



INSIGHT REPORT

Employee Engagement Competency & Maturity, 2017

BENCHMARK DATA FROM 169 LARGE ORGANIZATIONS

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EXECUTIVE SUMMARY

Engaged employees are critical assets to their organization. It's not surprising, therefore, that customer experience leaders have more engaged employees than their peers. To understand how companies are engaging their employees, we surveyed 169 large companies and compared their responses with similar studies we've conducted in previous years. We also asked survey respondents to complete Temkin Group's *Employee Engagement Competency & Maturity (EECM) Assessment*. Highlights from our analysis of their responses include:

- Front-line employees are viewed as the most highly engaged.
- More than 70% of companies measure employee engagement at least annually, yet only 45% of executives consider taking action on the results a high priority.
- Sixty-four percent of respondents believe that their social media tools have had a positive impact on their employee engagement activities, an increase from last year.
- The top obstacle to employee engagement activities continues to be the lack of an employee engagement strategy.
- While only 23% of companies are in the top two stages of employee engagement maturity, this is still an increase from last year.
- When we compared companies with above average employee engagement maturity to those with lower maturity, we found that employee engagement leaders have better customer experience, enjoy better financial results, are more likely to take action on employee feedback, and face fewer obstacles than their counterparts with less engaged workforces.
- You can use the results of the *EECM Assessment* to benchmark your own employee engagement activities.

EMPLOYEE ENGAGEMENT EFFORTS ARE UNDERWAY

An engaged workforce is crucial to the success of any company, which is why Temkin Group has named employee engagement as one of its four customer experience core competencies.¹ The results of our *Employee Engagement Benchmark Study, 2017* show that engaged employees are a key resource and a critical differentiator between customer experience leaders and laggards (see Figure 1).² In order to learn how companies are working

¹ See the Temkin Group report, "The Four Customer Experience Core Competencies," (March 2017).

² See the Temkin Group report, "Employee Engagement Benchmark Study, 2017," (March 2017).

to improve their employee engagement levels, we surveyed 169 executives at large companies. We found that:

- **Frontline employees are the most engaged.** We asked respondents to rate the engagement levels of five different employee groups within their organization. More than 60% of them think that frontline teams are either “highly” or “very highly” engaged in their organization’s customer experience efforts (see Figure 2). However, at the other end of the spectrum, respondents believe that less than one in five of the employees who are not customer facing feel equally as engaged.
- **Employee engagement is typically measured annually.** Seventy-three percent of respondents said that their company measures employee engagement at least annually, but only 24% of companies measure it more than once per year (see Figure 3).
- **Executives are not acting on survey results.** Only 45% of respondents think that their executive team sees taking action based on their employee engagement feedback as a “high” or “very high” priority.
- **Most firms have significant employee engagement efforts underway.** More than two-thirds of companies have “significant” employee engagement efforts underway (see Figure 4). Despite this seemingly meaningful push towards engaging employees, only 36% of respondents would classify their activities as well-coordinated across the entire company.
- **HR groups are leading engagement activities.** Fifty-one percent of respondents indicated that their HR group mostly coordinates employee engagement efforts. Customer experience (CX) groups either entirely or partially lead engagement activities at 37% of firms.
- **Social employee engagement is in early stages.** Instant messaging remains the most popular social tool used in companies, followed by collaboration sites (see Figure 5). The percentage of respondents who think that these social media tools have had at least a “medium positive impact” has grown from 27% in 2016 to 32% in 2017.
- **Engagement efforts are hindered by a lack of strategy.** We asked respondents to identify the obstacles impeding their firm’s employee engagement efforts, and nearly half of them cited the lack of a clear employee engagement strategy as a serious problem (see Figure 6). The next most common obstacle is limited funding.

ASSESSING EMPLOYEE ENGAGEMENT COMPETENCIES AND MATURITY

Temkin Group has previously identified the Five I’s that drive employee engagement: *Inform*, *Inspire*, *Instruct*, *Involve*, and *Incent* (see Figure 7).³ We used these Five I’s to develop the *Employee Engagement Competency & Maturity (EECM) Assessment*, which gauges the effectiveness of an organization’s employee engagement efforts (see Figure 8). After analyzing the data from the 169 companies that completed this assessment, we found that:

- **Firms are neglecting their employee assets.** More than half of the companies who completed the assessment are in the bottom two levels of maturity, *damaging* and

³ See Temkin Group report, “The Five I’s of Employee Engagement,” (November 2012).

neglecting the value of their employees (see Figure 9). Meanwhile, only 23% of companies are in the top two levels of maturity.

- **Employees need more *information*.** More than 70% of companies received a “weak” or “very weak” rating for *Inform* and *Involve*, making them by far the least mature areas of the five employee engagement competencies.
- **Employee engagement activities are improving.** We compared the results of this year’s assessment to the results from previous years and found that the percentage of companies in the top two levels of maturity increased from 12% last year to 23% this year (see Figure 10). The *Inform* competency improved the most since last year, while *Instruct* decreased the most.
- **Volunteer causes make the top of the list.** More than 60% of companies report that they “always” or “almost always” provide resources for employees to participate in volunteer causes, making it the most commonly practiced activity (see Figure 11). Of all the activities we looked at, using formal peer-to-peer recognition programs has increased the most over the last year.
- **Recruiting for engagement is lacking.** Only 11% of respondents say that they “always” or “almost always” recruit employees to teach customer experience behaviors and practices to fellow employees (see Figure 12). The next least practiced activity is tailoring customer experience communications to specific job roles.

EMPLOYEE ENGAGEMENT LEADERS VERSUS LAGGARDS

We split companies into two groups: those with stronger employee engagement scores on the *EECM Assessment* (EE leaders) and those with weaker scores (EE laggards).⁴ We then compared their performances across a number of areas and found that EE leaders:

- **Deliver better customer experiences.** We asked respondents to rate their company’s customer experience (CX) and then compared the responses of EE leaders and laggards (see Figure 13). Eighty percent of companies with leading employee engagement efforts deliver above average customer experience, as opposed to only 43% of laggards.
- **Perform better financially.** Eighty-three percent of EE leaders enjoyed better financial results than their competitors in the previous year, while only 49% of laggards claim the same.
- **Have more coordinated efforts.** Sixty-one percent of EE leaders have significantly coordinated efforts across their entire organization (see Figure 14). Meanwhile, 54% of laggards have little to no employee engagement efforts underway.
- **Combine the strengths of CX and HR.** Thirty-seven percent of companies with strong employee engagement efforts have both CX and HR organizations leading their engagement efforts, compared with only 15% of EE laggards.

⁴ We split the respondents into two groups: EE Leaders are made up of 84 companies with assessment scores of 55 or higher, and EE Laggards are made up of 85 companies with assessment scores of 54 or lower.

- **Measure employee engagement more frequently.** Seventy-eight percent of companies with stronger employee engagement measure engagement at least annually, whereas only 66% of laggards do the same (see Figure 15).
- **Are led by more committed executives.** While 70% of EE leaders have an executive team that highly prioritizes taking action based on the results of engagement studies, only 16% of laggards have an executive team with the same drive.
- **Face fewer obstacles.** EE leaders identify significantly fewer obstacles than EE laggards (see Figure 16). The largest gap between these two groups – which is more than 40 percentage-points – exists when it comes to their *lack of a clear employee engagement strategy*.

PROPEL YOUR EMPLOYEE ENGAGEMENT EFFORTS

Most companies have yet to reach employee engagement maturity. To help accelerate your company's efforts, we recommend using the *EECM Assessment* to:

- **Benchmark your maturity.** Complete the assessment and compare your results to those of other large companies (see Figure 17).
- **Discuss the results.** Share your findings with colleagues from other departments – including HR – and discuss the implications of your scores along with any differences between your assessments.
- **Identify areas of weakness.** Using your assessment results, identify which of the Five I's you need to work on the most. Look at the individual questions to spot potential areas for improvement.
- **Develop plans.** Completing the assessment isn't worthwhile unless it leads to specific plans for improvement. For ideas, take a look at Temkin Group's extensive content on employee engagement.

