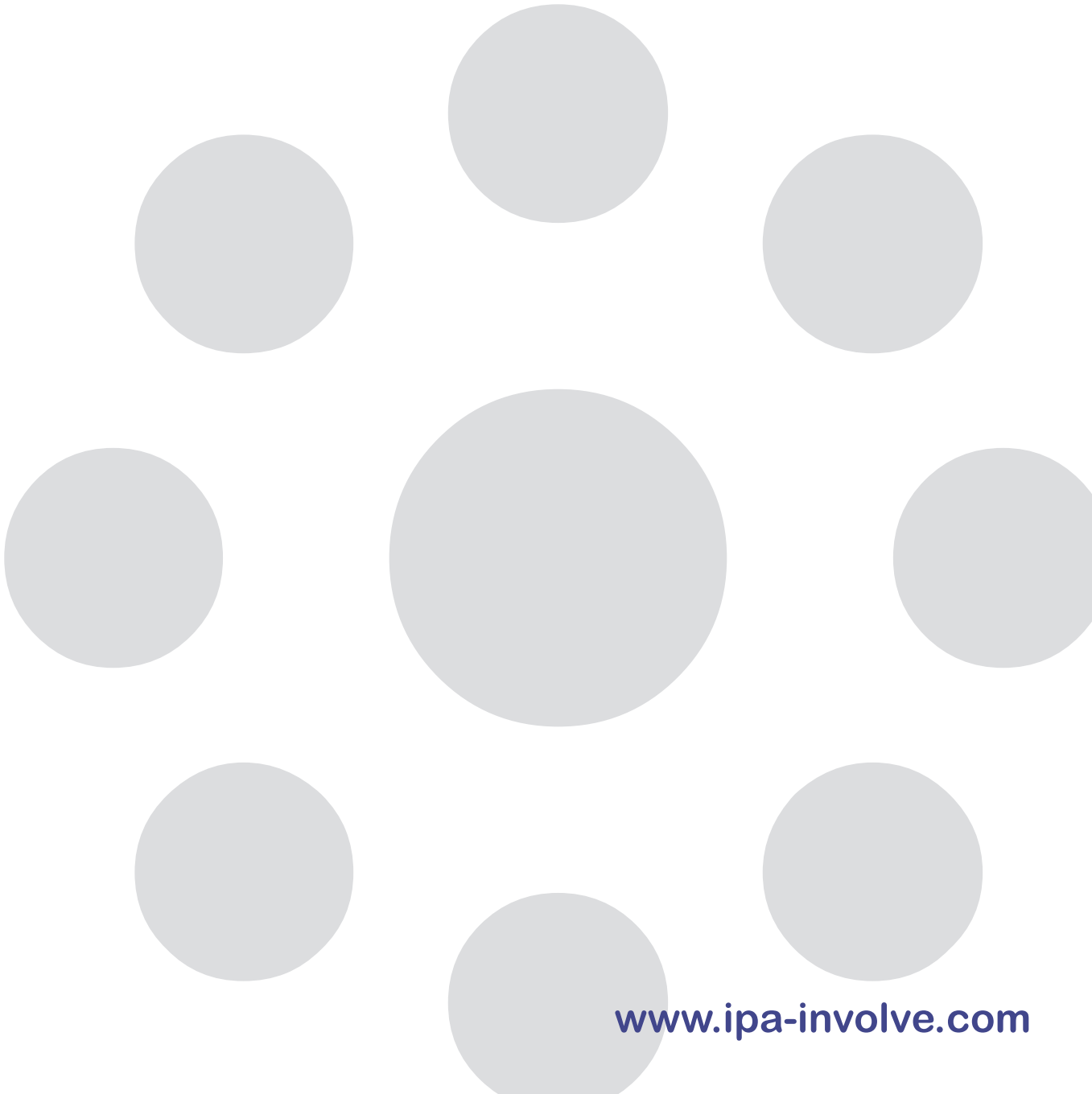




raising performance
through workforce
engagement



IPA Guide to Workforce Engagement



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About the IPA

The IPA exists to promote the involvement and participation of employees in their workplaces.

The IPA's role is to support the development of workforce engagement, employee involvement, representation and partnership by influencing opinion formers, key decision makers and practitioners, through a network of members and supporters, and by providing examples of good practice.

Working in the public, private and third sectors, the IPA has extensive experience of developing and implementing solutions to raise performance through workforce engagement.

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About Unity Trust Bank

Since our formation in 1984, our vision has been to deliver a range of banking services that sets us apart from mainstream banks. Today, that vision continues to become reality as we lead the way in development of new initiatives which are changing the face of banking for the better.

