



**INSIGHT REPORT**

# **Employee Engagement Competency & Maturity, 2018**

**BENCHMARK DATA FROM 178 LARGE ORGANIZATIONS**

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## EXECUTIVE SUMMARY

To understand how companies are engaging their employees, we surveyed 178 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*. The EECM Assessment places companies in one of five stages of maturity and evaluates their performance across five employee engagement competencies: *Inspire, Inform, Instruct, Incent, and Involve*. Highlights from our analysis of their responses include:

- Team leaders of non-customer-facing groups are the least supportive of customer-centric activities.
- Nearly 70% of companies measure employee engagement at least annually, yet only 40% of executives consider acting on the results to be a high priority.
- The top obstacle to employee engagement activities continues to be the lack of an employee engagement strategy.
- While only 19% of companies are in the top two stages of employee engagement maturity, 49% are in the bottom two.
- 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, have more coordinated employee engagement efforts, have more widespread support across employee groups, are more likely to act 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.<sup>1</sup> In order to learn how companies are working to improve their employee engagement levels, we surveyed 178 large companies. Our research uncovered that:

- **Employee engagement and customer-centric culture are important.** We asked respondents to rate the importance of employee engagement and customer-centric culture to their senior leaders. More than half of respondents said that both these

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

items are very important to executives, and more than one-third of respondents characterized creating a more customer-centric culture as “critical” to their senior leaders (see Figure 1).

- **Customer-facing employees are the most helpful.** When it comes to helping organizations becoming more customer-centric, frontline employees are the most supportive (see Figure 2). Meanwhile, team leaders of organizations that don’t face customers are the least helpful.
- **Performance management is the top tool.** We listed potential activities companies can use to reinforce their customer-centric culture and asked respondents to identify which areas their organization uses. Employee performance management is the most common activity, with nearly half of the organizations using it. Less than one out of five respondents, however, work at companies with job design and competency models.
- **Employee engagement is typically measured annually.** Sixty-nine percent of respondents said that their company measures employee engagement at least annually, but only 31% of companies measure it more than once per year (see Figure 3).
- **Executives are not acting on survey results.** Only 40% of respondents think that their executive team sees acting on their employee engagement feedback as a “high” or “very high” priority.
- **Most firms have significant employee engagement efforts underway.** Two-thirds of companies have “significant” employee engagement efforts underway (see Figure 4). Despite this seemingly meaningful push towards engaging employees, only 42% of respondents would classify their activities as well-coordinated across the entire company.
- **HR groups are leading engagement activities.** Sixty-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 26% of firms.
- **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 5). 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 6).<sup>2</sup> 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 7). After analyzing the data from the 178 companies that completed this assessment, we found that:

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<sup>2</sup> See Temkin Group report, “The Five I’s of Employee Engagement,” (November 2012).

- **Firms are *neglecting* their employee assets.** About half of the companies who completed the assessment are in the bottom two levels of maturity, either *damaging* and *neglecting* the value of their employees (see Figure 8). Meanwhile, only 19% of companies are in the top two levels of maturity.
- **Employee engagement competencies are lacking.** Despite being the top scoring competency, only 35% of companies earned a strong rating in *Inspire*. Only about 20% of organizations are “strong” or “very strong” on the other four competencies.
- **Fewer companies have low maturity levels.** We compared the results of this year’s assessment to the results from previous years and found that, although the overall average score remained about the same, the percentage of companies in the bottom two levels of maturity has generally been declining (see Figure 9). Of the five competencies, the percentage of companies who characterize their efforts as “good” or “very good” has dropped most significantly for the *Incent* competency, down from 25% in 2017 to 20% in 2018.
- **Volunteer causes make the top of the list.** More than 50% 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 10). Interestingly, this is also the area that declined the most when compared with last year’s results.
- **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 11). 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).<sup>3</sup> 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 12). Seventy-eight percent of companies with leading employee engagement efforts deliver above average customer experience, as opposed to only 57% of laggards.
- **Perform better financially.** Forty-one percent of EE leaders enjoyed significantly better financial results than their competitors in the previous year, while only 14% of laggards claim the same.
- **Are more customer-centric.** We asked respondents to select the description that best matched their company culture (see Figure 13). EE leaders are most likely to be customer-centric, while EE laggards are most likely to be profit-centric.

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<sup>3</sup> We split the respondents into two groups: EE Leaders is made up of 86 companies with assessment scores of 57 or higher, and EE Laggards is made up of 90 companies with assessment scores of 56 or lower.

- **Enjoy more employee-focused leaders.** Seventy-seven percent of EE leaders have executives who think employee engagement is very important, compared with 30% of EE laggards (see Figure 14). There's also more than a 40-point difference between how critical leaders within these two groups view the importance of having a customer-centric culture.
- **Have more coordinated efforts.** Seventy percent of EE leaders have significantly coordinated efforts across their entire organization (see Figure 15). Meanwhile, 54% of laggards have little to no employee engagement efforts underway.
- **Combine the strengths of CX and HR.** CX groups are involved in the employee engagement efforts at 38% of EE leaders, but only at 14% of EE laggards.
- **Measure employee engagement more frequently.** Eighty-six percent of companies with stronger employee engagement measure engagement at least annually, whereas only 50% of laggards do the same (see Figure 16).
- **Are led by more committed executives.** While 61% of EE leaders have an executive team that highly prioritizes acting on the results of engagement studies, only 18% of laggards have an executive team with the same drive.
- **Have more company-wide support.** Compared to EE laggards, EE leaders enjoy more support for their CX efforts from all types of employees (see Figure 17). The largest gap is with team leaders of groups that are not customer-facing. We also see that EE leaders are considerably more likely to reinforce customer-centric culture across every area we examined.
- **Face fewer obstacles.** EE leaders identify significantly fewer obstacles than EE laggards (see Figure 18). The largest gap between these two groups – which is more than 50 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 19).
- **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.