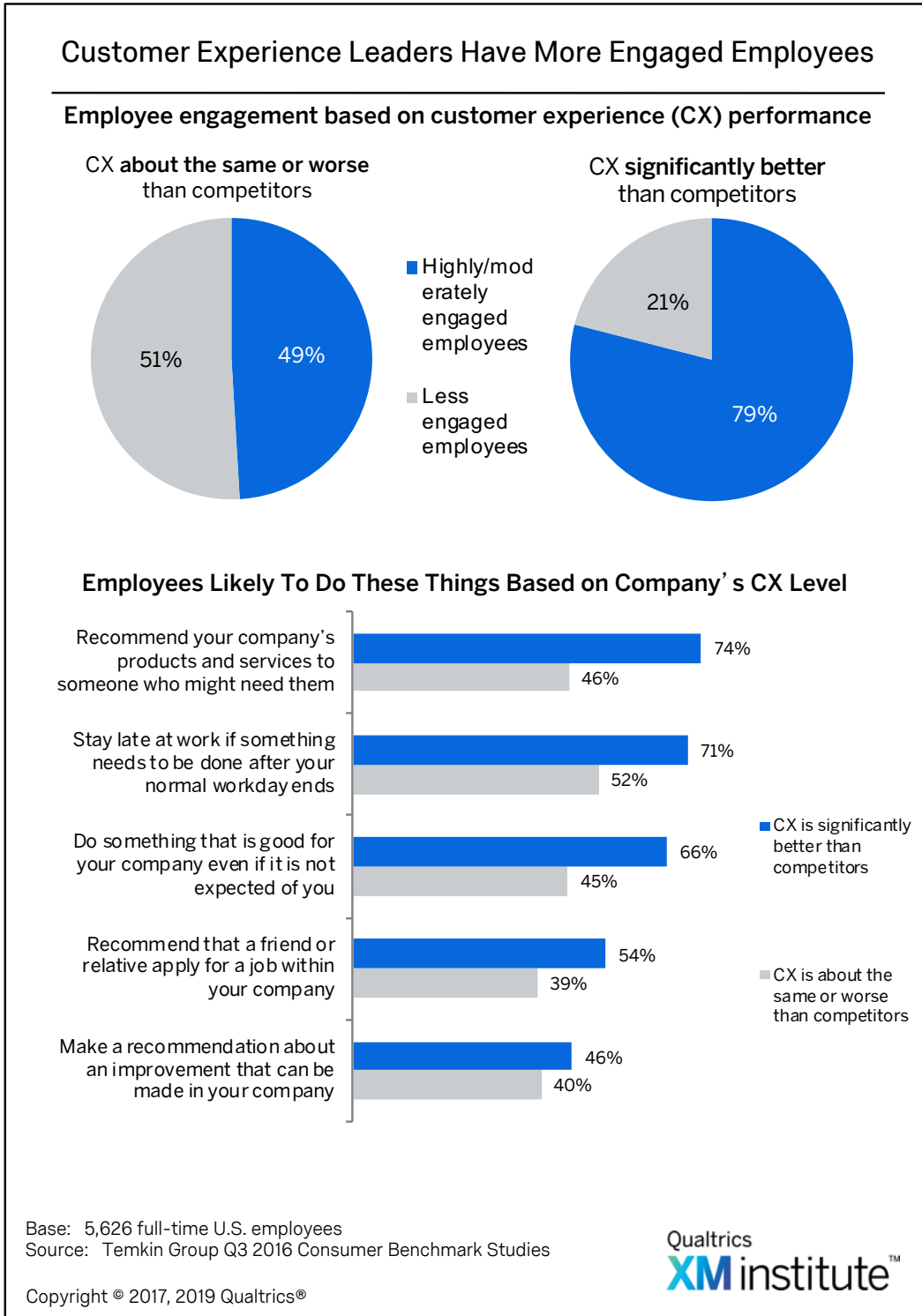


Figure 1

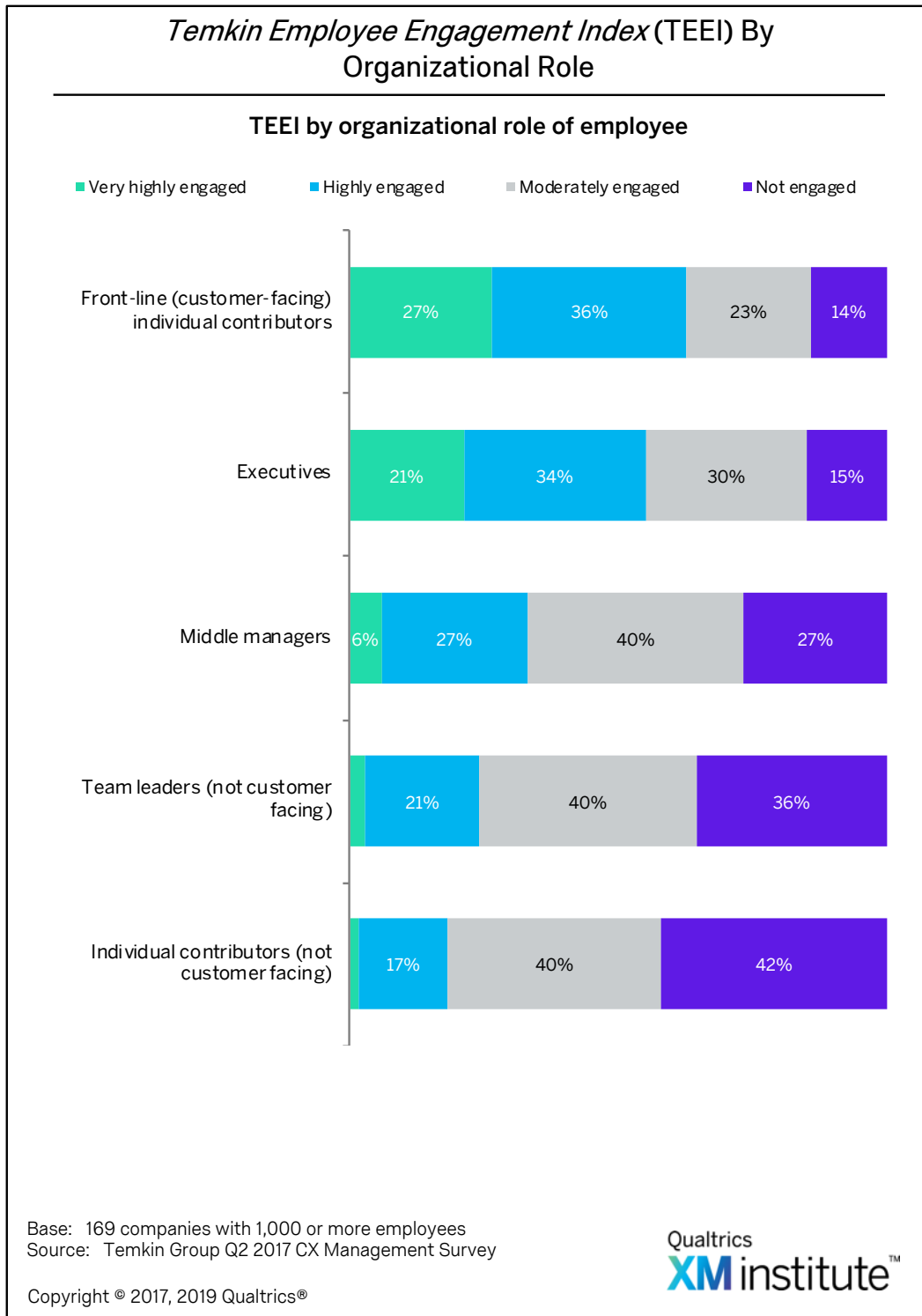


Figure 2

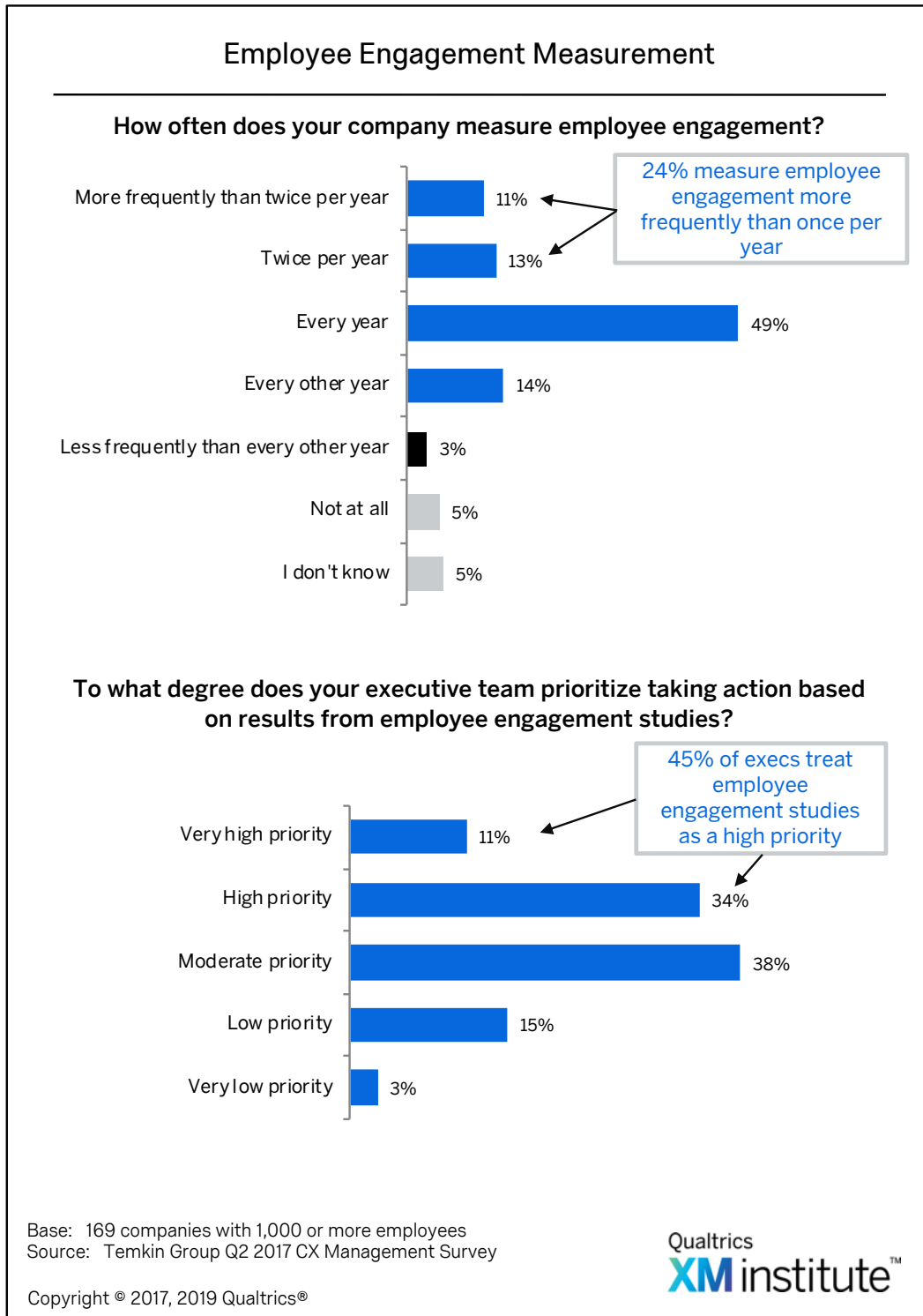


Figure 3

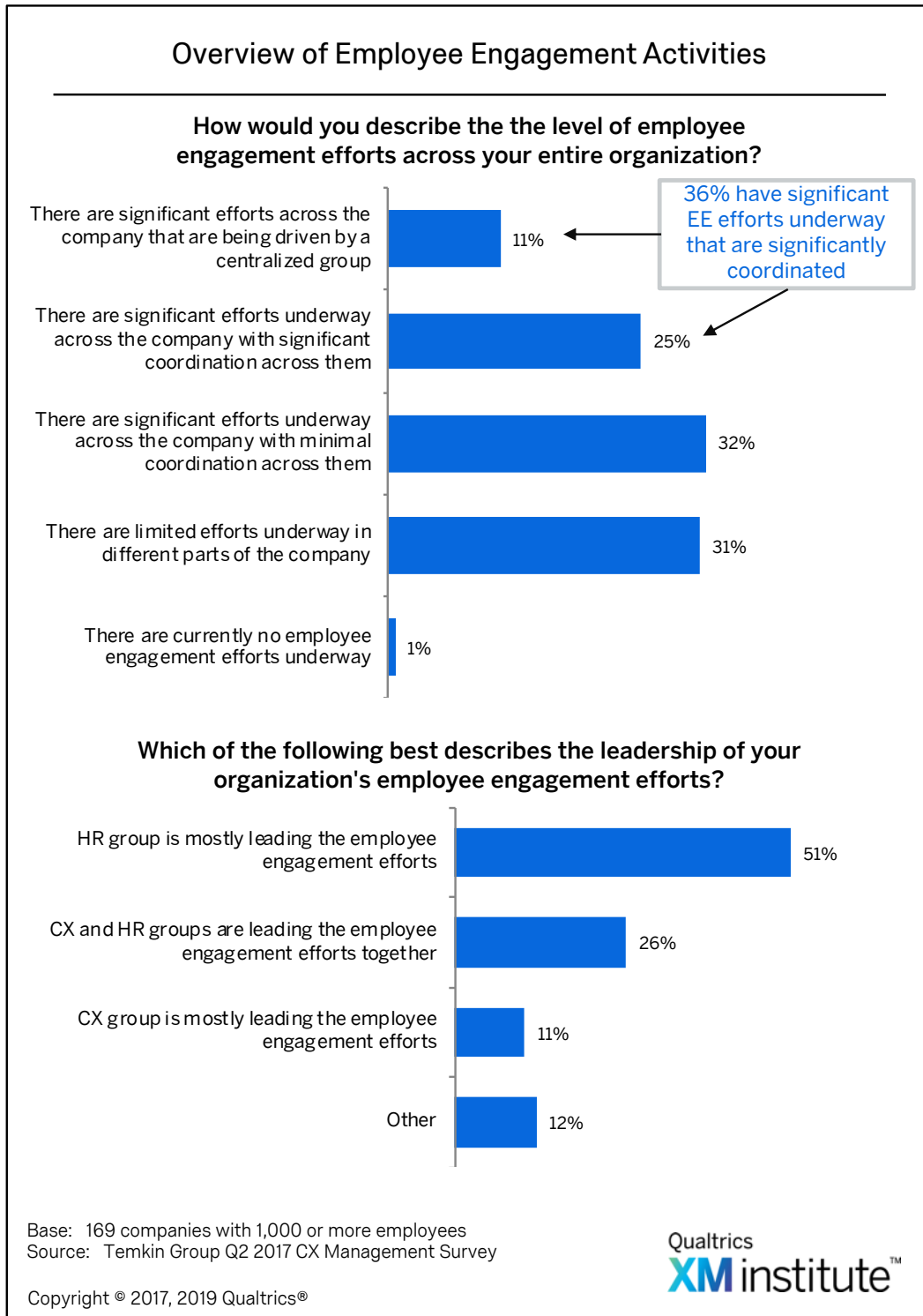