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This guide was written by Hannah Jameson, IPA research manager.

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Introduction

Employee engagement has gradually risen up the agenda over the last five or so years, and is now a familiar part of the employment relations landscape. Engagement increasingly informs discussions between employers, HR practitioners and people managers looking to find ways to get more out of their workforce. More recently, engagement has become part of the national policy debate on improving productivity, particularly through the MacLeod Review.

This guide aims to provide a brief overview of engagement and answer some frequently asked questions. The IPA has long been involved in helping organisations improve their performance by increasing the involvement and participation of their workforce, and this guide shows how partnership, information and consultation, representation and voice relate to engagement.

The IPA has developed a model of workforce engagement that builds on our experience of working with public, private and third sector organisations to enhance individual and organisational performance. Along with leadership, business awareness and organisational culture, we believe that collective voice is a valuable enabler of engagement, and that developing effective employee voice must be a central part of any engagement strategy. This guide, therefore, includes a case study of School Trends, a company that has put engagement at the heart of the business. School Trends uses a variety of methods to support workforce engagement, including structures and processes to involve employees in the decision-making process and the day to day improvement of the company.

1. What is workforce engagement and why is it important?

The idea of engagement, often referred to as workforce engagement, employee engagement or staff engagement, developed in response to the need to improve organisational performance and productivity through a more effective use of the workforce.

The IPA defines employee engagement as *'A set of positive attitudes and behaviours enabling high job performance of a kind which are in tune with the organisation's mission.'*¹

Engagement builds on several more familiar workplace concepts, namely, employee commitment, organisational citizenship and job satisfaction, but responding to today's business environment, it is orientated towards improving business outcomes and performance.

As one study describes it, 'the topic is not the creation of high commitment per se, but the kind of commitment that is useful for the implementation of strategy and sustainable performance.'²

What engagement adds to established ways of thinking about the employment relationship is recognition of the two-way relationship between employees and employers, where each party has needs and responsibilities toward the other. It also suggests business awareness amongst all members of staff, and an ability to connect their role to the overall objectives of the organisation. Both these elements are seen as important in channelling positive behaviours and attitudes among employees towards improving performance and productivity.

The Chartered Institute of Personnel and Development (CIPD) claims that where engagement works it brings together the objectives of employees and employers to the benefit of the organisation, creating a win-win situation. Employers want employees who will 'go the extra mile' while employees want worthwhile and meaningful jobs.³ Engagement cannot be forced; the employee has a choice about how engaged to be at work. The employer must meet various conditions and create the circumstances in which employees are prepared to give more of their emotional, cognitive and physical effort in their work to advance the objectives of the organisation.

The strong focus on sustainable performance and productivity mitigates against engagement becoming simply a matter of making employees work harder. Rather, engagement describes the process of enabling and encouraging employees to become more effective. Sony, when they were looking to improve performance, recognised that most employees were already working hard, and putting in long hours. Therefore requiring employees to work longer was unlikely to yield results. Sony recognised that they needed to enable employees to work more effectively - to achieve more in less time. They consequently developed their Worksmart initiative.⁴

Work is important to people for reasons other than economic necessity, and therefore the quality of work and working lives matters. It often provides us with a sense of self-worth and identity; it is a source of sociability and friendship; and it can help sustain physical and mental health and wellbeing. The good work, on which engagement depends, can bring benefits to employees through improved working lives. Hewitt, for example, found that those with high levels of engagement were more likely to report better health, more manageable workloads and lower levels of stress than less engaged employees.⁵

Engagement can be broken down into three components, but it is only when all three elements are present that engagement is likely to result in improved productivity:

- Emotional engagement – being very emotionally involved in one's work
- Cognitive engagement – focusing very hard whilst at work
- Physical engagement – being willing to 'go the extra mile' for your employer

Why is engagement important?

Most organisations are interested in raising levels of engagement among their workforce in order to improve performance and productivity. Engagement is positively associated with a number of individual and organisational performance indicators, including customer service, advocacy, innovation and profitability.

Research has found that increasing engagement has improved the following outcomes:

- The Corporate Leadership Council found those who are most committed perform 20 per cent better and are 87 per cent less likely to leave the organisation.
- Right Management found that 70 per cent of engaged employees indicated they had a good understanding of how to meet customer needs, whereas only 17 per cent of non-engaged employees could claim the same.
- CIPD found that engaged employees are more likely to act as advocates, or ambassadors, for the organisation.
- ISR found that companies with high levels of engagement showed an overall 3.74 per cent increase in profit margin and a 2.06 per cent increase in net profit over one year, while companies with low engagement experienced a 2 per cent and 1.38 per cent drop respectively.
- In 2007, Gallup analysed the link between employee engagement and earnings per share (EPS). Their research showed that public companies ranking in the top quartile of employee engagement had EPS growth of 2.6 times the rate of those that were below average.