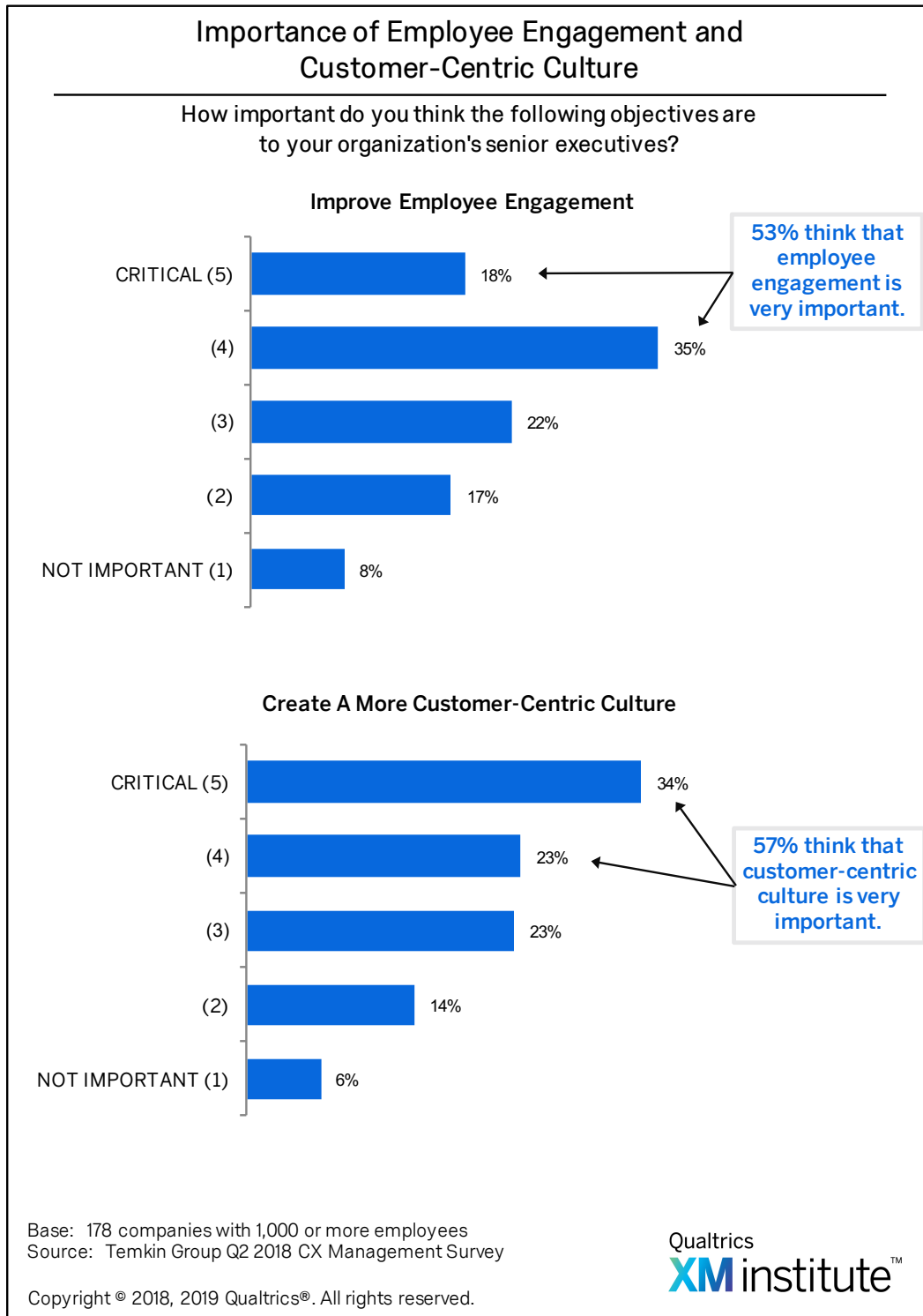


Figure 1

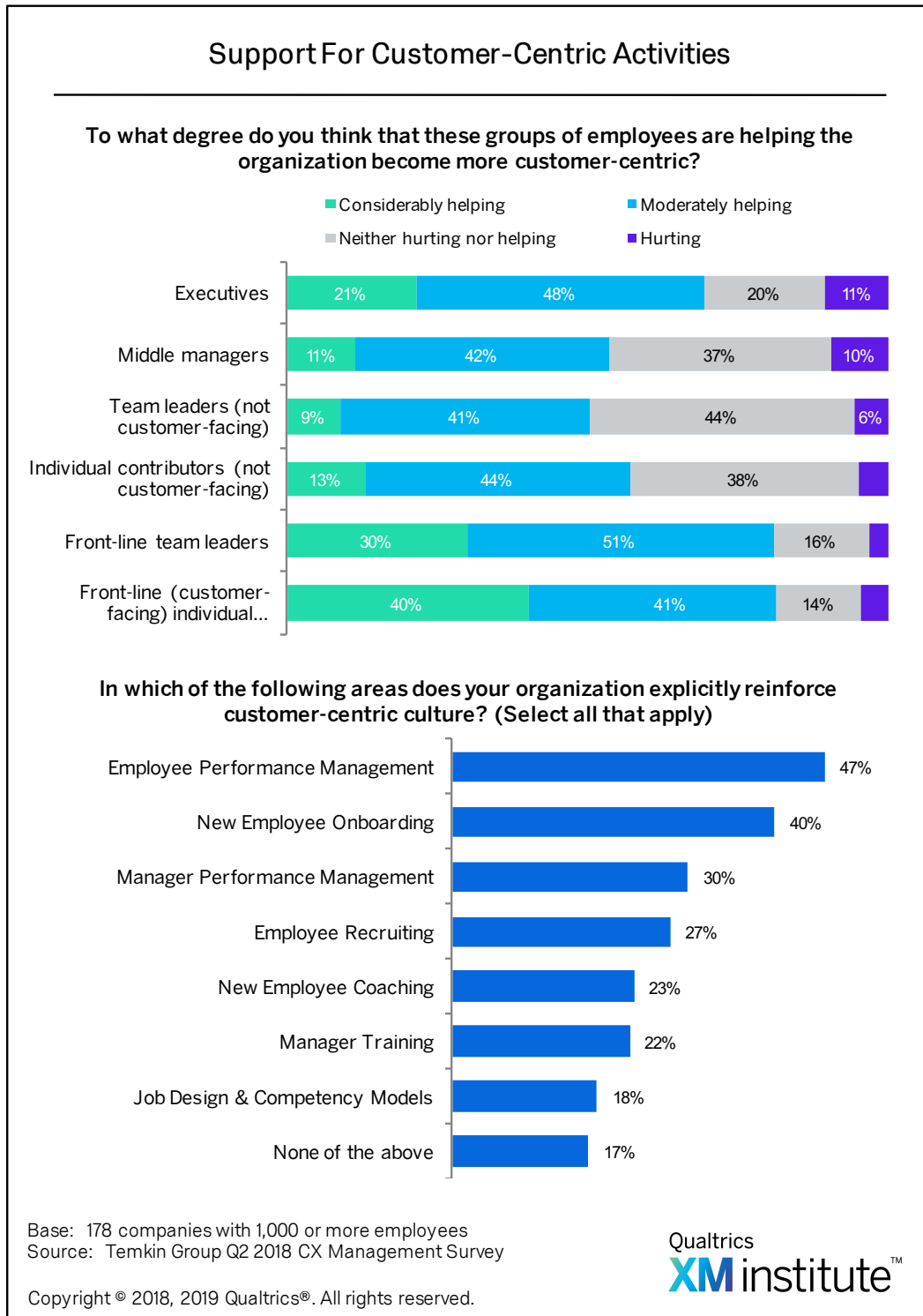


Figure 2

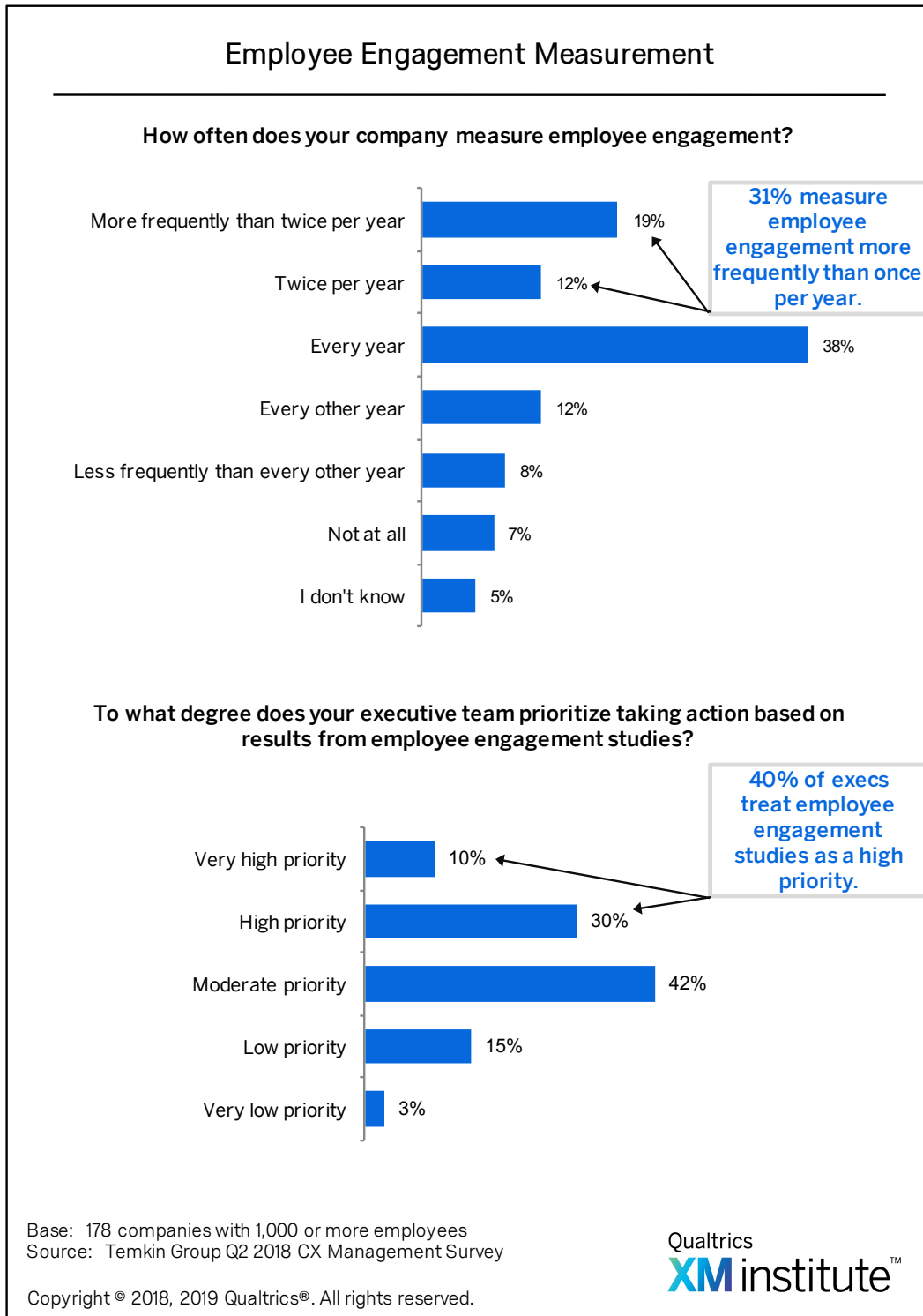


Figure 3