Figure 4

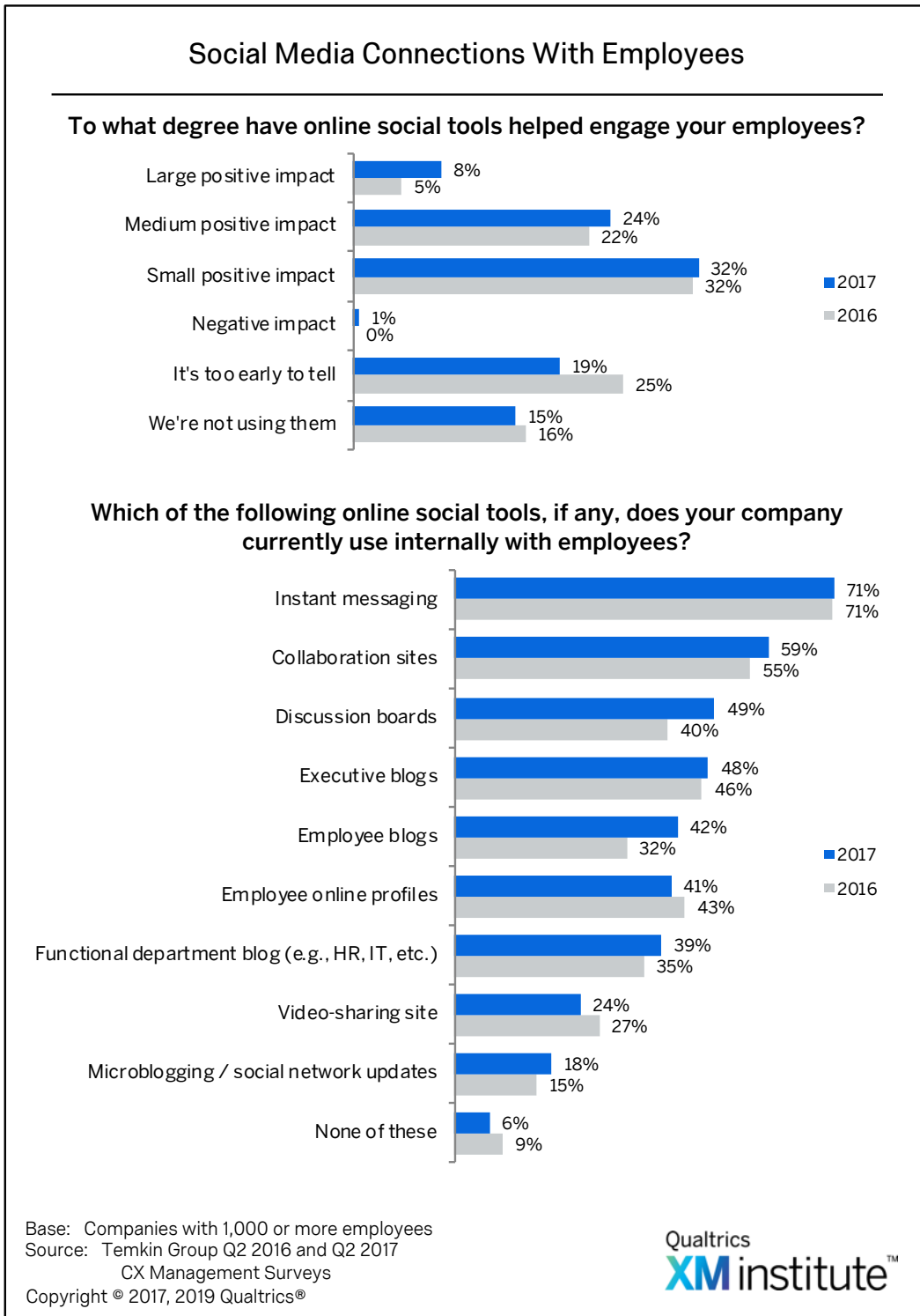


Figure 5

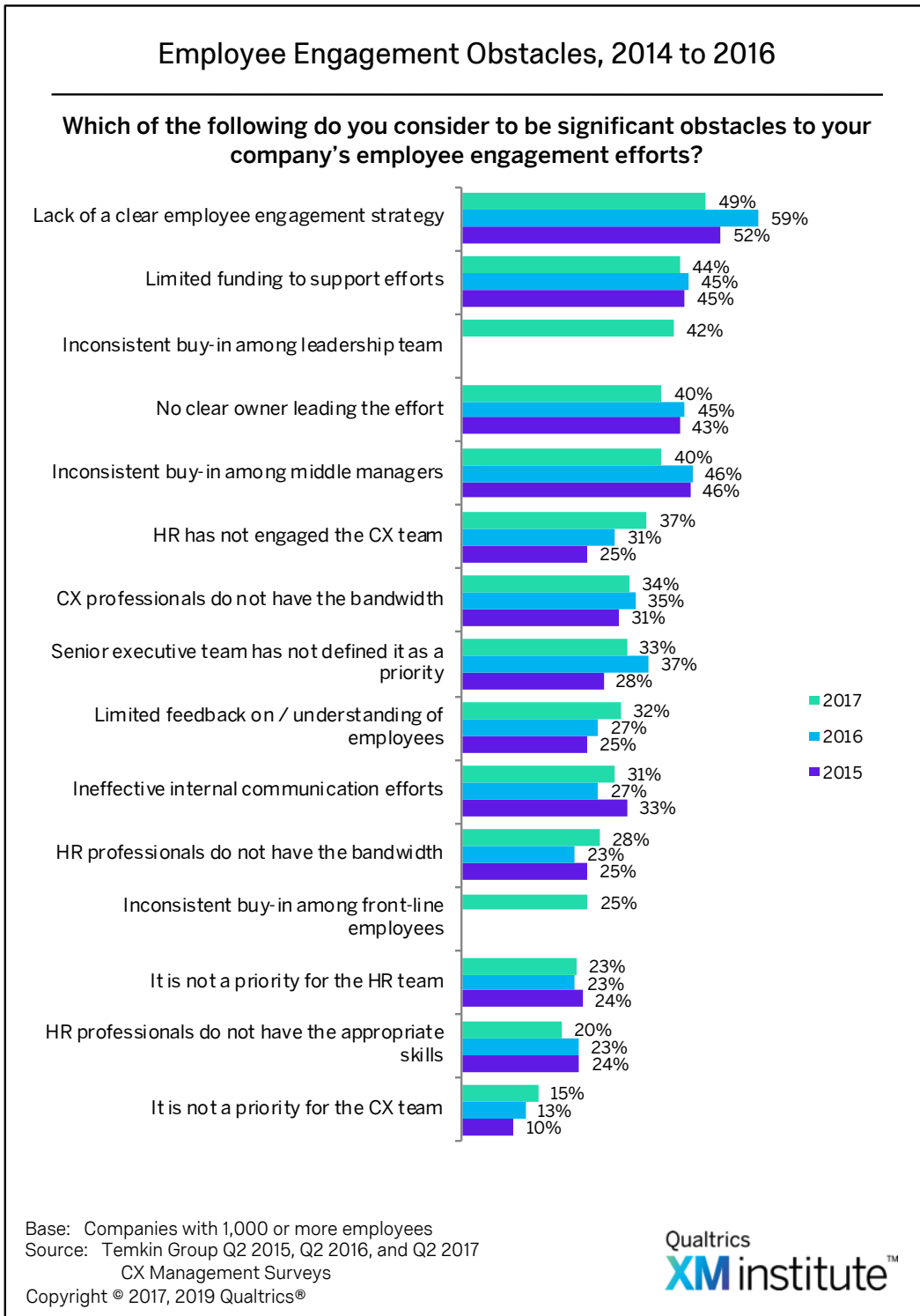


Figure 6

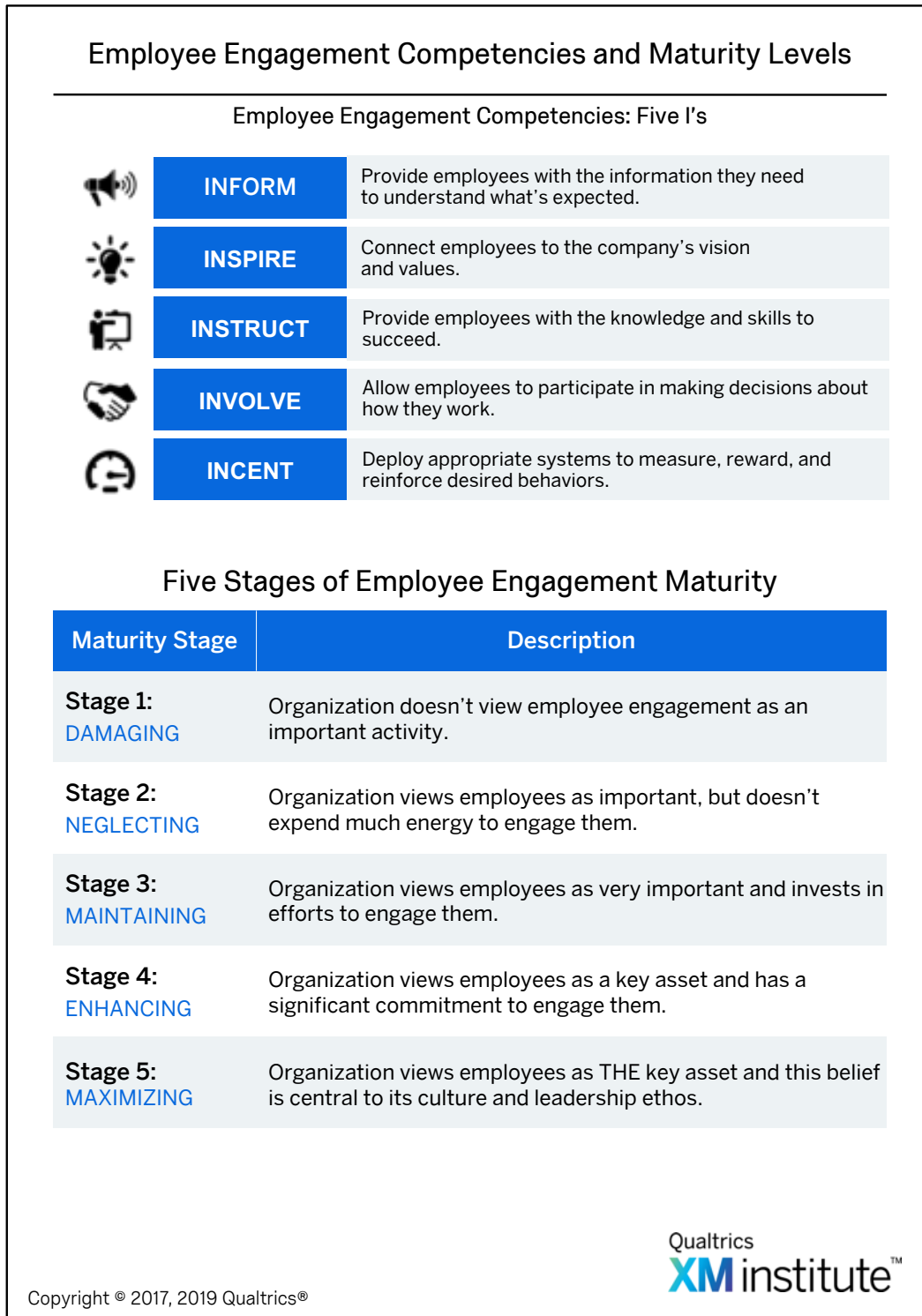



Figure 7

Employee Engagement Competency & Maturity Assessment

To what degree do the following activities occur within your company?
 1 = Never 2 = Periodically 3 = Usually 4 = Almost always 5 = Always

