are able to monitor any improvements that are achieved through the initiatives they choose to implement and, more importantly, demonstrate a return on the investment made. For those reading this report and thinking their organisation would benefit from greater employee engagement, the HR Strategic Review model and the rating tool above provide a good starting point.