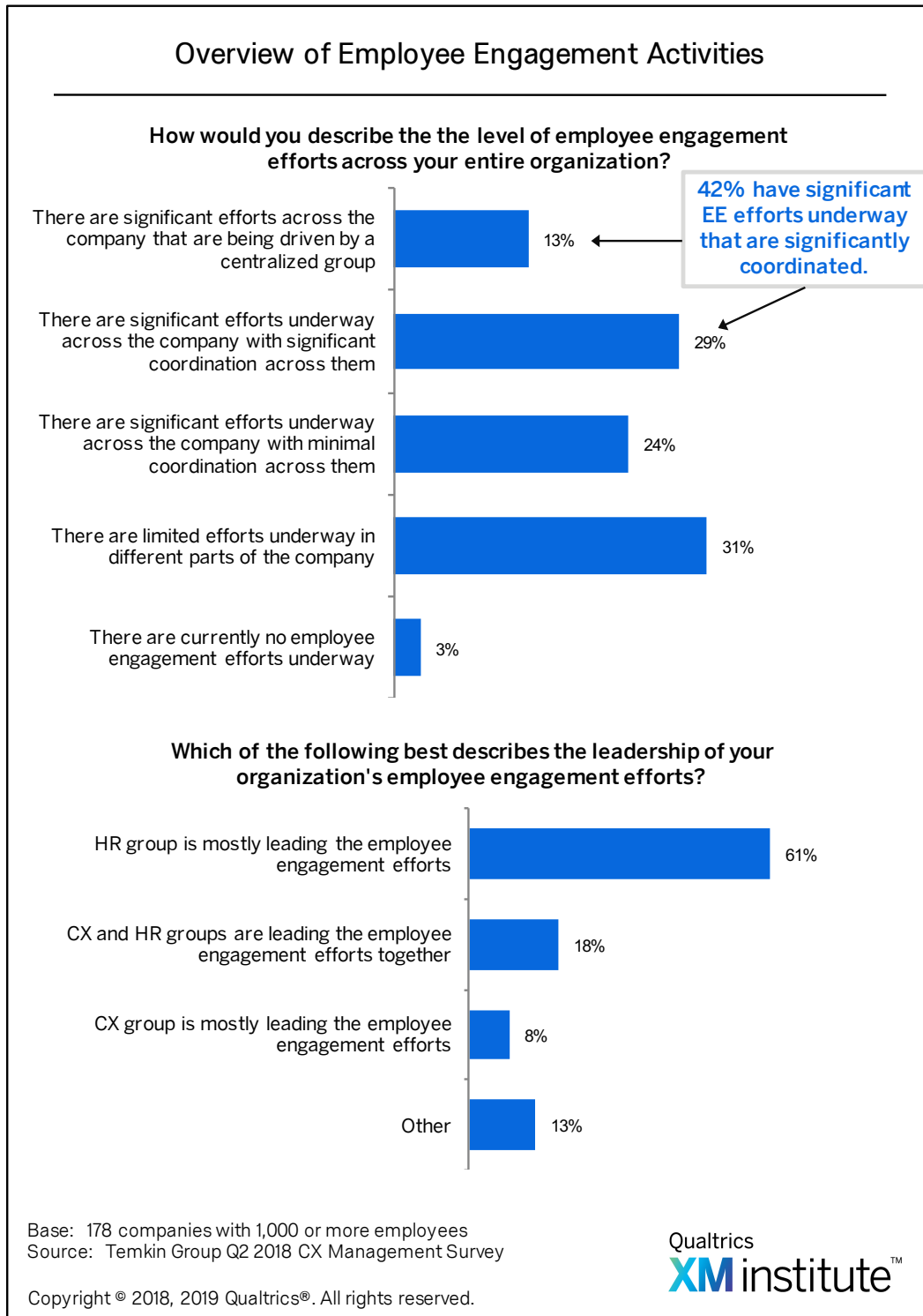


Figure 4

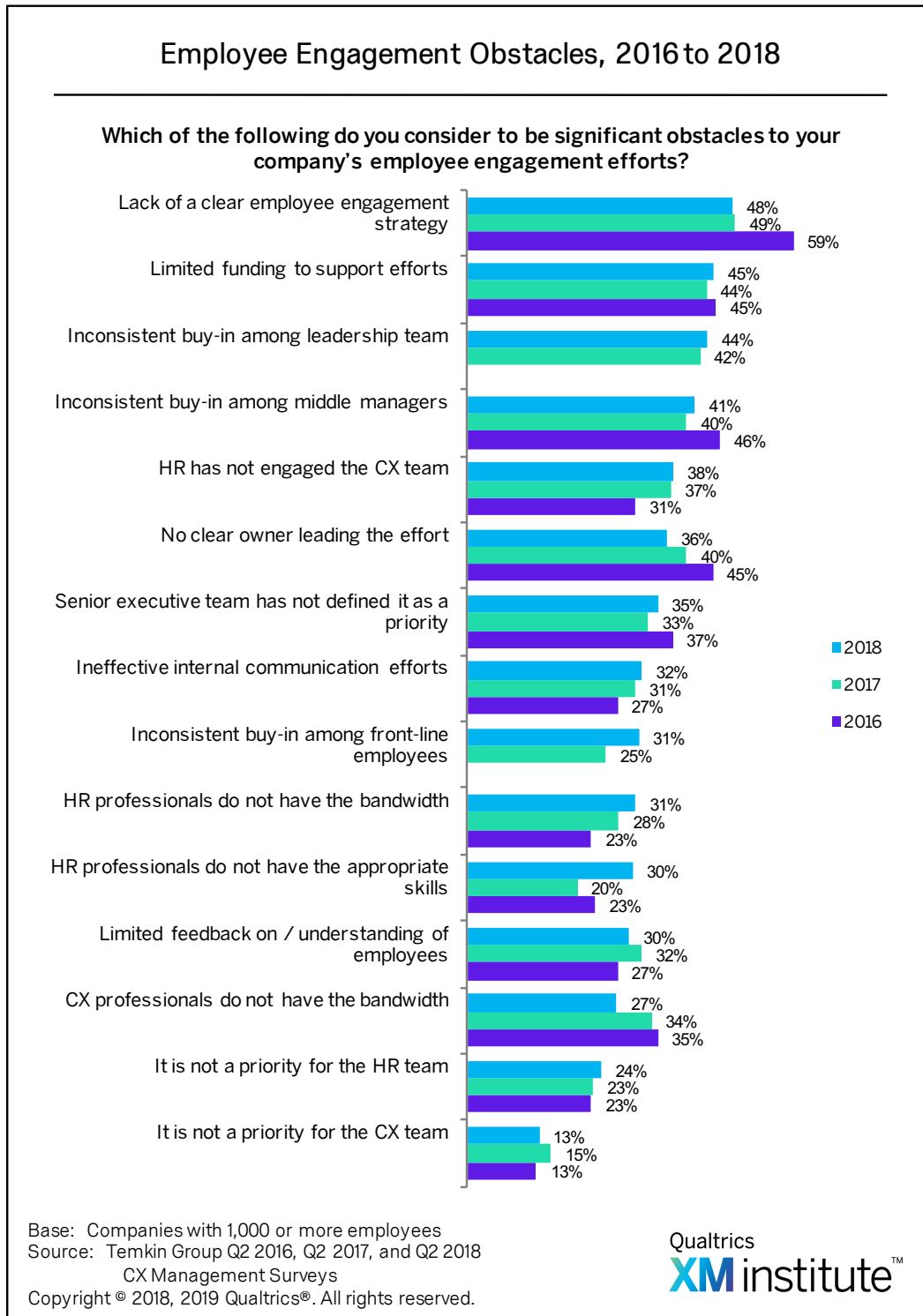


Figure 5

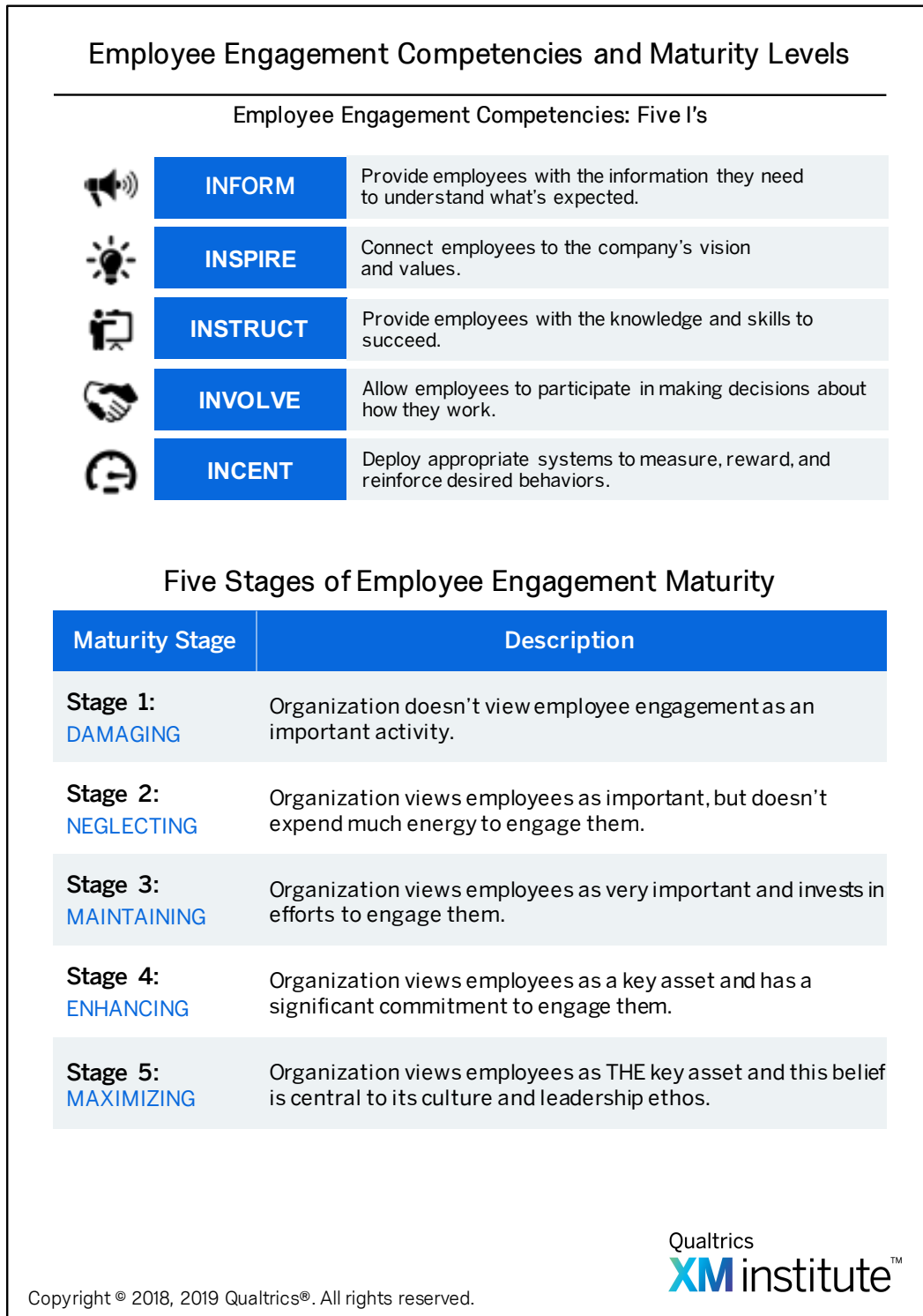


Figure 6

## Employee Engagement Competency & Maturity Assessment

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

<b>Competency Area Totals:</b>	<b>Overall Total:</b>
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 7