The company uses a formal CX communication plan identifying key topics, audience segments, delivery channels, and frequency.	
Internal customer experience communications are tailored to specific job roles.	
Employees across the organization are provided with easy access to feedback from customers.	
Leaders across the organization regularly discuss customer experience in their communications.	
INFORM total	
The company has a clear set of values, which guides decision-making across the organization.	
Executives meet with employees at different levels across the organization.	
Stories about employees helping customers are retold to reinforce company values.	
The company provides resources for employees to participate in volunteer causes.	
INSPIRE total	
Customer experience training is embedded into new hire orientation.	
All managers are trained to develop their skills in reinforcing the company's values with their employees.	
Managers coach employees on customer-centric behaviors and practices.	
Employees across the organization are recruited to teach customer experience behaviors and practices to fellow employees.	
INSTRUCT total	
Employee feedback is actively solicited and formally acted upon.	
The organization communicates the actions it takes based on employee feedback.	
The company facilitates employee interactions across functional teams to raise awareness and increase collaboration.	
The company uses a defined network of employees as ambassadors of its customer experience efforts.	
INVOLVE total	
The company has formal incentives for reinforcing good customer-centric behaviors and results.	
Managers are evaluated based on the engagement levels of their employees.	
The company has a formal peer-to-peer recognition program.	
Teams that demonstrate customer experience excellence are publicly celebrated.	
INCENT total	
OVERALL TOTAL	

Competency Area Totals:	Overall Total:
4 to 8 Very Weak	40 or less Damaging
9 to 11 Weak	41 to 55 Neglecting
12 to 14 Mediocre	56 to 70 Maintaining
15 to 17 Strong	71 to 85 Enhancing
18 to 20 Very Strong	86 or more Maximizing