By engaging employees more fully at work, employers aim to encourage and enable their workforce to release their discretionary effort. Discretionary effort is the extra energy that employees can put into their work if they feel it is worthwhile. It means employees going beyond what is absolutely necessary or required of them in order to

improve the quality of their work. The accumulated effect of a group of employees exerting their discretionary effort in line with the organisation's strategy is improved organisational performance. That in turn is likely to yield higher productivity and profitability.

However, it is worth noting that at present most research points to the correlations between engagement and performance; there is little robust evidence to suggest a causal relationship.

Engagement is not an agenda for any particular sector; it is relevant for both public and private organisations and engagement works in a similar fashion in both. There are several differences in emphasis between the public and private sector though; whereas productivity may be the desired engagement outcome in the private sector, the public sector may be more likely to focus on performance. Also, structural factors in the public sector may make certain conditions which create enhanced engagement harder to achieve, for example confidence in leadership and change management. Public sector managers have less control over the decisions made than their private sector counterparts, and therefore might be less able to engage staff in decisions or change processes.

The productivity challenge

Engagement is also beginning to be seen as an important means of improving the UK's productivity. The government is committed to increasing productivity growth and narrowing the gap with comparator countries to help the UK compete in the global market place.

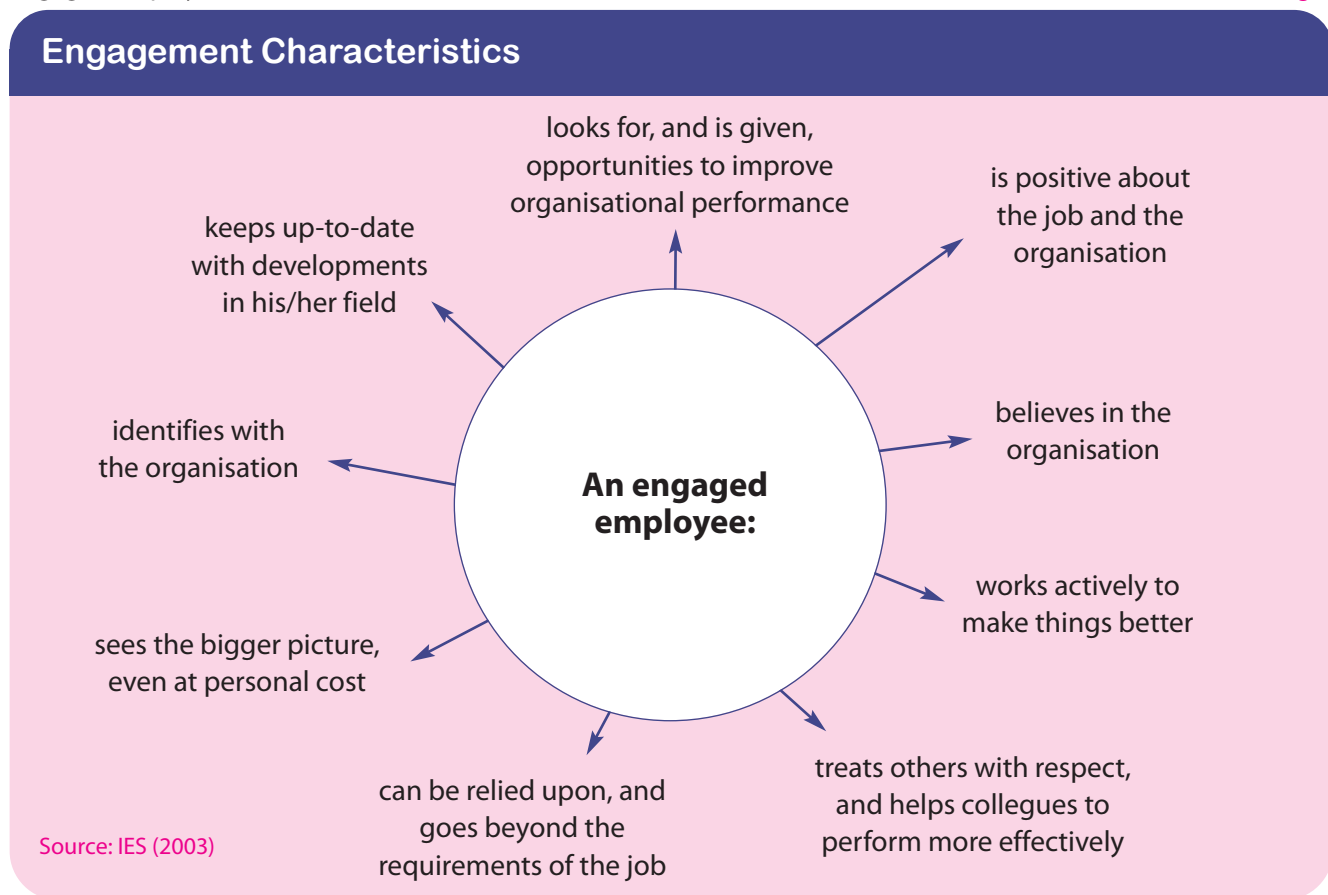
UK productivity, as measured by GDP per worker, lags behind the average of the other G7 countries (Canada, France, Germany, Italy, Japan and the USA). The USA continues to lead, with productivity 23 per cent above that of the UK.