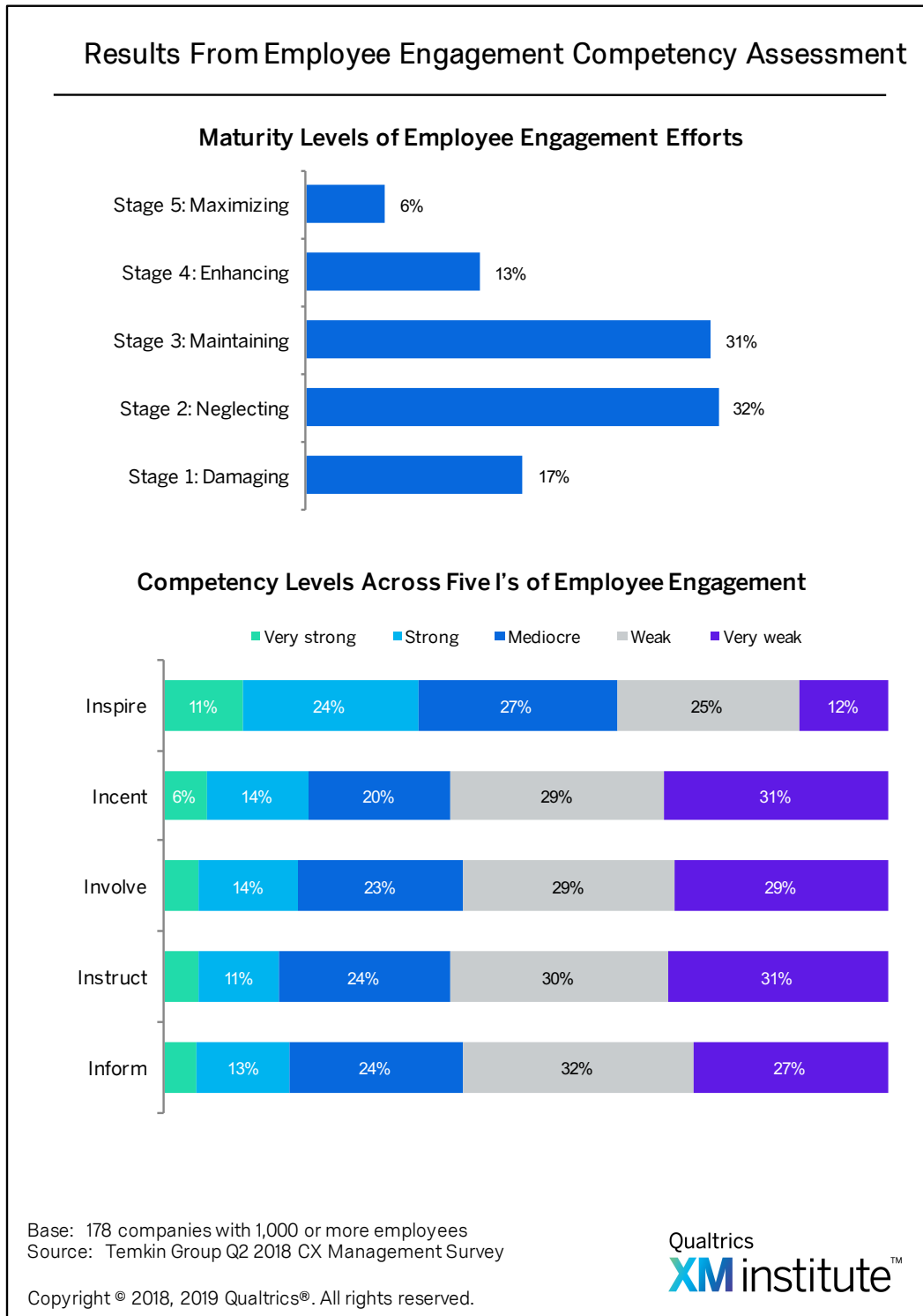


Figure 8

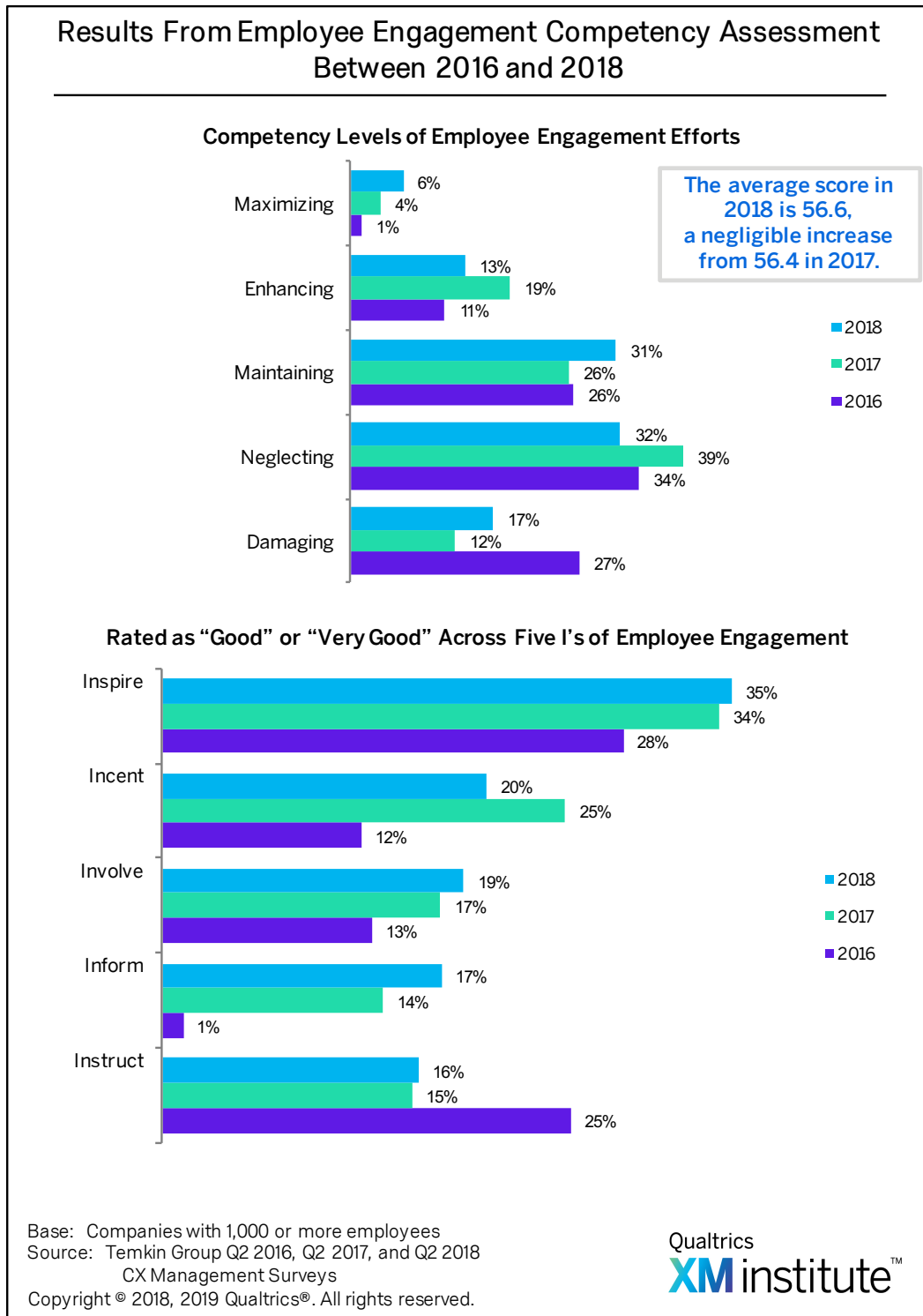


Figure 9

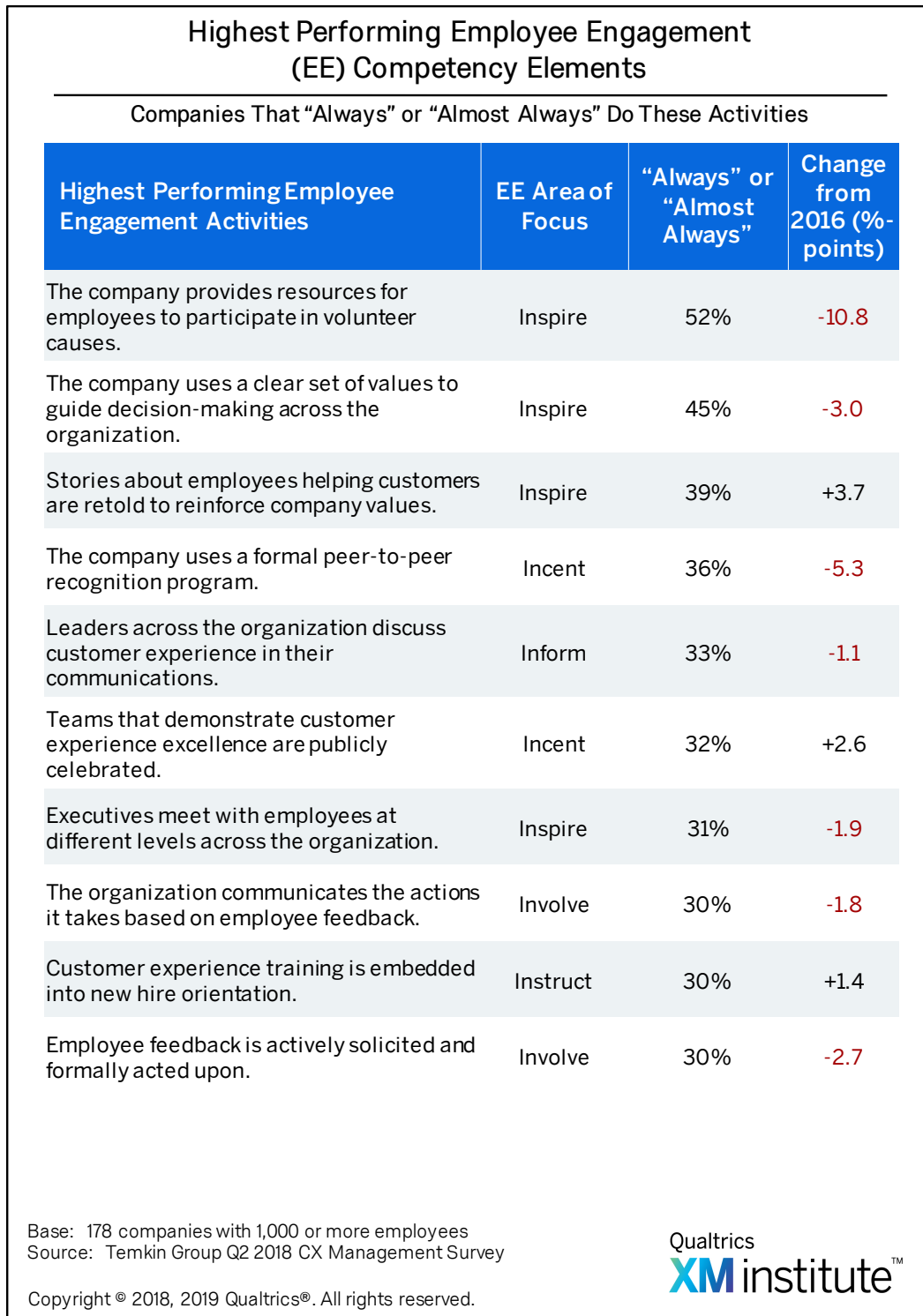


Figure 10

<b>Lowest Performing Employee Engagement (EE) Competency Elements</b>			
Companies That “Always” or “Almost Always” Do These Activities			
Lowest Performing Employee Engagement Activities	EE Area of Focus	“Always” or “Almost Always”	Change from 2016 (%-points)
Managers are trained to develop their skills in reinforcing the company’s values with their employees.	Instruct	29%	-1.6
Employees across the organization are provided with easy access to feedback from customers.	Inform	28%	+5.9
The company has formal incentives for reinforcing good customer-centric behaviors and results.	Incent	26%	-5.7
Managers coach employees on customer-centric behaviors and practices.	Instruct	22%	+1.2
The company facilitates employee interactions across functional teams to raise awareness and increase collaboration.	Involve	22%	+2.9
The company uses formal CX communication plans identifying key topics, audience segments, delivery channels, and frequency.	Inform	20%	-1.0
Managers are evaluated based on the engagement levels of their employees.	Incent	20%	-3.4
The company uses a defined network of employees as ambassadors of its customer experience efforts.	Involve	19%	+2.0
Internal customer experience communications are tailored to specific job roles.	Inform	14%	+1.0
Employees across the organization are recruited to teach customer experience behaviors and practices to fellow employees.	Instruct	11%	-0.4

Base: 178 companies with 1,000 or more employees  
 Source: Temkin Group Q2 2018 CX Management Survey