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Figure 8

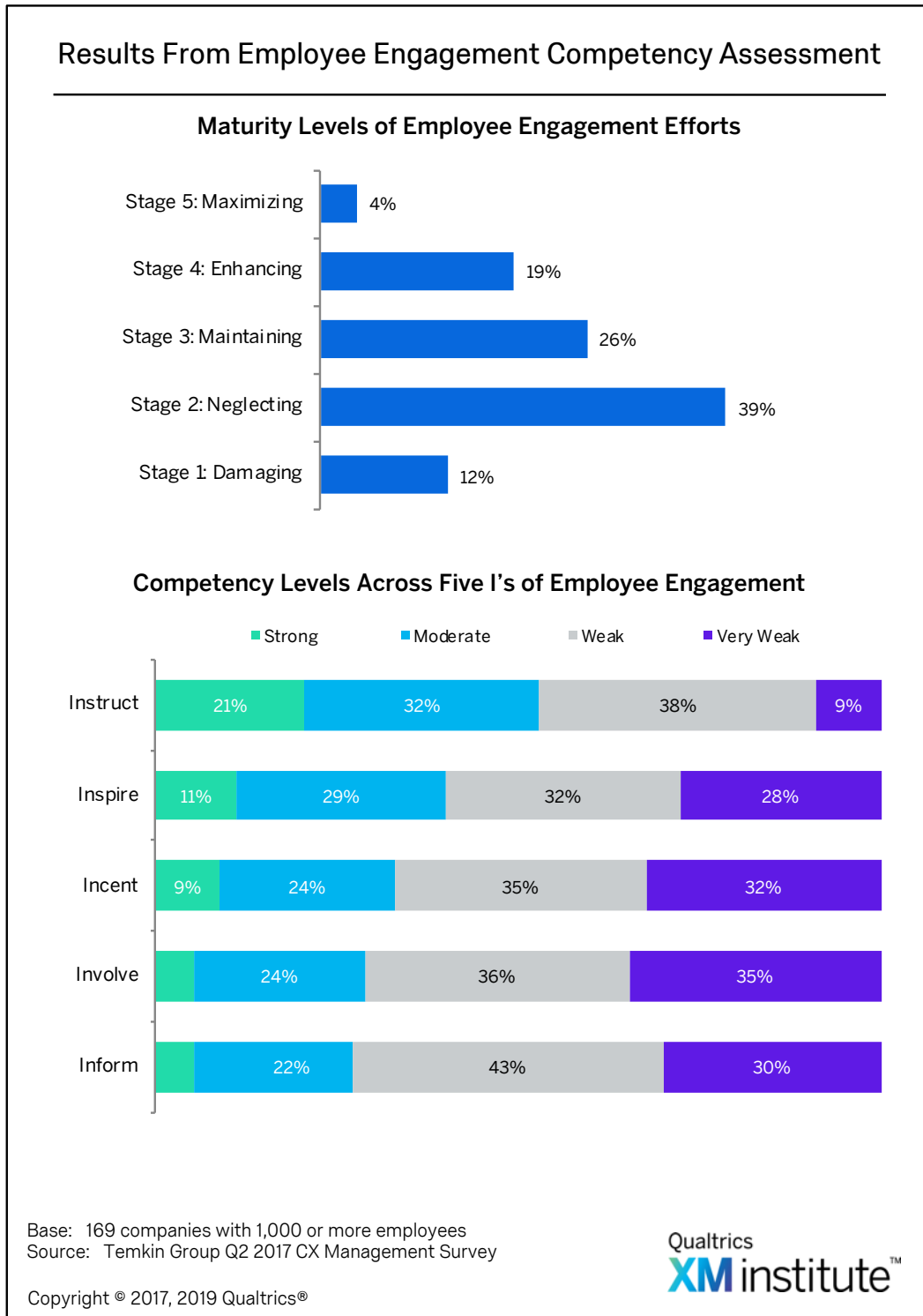


Figure 9

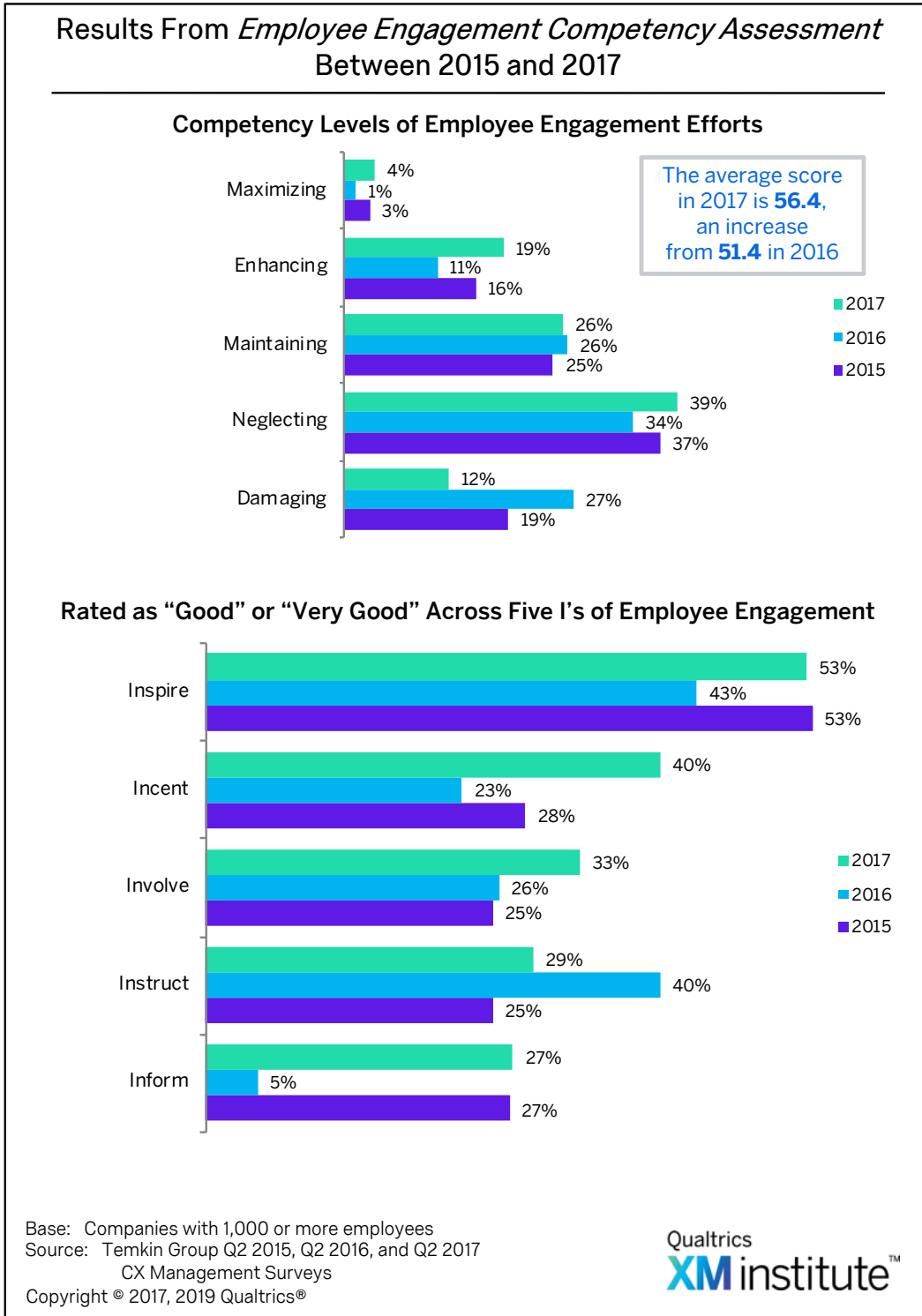


Figure 10