Since growth in labour productivity generally accounts for around 80 per cent of total economic growth, efforts to increase productivity must focus on finding ways to make employees more productive. For example, innovation and the utilisation of skills are increasingly seen as important levers in boosting national productivity. Both of these are potentially addressed through a focus on engagement. The growing body of evidence linking engagement to improved performance and productivity therefore makes engagement relevant not just to individual businesses, but to national policy too.

What does engagement look like?

What does an engagement look like in practice? The IES uses the following model to illustrate the characteristics of an engaged employee.

Fig. 1



Ellis and Sorenson use a much simpler definition. They describe an engaged employee as one who knows what to do at work and wants to do the work. They argue that engagement must be defined in relation to productivity and that knowing what to do at work and wanting to do it are the elements of engagement necessary for driving productivity.⁶

employees were engaged with their work.⁷ A Gallup poll in 2003 found that only 19 per cent of people were engaged. More worryingly, the same poll found that 20 per cent of people were actively disengaged.

Looking at some attitudes and experiences of work that affect engagement, the CIPD survey found the following:

- Only half of people say that their work is personally meaningful to them and that they are satisfied with their job.
- Less than one in ten employees look forward to coming to work all of the time, and just over a quarter rarely or never look forward to coming to work.
- Just under half of all employees say they see their work as 'just a job' or are interested but not looking to be more involved.
- Approximately half of employees feel they achieve the correct work-life balance.

How engaged are we?

Many businesses recognise the importance of engagement, and see its potential as a means of improving performance and productivity. It is an issue that has gained greater prominence during the recent economic downturn as many businesses strive to achieve more with fewer resources.

However, part of the reason that the idea of engagement has gained such prominence in recent years is because it describes an issue that is familiar to many employers. Research from the CIPD found that only three in ten

From the evidence it is clear that for most employers, an engaged workforce is an aspiration, rather than a reality. In the next section we turn to the drivers, and barriers, to engagement.

How do you get engagement?

So why aren't more people engaged in their work and what can employers do about it? There is no definitive list of the drivers of engagement. Although many models of engagement list similar drivers, they often give greater importance to one factor or another. However, several common themes emerge.

The CIPD found that having opportunities to feed your views upwards, feeling well informed about what is happening in the organisation, and thinking that your manager is committed to your organisation, were the main drivers of engagement.

The IES found that job satisfaction and feeling valued and involved were the main drivers of engagement. However, in order to feel valued and involved, the following factors were important: (in order of importance) Training; immediate management; performance and appraisal; communication; equal opportunities and fair treatment; pay and benefits; health and safety; co-operation; family friendliness; job satisfaction.

Terms and conditions of employment, including pay and benefits, may be important in attracting candidates to a job, but they are rarely enough to sustain engagement once the employee is in the role. However, many of the models of engagement are similar in placing pay and benefits, particularly as they relate to the employee having a sense of being treated fairly and being valued, as the foundation of engagement.

Part of the reason why there is no definitive list of engagement drivers is that different people will require different circumstances and condition in order to engage more fully in their work. What drives you towards engagement will depend on your age, gender, length of service, role, ethnicity, and type of work contract.

The nature of the work also seems to make a difference, with managers gaining more meaning from their work compared to colleagues in non-managerial roles. Those on flexible contracts seem to have higher levels of engagement than those on non-flexible contracts, and full-time workers are more engaged than part-time workers or

those on shifts or rotas. Various companies, such as Royal Bank of Scotland, use detailed research to understand the drivers of engagement in different parts of their business. Many organisations that have pursued engagement programmes recognise, for this reason, that 'one size fits all' approaches to engagement are unlikely to be effective.