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Figure 11



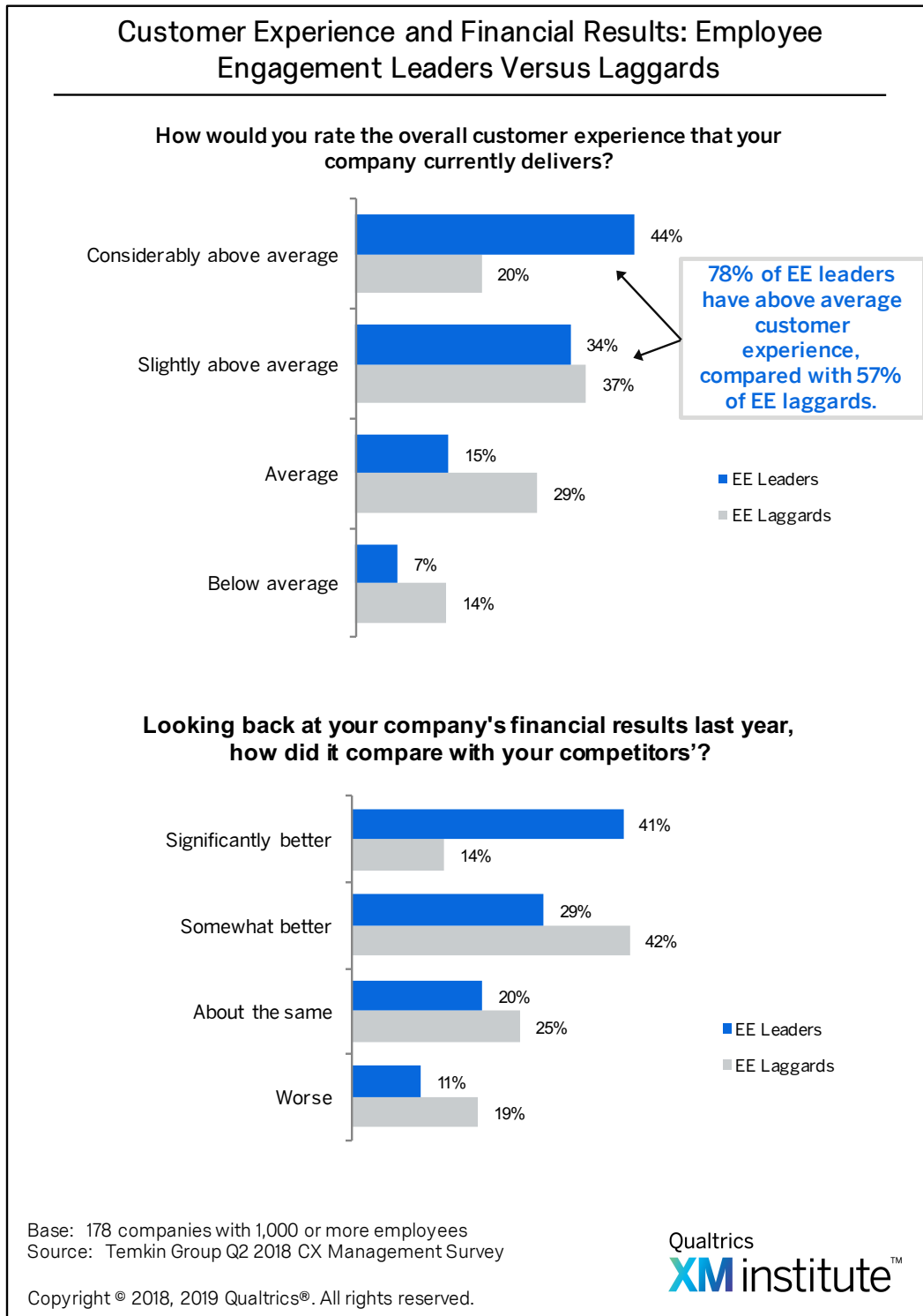


Figure 12

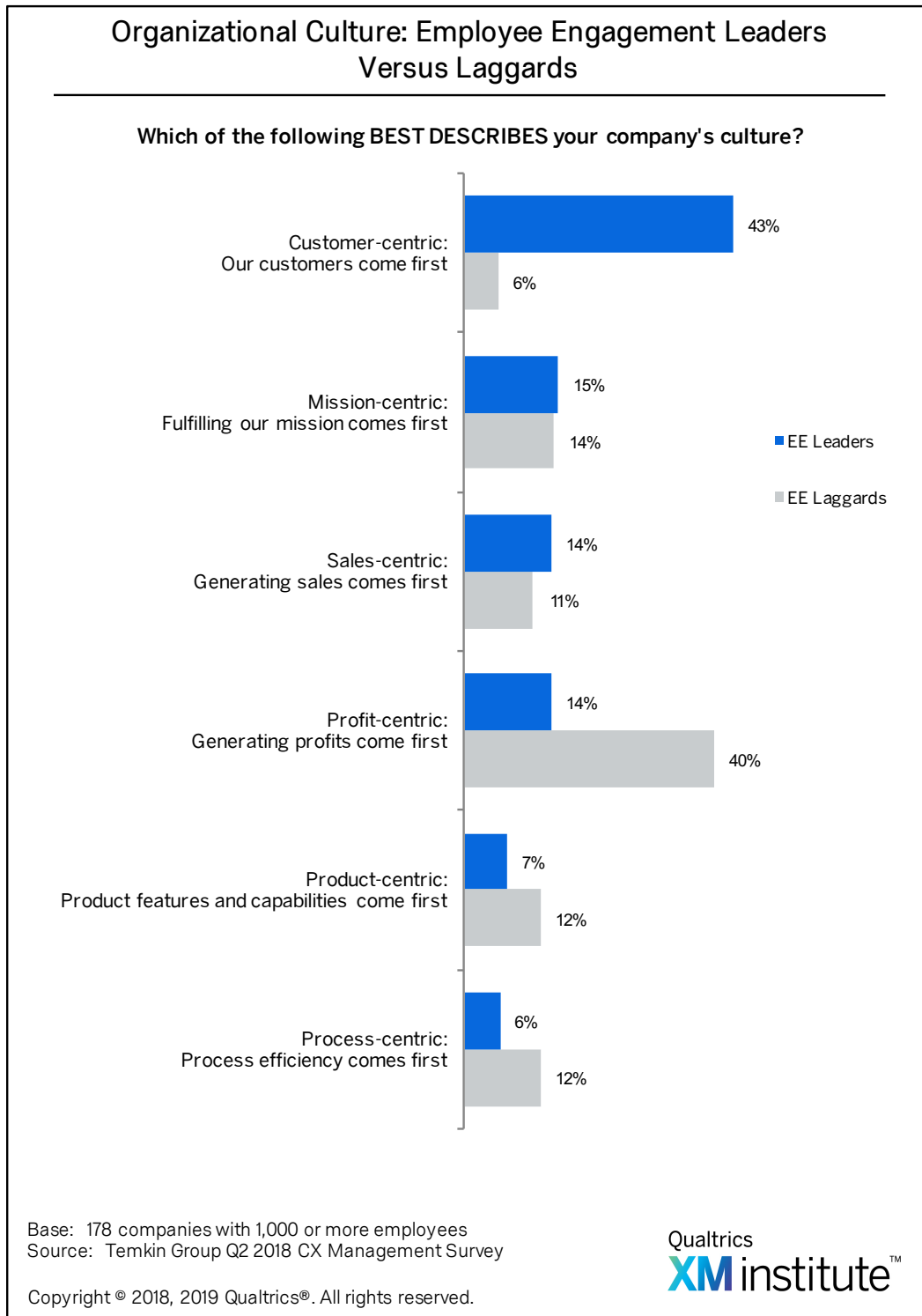