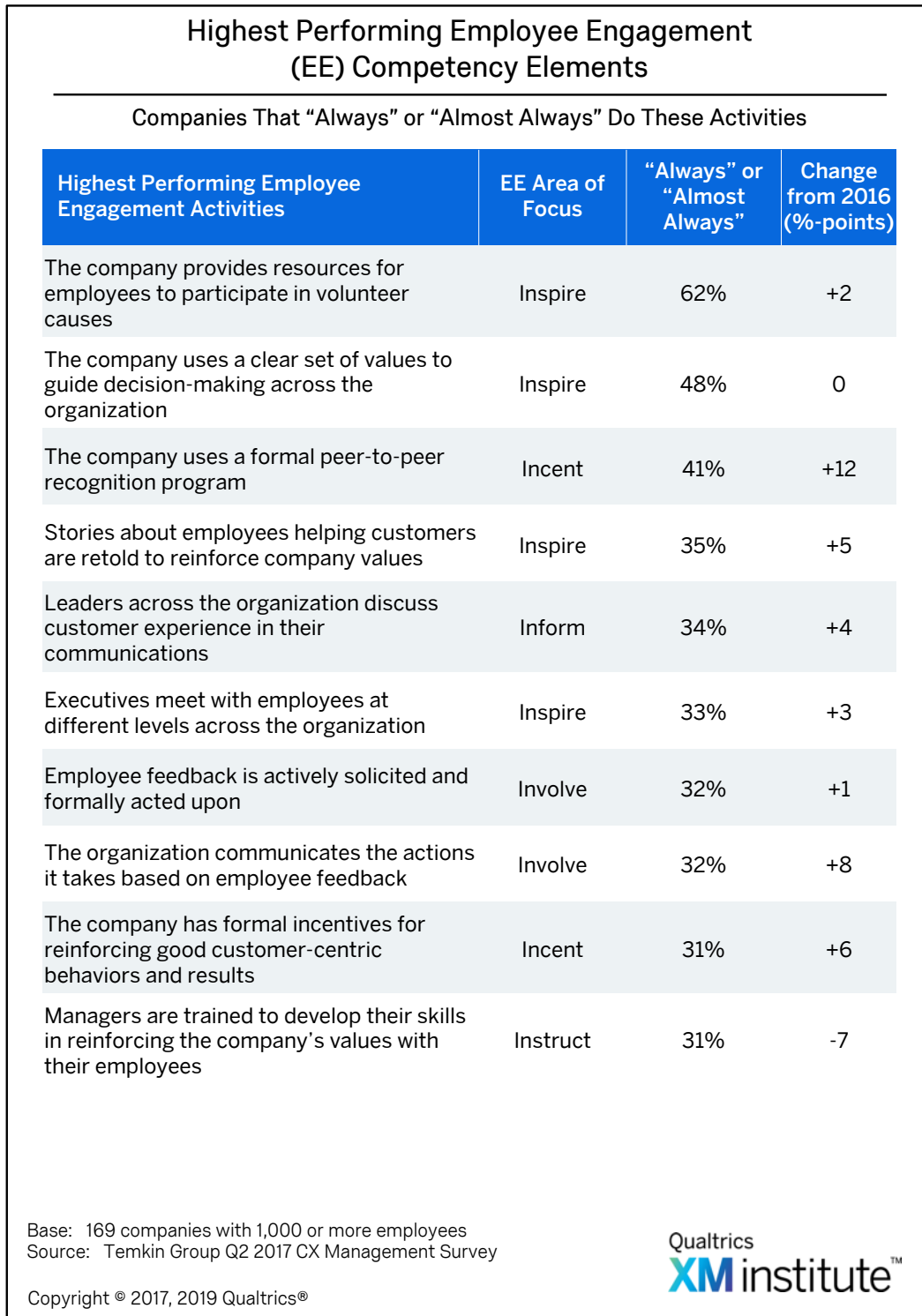


Figure 11

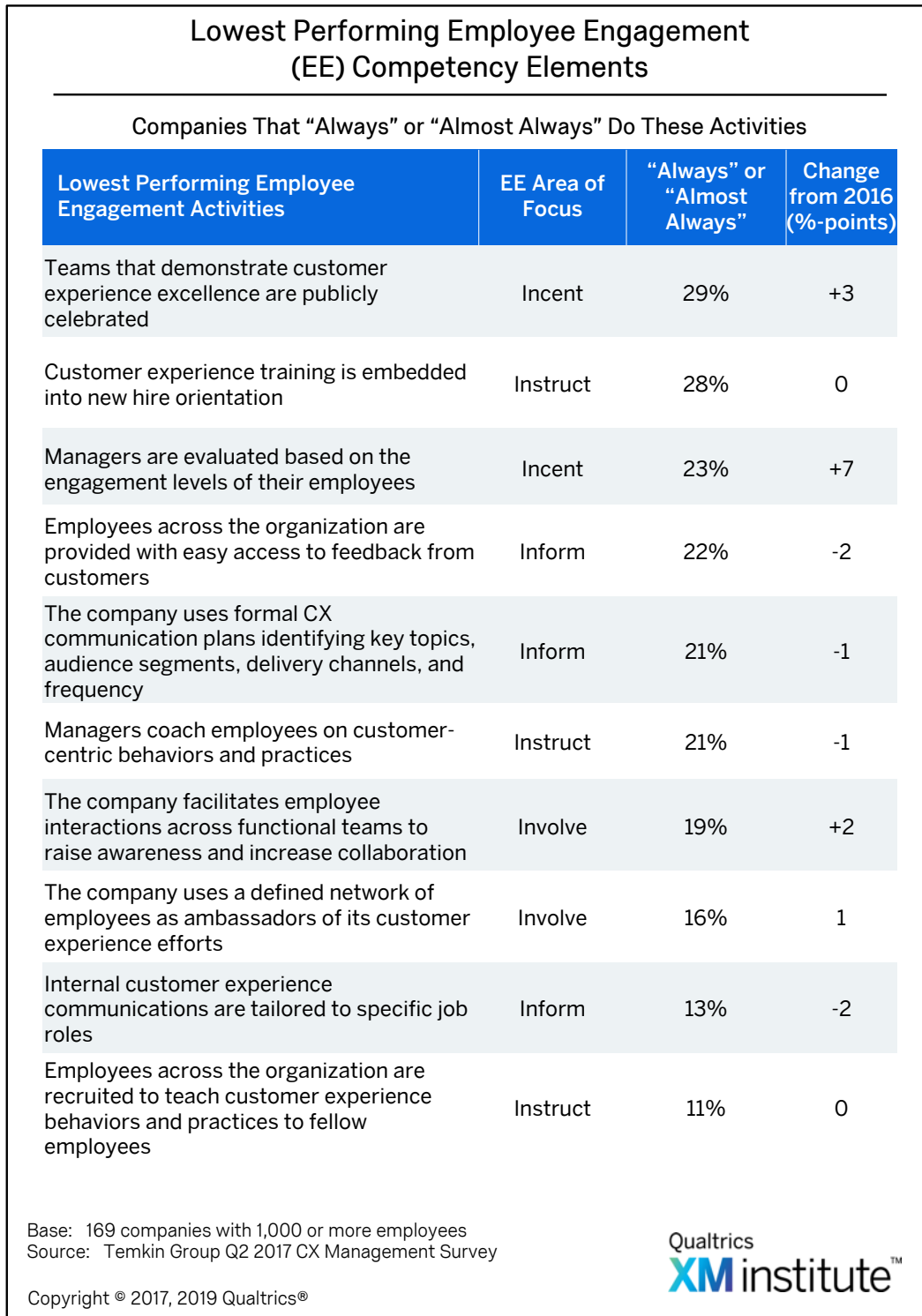


Figure 12

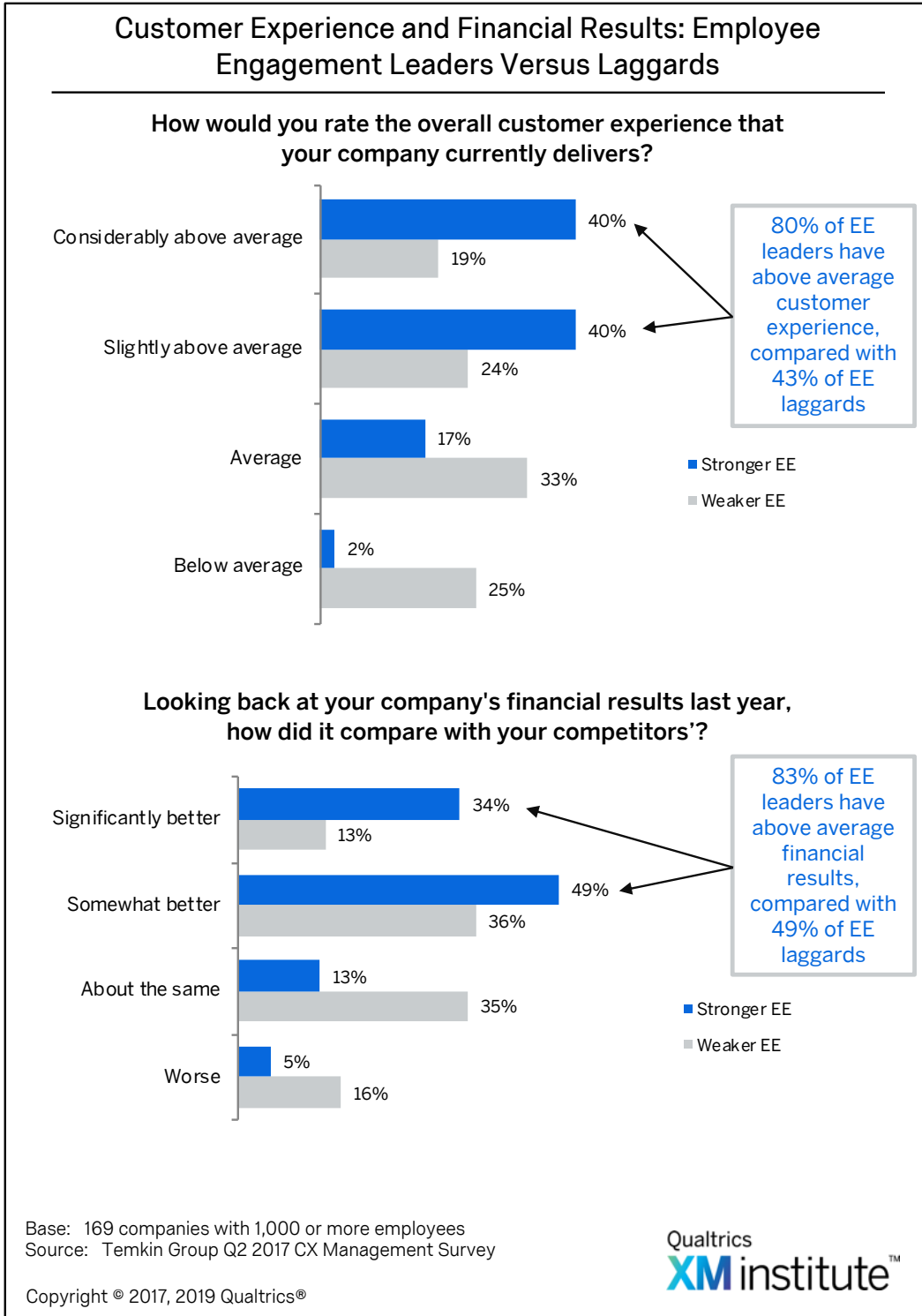


Figure 13

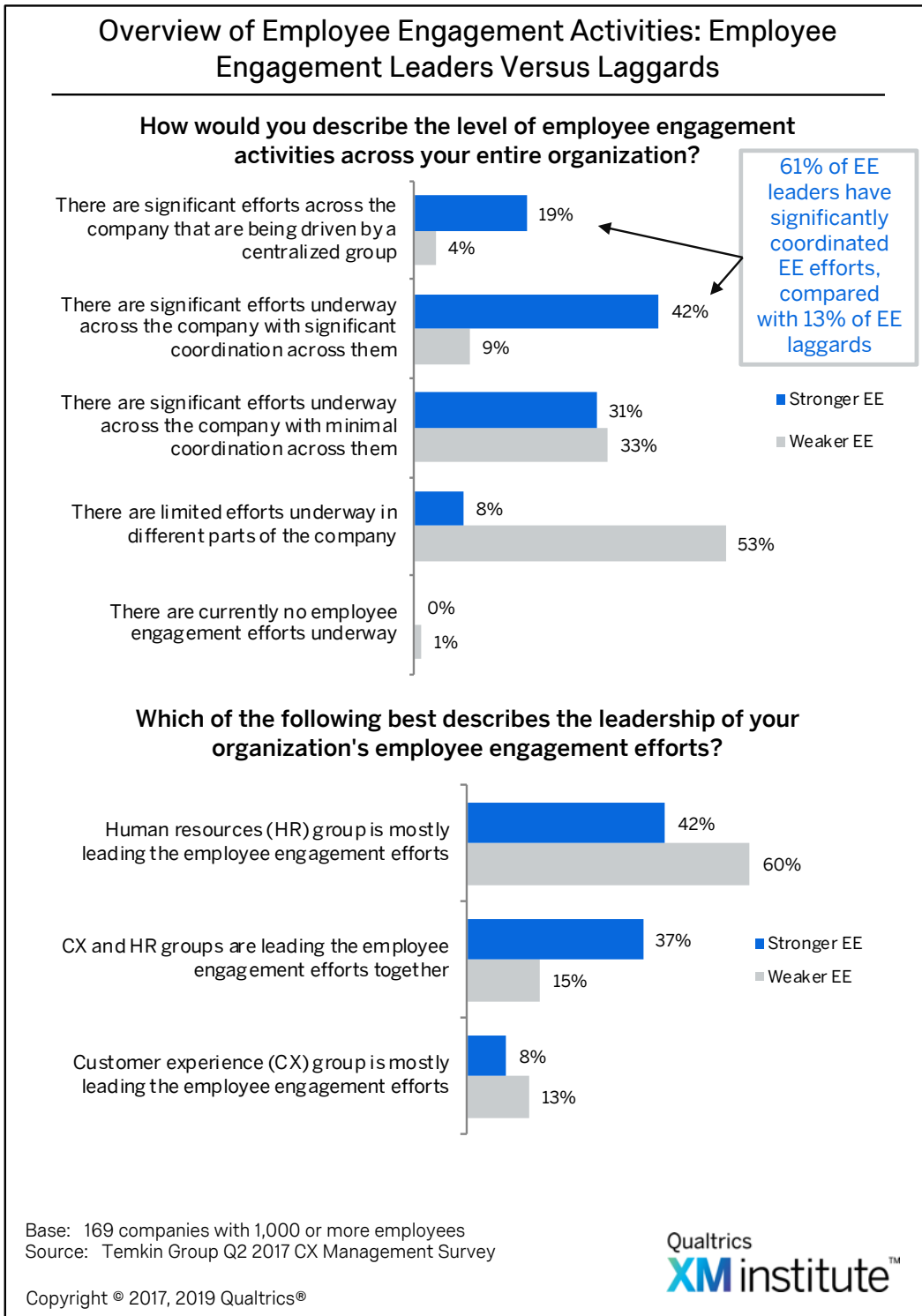