Although, as we have seen, drivers of engagement cannot be taken in isolation from other factors such as biographical or job characteristics, many of the key drivers of engagement lie within the influence of the organisation. Most of the research agrees that ensuring employees feel valued and involved through good two way communication and the elucidation of a clear strategy within which employees understand their role, are powerful factors in driving engagement. There is also a job quality element, and roles with variety, interest and challenge are likely to be more engaging than those without.

How do you measure engagement?

Most organisations measure engagement through employee surveys. In previous research the IPA found that 91 per cent of organisations used surveys to assess employee attitudes and perceptions, and 68 per cent used consultative forums. Surveys usually take place once a year, and may be interspersed with shorter surveys, or 'pulse' checks.

The IPA's research in 2007 found that most organisations' surveys measured employee satisfaction and employee opinions. While employee satisfaction and attitudes might be components of employee engagement, those organisations that wish to measure employee engagement have to tailor the content of their surveys accordingly.

The IPA uses a diagnostic survey that assesses perceptions of leadership, levels of business awareness and perceptions and experience of the organisational culture. These three broad areas constitute the core drivers of engagement in the IPA's workforce engagement model. Quantitative data collection techniques are also complemented with qualitative methods such as focus groups and interviews.

As the study of engagement has evolved, metrics have become increasingly refined. Large organisations in particular are increasingly interested in identifying engagement levels in particular sections of the business,

or among different employee groups. This enables targeted responses which are more efficient in terms of resource allocation.

2. How does workforce engagement relate to other workplace practices?

Like high performance working, information and consultation, and partnership, engagement aims to improve performance and productivity by bringing employees closer to the organisation's objectives, improving employment relations, and creating the conditions under which employees are prepared to give more to their work.

As well as having some common objectives, there is also cross over in the means of achieving those objectives, in that all rely on effective two-way communication and greater involvement. These factors are essential in order to make employees feel valued and involved, and crucially, improve business understanding throughout the entire workforce so that employees know how their role relates to the organisation's objectives, and how they might make a greater contribution to achieving those objectives.

Whereas partnership and information and consultation recognise the role of collective voice and representation in the workplace, engagement is typically thought of in terms of the individual. In part, this focus on the individual reflects a broader shift in society from the collective to the individual. Certainly, organised collectivism in the workplace is not as prominent as it was 30 years ago. Although the IPA's work on engagement necessarily recognises this change, it also shows that creating effective voice in the workplace, so important for engagement, often means supporting collective, alongside individual, voice mechanisms.

The IPA believes that collective communication, involvement and participation are a crucial part of the engagement process. Employee representative forums, for example, are an effective way of bringing employees closer to, and improving their understanding of, the business strategy and the decision-making process. They can also help make the difference between employees passively receiving information, and actively engaging with it; by establishing a two-way communication process. Through this method, employees can become contributors to the organisational strategy, and in doing so, are more likely to take responsibility for its delivery.

For that reason, the IPA has found that information and consultation and partnership can be an important part of an engagement strategy. In the NHS, for example, where partnership is well established in many places, it can help build trust and confidence and provide mechanisms for greater staff involvement in decision-making, which in turn can generate greater engagement.

While workplace practices such as partnership have been associated with trade union and workplace representatives, employee engagement has been primarily championed by HR practitioners. However, the IPA believes that like partnership, employee engagement is a mutual gains agenda by which management and unions, or workplace representatives, can come together to discuss business performance and productivity.