Figure 13

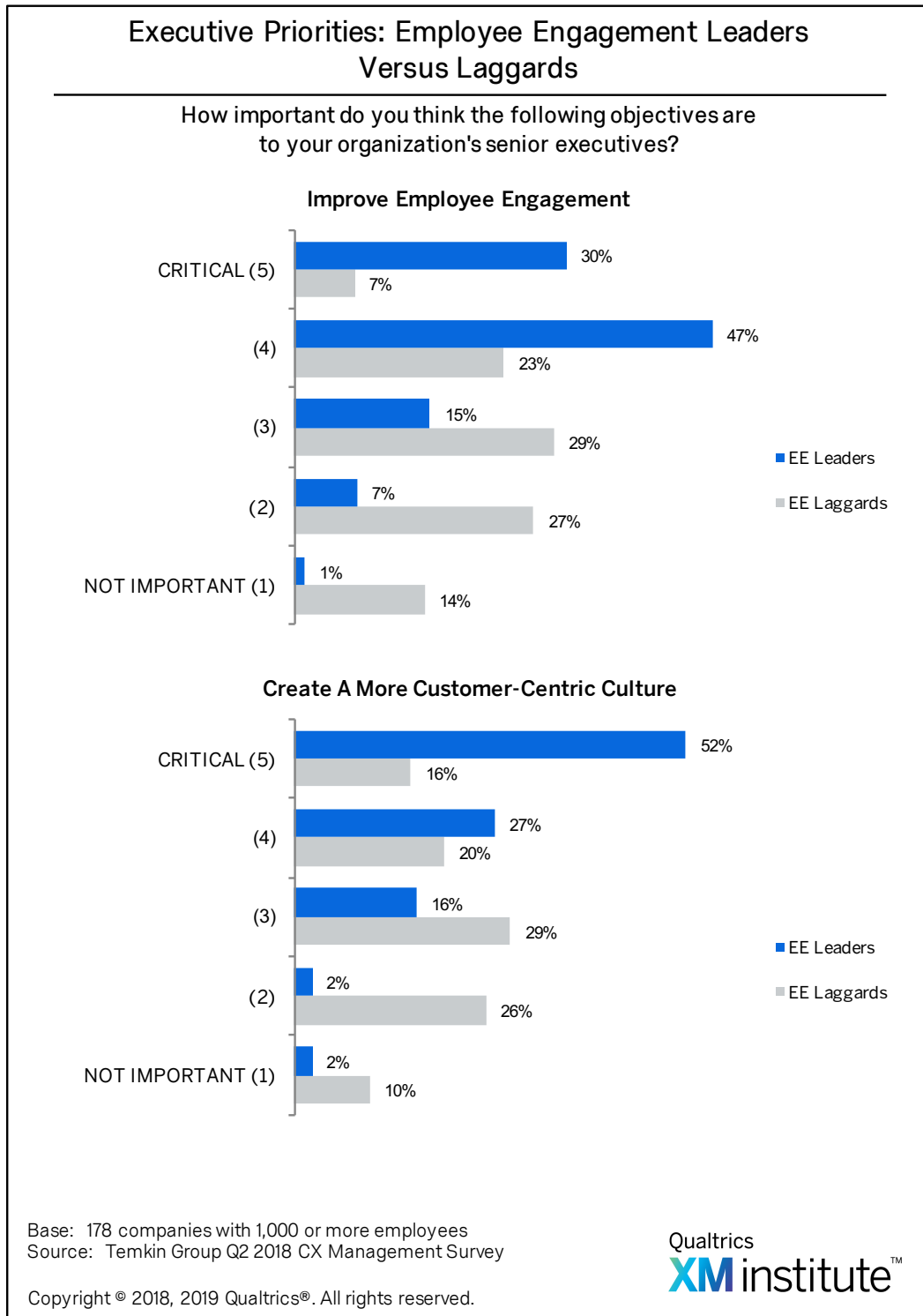


Figure 14

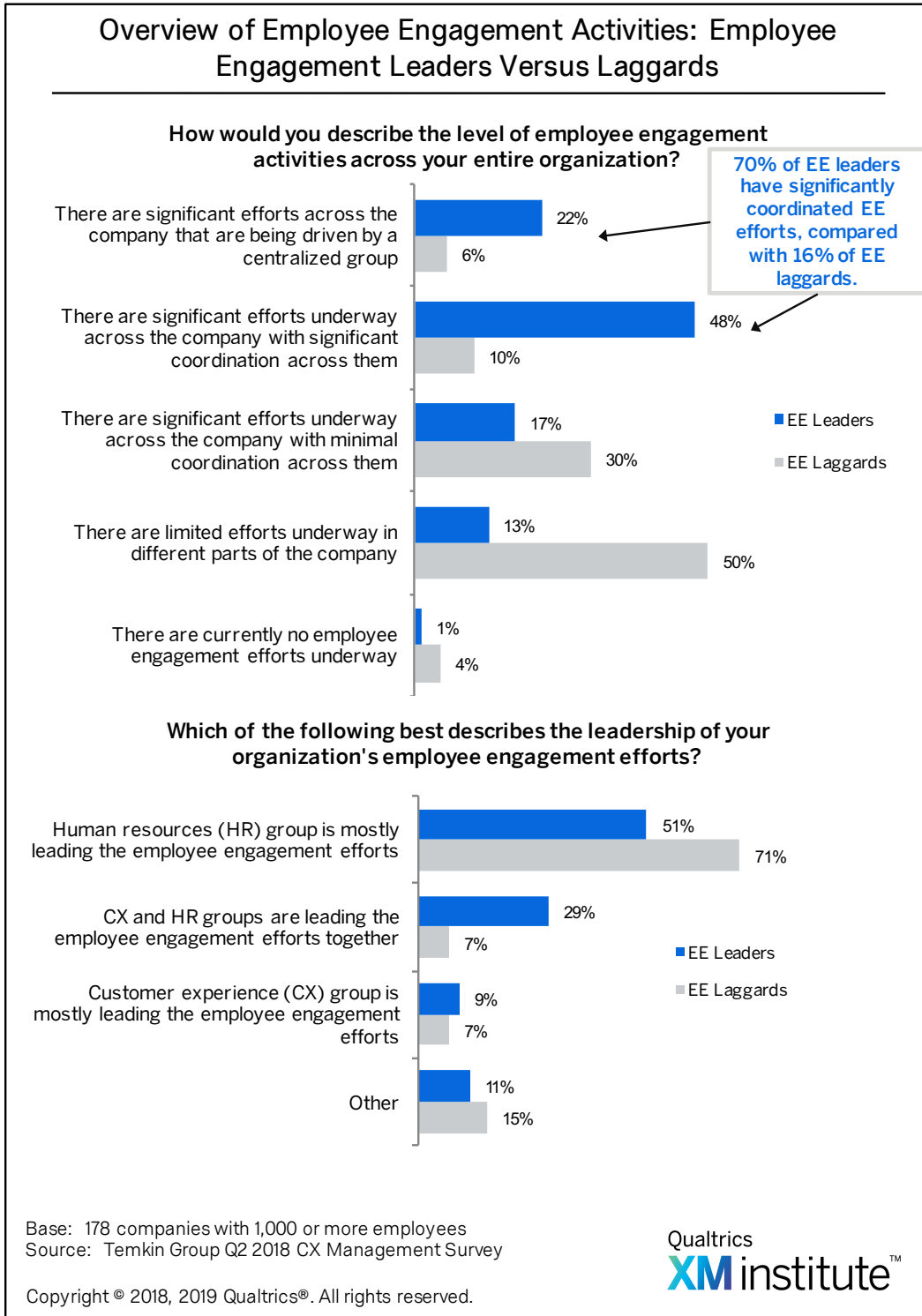


Figure 15

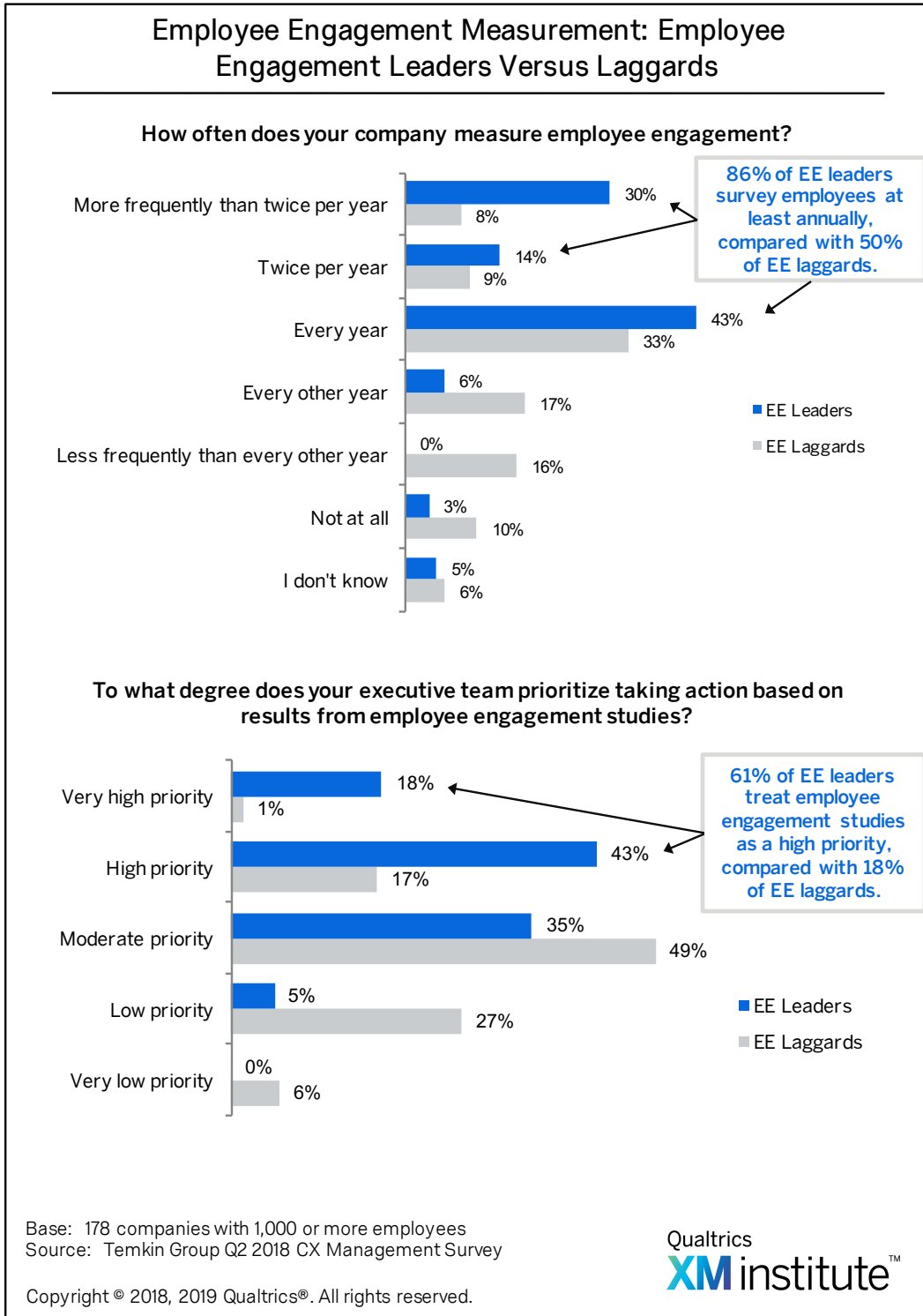


Figure 16