Figure 14

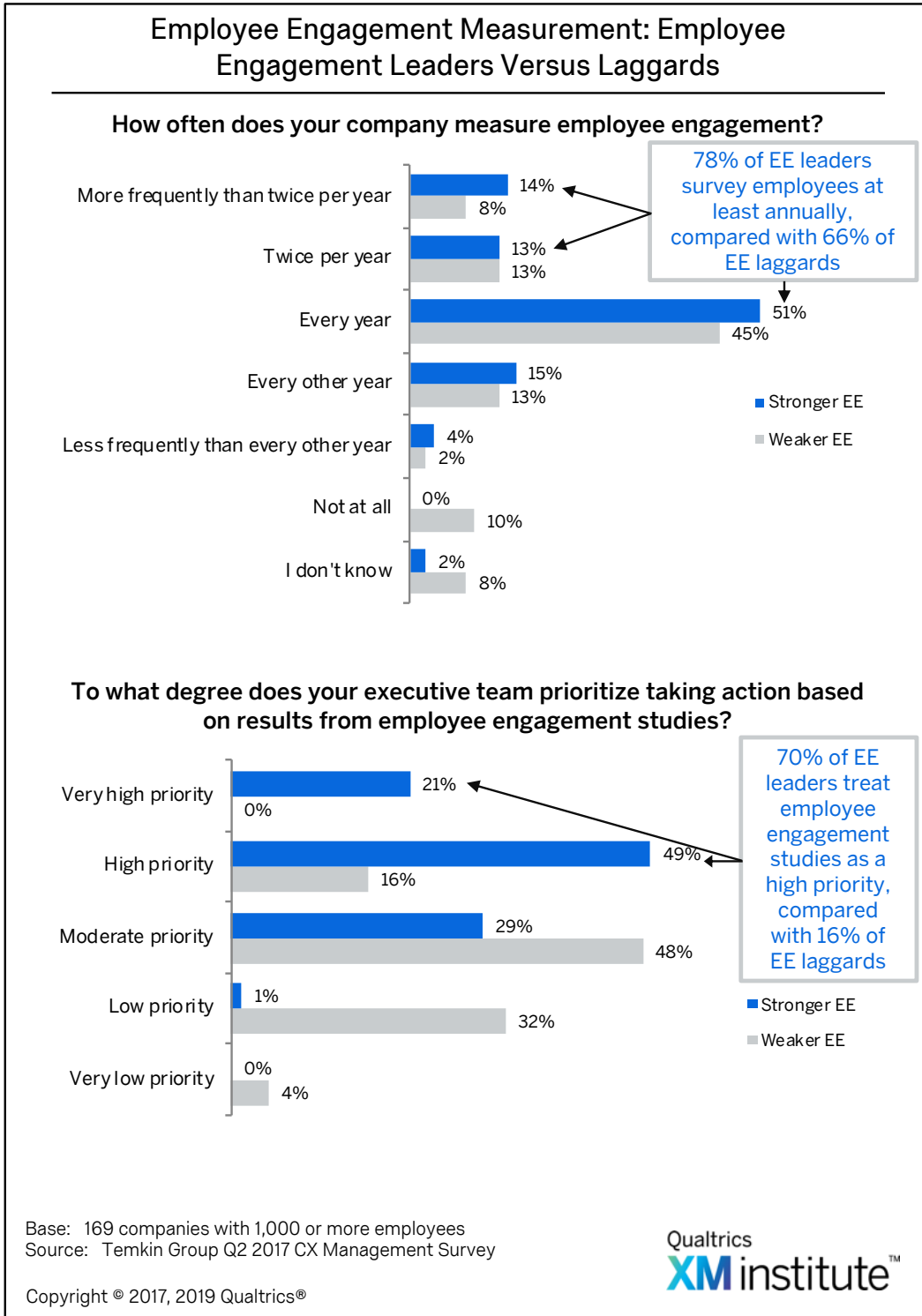


Figure 15

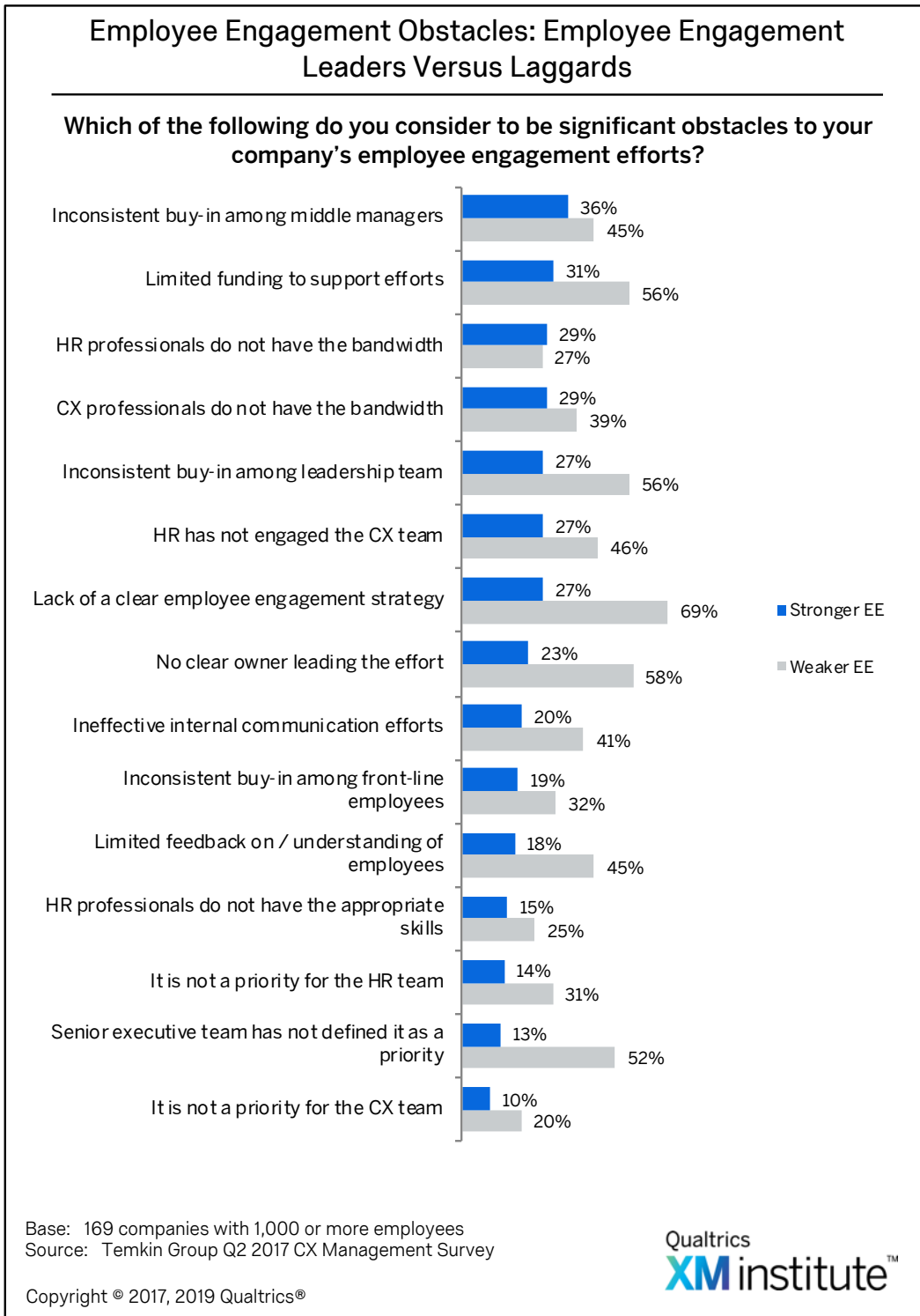


Figure 16

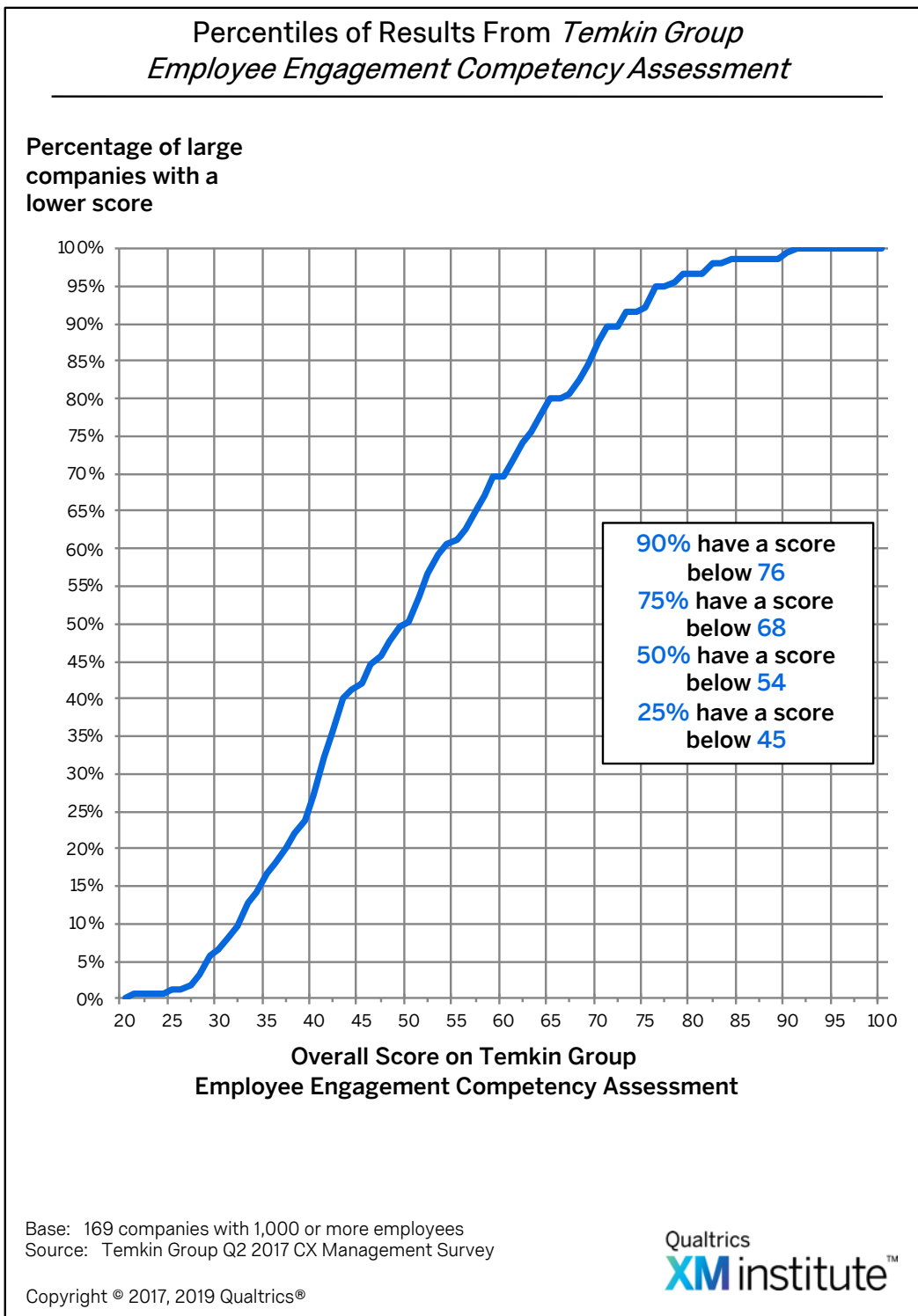


Figure 17