The IPA and workforce engagement

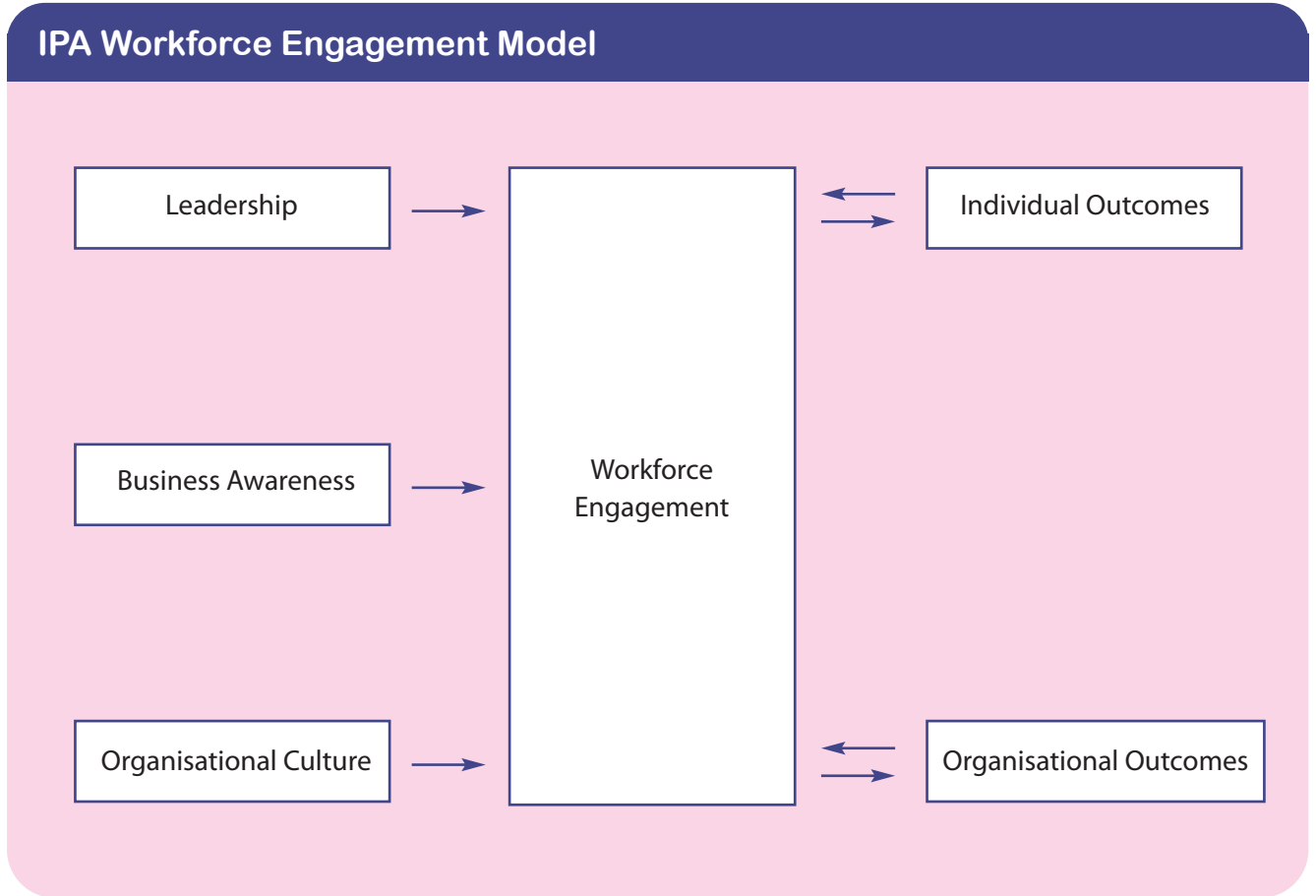
The IPA has worked over many years to increase the involvement and participation of employees in their workplace. This is partly driven by the belief that greater voice and influence in the workplace improves the quality of working lives, but also the evidence suggests that greater involvement and participation raises individual and organisational performance and productivity. Engagement, we believe, continues this approach to workplace organisation.

The aims of other methods of improving performance through employee involvement, such as information and consultation, are far more limited than those of employee engagement. But previous research for the IPA has shown that information and consultation arrangements, when they are implemented fully, have a critical role in raising levels of trust and commitment, and crucially, channelling those positive attitudes and behaviours towards business objectives through increased business awareness among employees.

This experience with other methods of workplace organisation and performance improvement has informed the IPA's approach to employee engagement.

IPA model of workforce engagement

Following the trial of our engagement diagnostic, the IPA has developed a model to demonstrate the linkages and important factors we found to drive engagement, and the outcomes.



The column on the left describes the three groups of engagement drivers. The right hand column shows the outcomes that we would expect to see from an engaged workforce.

- a) Leadership: This describes perceptions and experiences of leadership, and includes near leaders, for example line managers, as well as senior management. It includes factors such as confidence and trust in leaders, commitment and efficacy of leaders, and approaches to decision-making.
- b) Business awareness: This describes the employees' understanding of their job, how to do it, and how the role connects to the organisational strategy. It therefore incorporates elements such as informing and involving employees, two-way communication, the development of effective employee voice, and the tools, knowledge and support an employee needs to do the job.⁸
- c) Organisational culture: This describes the some of the 'hygiene' factors as well as the individual identification with the organisation and the wider culture, to assess whether it supports innovation and productivity. It includes elements such as job design, career

development and rewards and recognition, as well as workplace relationships and value identification.

- d) Individual outcomes: Improved working attitudes, job satisfaction, employee wellbeing, individual performance.
- e) Organisational outcomes: Improved performance and productivity, improved change management, improved customer service, improved employee retention, credible employee voice and better employee relations.

Next steps

The IPA is developing this model in a range of organisations, across sectors, industries and business sizes. We are particularly interested in supporting small and medium size enterprises to raise levels of engagement. We also recognise that the challenge for many organisations is to sustain engagement over a prolonged period, and so we will be carrying out longitudinal research to find out what happens to engagement and how organisations make it sustainable.