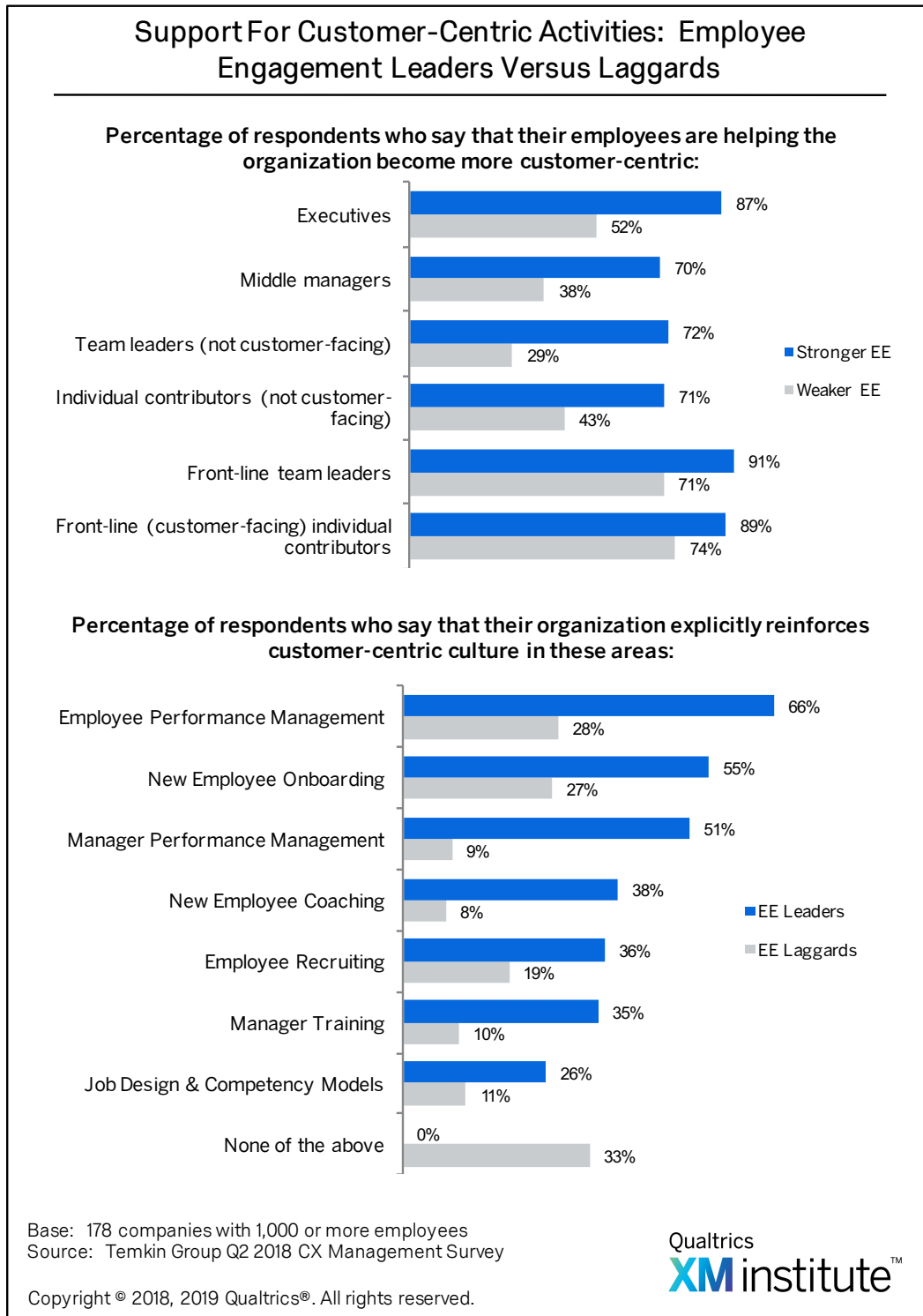


Figure 17

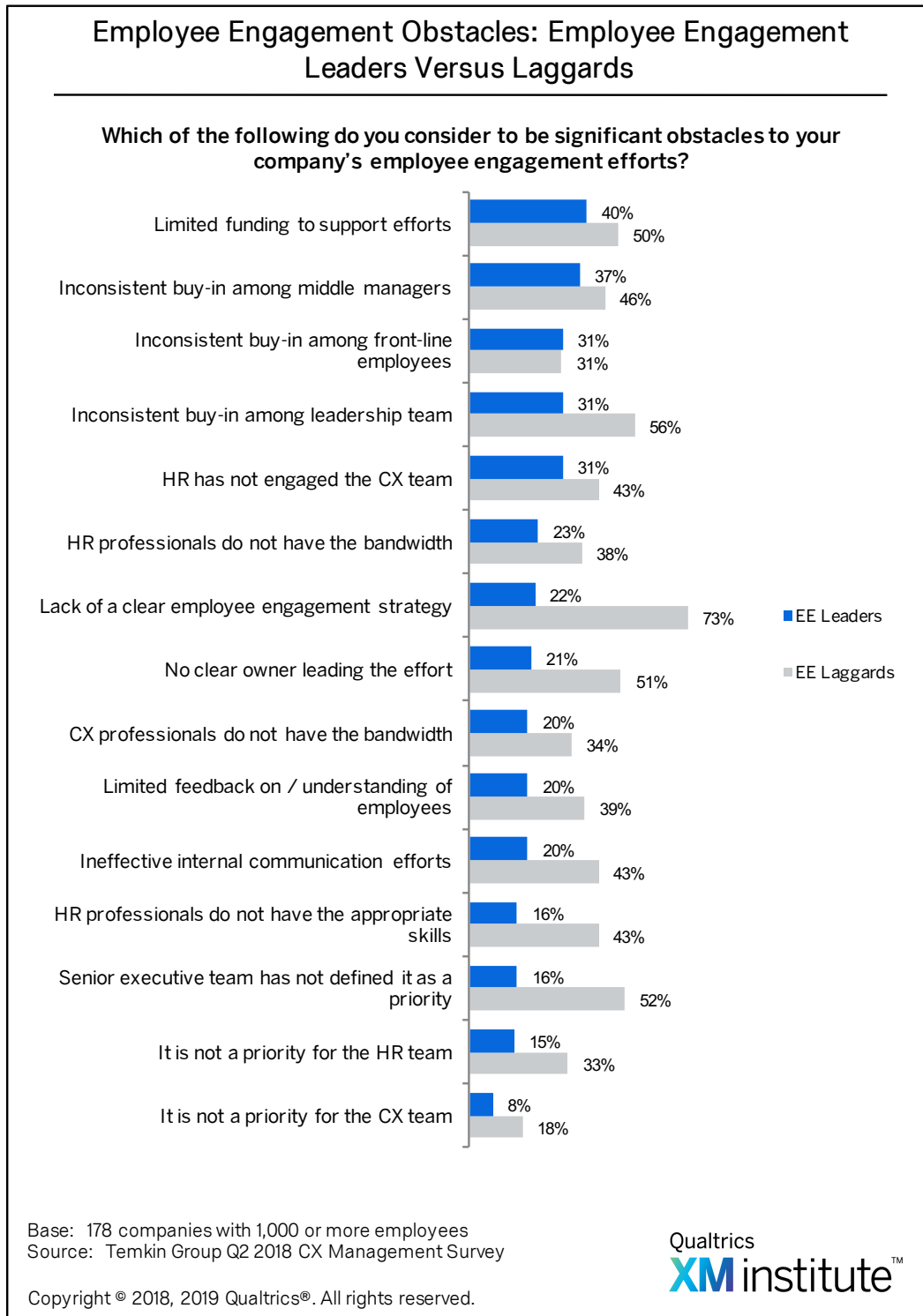


Figure 18

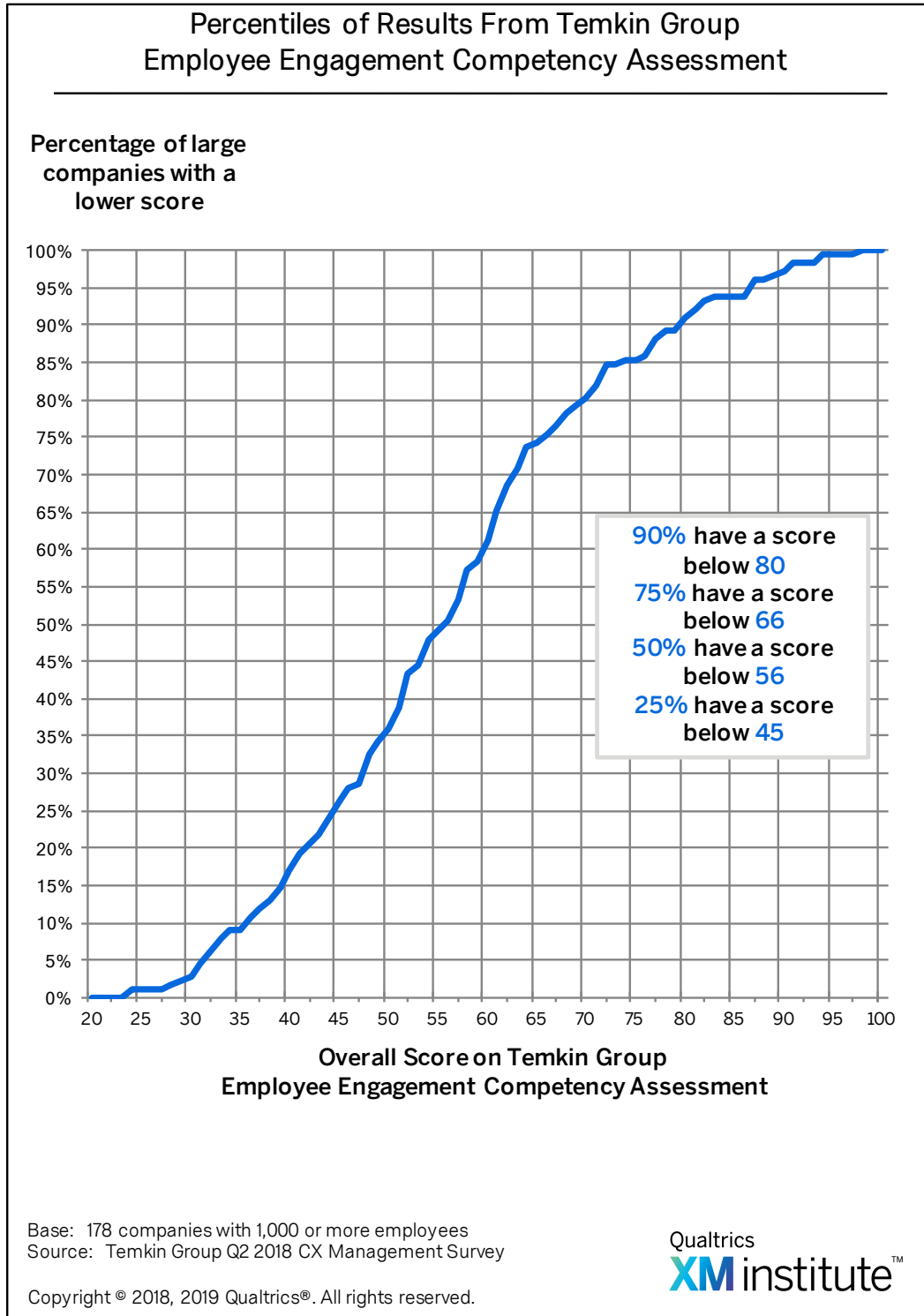


Figure 19