A Case Study of School Trends; workforce engagement through involvement and participation

This case study shows engagement in action. It demonstrates a range of practices employed simultaneously to increase the engagement of the workforce. As well as an inclusive style of leadership and a strong organisational culture, this study shows how developing employee voice and channelling it effectively can enhance engagement and deliver better efficiency and improved customer service.

School Trends is a medium size company providing school uniforms and school website services that has developed an organisation wide culture that encourages engagement. The commitment to a shared culture, the approach to leadership, and the informing, involvement and consultation of employees all contribute to an engaged workforce.

accomplishment can be derived from a philanthropic culture that accords every individual equality in respect of perceived value within its community⁹. Therefore engagement with the community culture, in order to strengthen and sustain it, is an important company objective.

Why is engagement important?

School Trends is operating in an increasingly competitive market, with a finite customer base. After initially enjoying the benefits of being one of the first companies in the direct to schools market, more competitors have entered the market eroding market share, though School Trends still hold about 20 per cent of the direct to schools market. The engagement of the workforce is important, therefore, in enabling the company to remain flexible and responsive to customer demand, for example, meeting sudden seasonal order increases by having a workforce prepared to work extra hours. It is also important in improving efficiency and innovation; employees have generated solutions to reduce waste and improve systems and processes that have brought about savings.

The company diversified into providing website services to the education sector in 2006. In both divisions of the company, customer service and commitment to employees provides the company's USP. Their customer promise states: "There is nothing more important than our relationship with our customers." This means that we will always go the extra mile in achieving your complete satisfaction in the service we provide.

School Trends also has non-financial objectives which rely on the engagement of the workforce. The community company ethos is an end in itself; an experiment by the company's founders to develop an alternative approach to business that provides "living proof that fiscal

Leadership

Inclusive and involving leadership that is close to the workforce

Leadership at School Trends has been shaped by the community culture and employee ownership structure. A member of staff in an earlier interview noted the lack of a 'them-and-us' culture which they attributed to employee involvement at the company, and the company founder in a previous interview preferred to see the organisation as a community of stakeholders rather than employees and employers.¹⁰ The structure of leadership reflects this shared approach to responsibility, and leadership responsibilities are not just confined to the company's directors, but extend down to team leaders.

School Trends' desire to share the sense of responsibility for the organisation's success among the entire workforce has ensured the leadership style is not 'command and control'. Employees are given access to company information and strategy, and as shareholders are able to hold directors to account, which they do, most notably at annual general meetings. The company has recently developed an individual accountability framework in a bid to devolve decision-making through the organisation. The responsibilities of all employees and what they are accountable for are set out in extended job description documents. As well as encouraging employees to take responsibility for their own performance, the individual accountability framework makes clear the boundaries of the employees' role and should bring greater confidence in devolved decision-making.

The primary focus of leadership at School Trends is the task of upholding the culture, and in 'walking the talk', encouraging the buy-in amongst employees that will sustain it. Those who are interested in taking on leadership roles are encouraged to undertake community classes which give them a greater understanding of the philosophy behind the community culture.

The company takes explicit responsibility for training and developing community members. This has led to a culture that places great emphasis on 'growing its own' leaders. Although the changing business environment has meant that leaders with particular skills sets have had to be brought in, the role of leaders in developing employees remains strong. One director, reflecting on his time at School Trends says;

School Trends has fostered continual career development for me offering new challenges, something many companies do not do. For most people who want to develop a career, they find themselves moving on every three years to achieve their next progression. This is a great place to work with many team members keen to move forward and progress within the company.¹¹

The company as a result of its commitment to develop leaders has had to take a flexible approach to leadership training. In 2008 a renewed focus on leadership development resulted in several managers attending a new diploma scheme run by a nearby university, a consultant offering leadership support to others, and the chief executive undertaking an international leadership course. A regular leadership forum and an unofficial mentoring system serve as mechanisms to share outside learning and apply it to workplace practice.

The leadership style developed in the company, as is often the case in small enterprises, was very personal, and based on the ability of leaders to know their employees and make them feel personally involved and valued. The company acknowledges the challenge of maintaining this style of leadership while expanding into a medium size enterprise, and has therefore adjusted company structures to ensure that leaders can remain close to the workforce.

Business Awareness

Systems and processes that inform, consult, and involve employees to enable them to understand the connection between their role and the wider business strategy, to express voice, and contribute to the decisions that are made, and to the organisation beyond their role.

The company makes its commitment to involving employees explicit through its community culture where one of the 'pillars' describes the employees' right to access information and their right to involvement in decision-making.

Crucially, the involvement the company seeks is not confined to discussions of working conditions or what are often described as 'tea and toilet' issues, but in more strategic questions of business development, culture development and innovation. However, the methods of involvement are constantly evolving. A recent survey detected that employees were feeling less involved than usual. The response was to produce a strategy booklet, given to each employee, which explained the medium and long term direction of the organisation, and how short term objectives connected to that plan. The company then began a process of consultation on the document that brought together mixed groups of employees for discussion and feedback.

The information shared with employees is broad and includes "anything significant relating to the trading performance and financial prosperity of the company, together with any other items of general interest that may impact positively on people's feelings of ownership and attachment to their company." Information is shared through team based and company wide meetings, including figures meetings held monthly, or as necessary, to share financial performance information.

School Trends makes provision for consultation and involvement in decision-making, which facilitates a greater engagement amongst the staff with the information they obtain. Rather than passively receiving information, consultation and involvement means employees are expected to interrogate and give feedback on the information. A recent decline in profits meant that the company was forced to look for ways to cut costs. Rather than present employees with a strategy decided by the senior management, the company chose to give employees detailed information on the nature of the

challenges they were facing, and ask employees to propose a course of action. The consultation resulted in 212 responses suggesting ways to cut costs and revise company strategy. This approach is certainly time intensive, but according to HR projects manager, Maria Elliot, the commitment to 'fair process' ensures the buy in of employees and a greater likelihood of effective delivery later on.

Direct involvement occurs through the Action Groups, the primary forum for staff input, departmental meetings for line managers where proposals for consultation are usually developed, and policy and information meetings for senior manager. Development days also take place annually, giving employees the opportunity to input on the evolution of the community culture. Indirect involvement takes place through the governing council which has four employee representatives (also representing management) appointed to it. The governing council acts as a scrutiny body, rather than proposing policy, and sits alongside the management board with an equal say on the issues that come before it.

The desire for greater employee involvement from the company's founders led to the development of employee share ownership. The right to purchase shares was accompanied by a responsibility to contribute fully to the success of the firm, and was therefore part of the strategy to leverage greater engagement. The transition from employee share ownership to full employee ownership took place in 2005. Employees are required to purchase a minimum stake in the company in their first year of employment, equivalent to 5 per cent of their salary. The employees own the majority of the shares, though no one individual can own more than 5 per cent of the total number of shares. The company recognises that this creates the need for a whole new level of engagement, as they aim to engage employees as owners.

The high level of involvement, through multiple and mutually reinforcing methods, has established two-way communication and is a means of making employees at School Trends feel valued. The ability of staff to feed back on proposals, often through the Action Groups, has resulted in changes to specific policies and processes in the past. But more importantly, it has allowed staff to question the reasoning behind the change, which makes the buy-in, ownership and delivery of that change more likely.

Organisational Culture

A commitment to a strong and shared organisational culture that emphasises fairness, rewards hard work and provides security through its framework of rights and responsibilities. A culture based on a clear set of values, and consistent behaviours, that helps build trust and confidence among employees.

The strong organisational culture of School Trends, as has been shown above, underpins all the key drivers of engagement. Through community classes, recruitment procedures, employee contracts and day to day management, the company aims to embed the culture within the workforce and encourage the workforce to take ownership of the values. This employee ownership is reinforced by the development days that provide employees with the opportunity to be involved in the evolution of the company's culture.

But the content of the organisational culture – a commitment to learning and development, fairness, and the rewarding of hard work is equally important.

The company places great emphasis on fair rewards and fair pay which are seen as the principles necessary to ensure employees' commitment to the community. The 'pillars' state that employees have a right to fair rewards that avoid indecent pay differentials in return for the responsibility to provide commitment and honest endeavour. Pay levels at School Trends are benchmarked against the sector, and subject to review according to a salary survey. The company operates a profit share scheme and a profit related earnings scheme that reward all employees when the company succeeds and incentivises hard work. The company also recognises, however, the need to remain flexible on pay schemes. At the time of writing, School Trends were consulting on altering the pay structure for the sales force to support engagement by moving to a basic salary plus commission model.

Learning and development opportunities – in line with the needs of the company – feature strongly in the employee offer made by School Trends. The company promotes itself as a vehicle by which employees can "improve their lives" providing "opportunities for learning and growth in a caring environment". Through its training opportunities, the company endeavours to align the interests and aspirations of the employees with the objectives of the company, reinforcing the sense that employees have a 'stake' in the company.

Impact and Benefits

School Trends cites many benefits to its approach to engaging its workforce. Although the last few years have been challenging for the company as it went through changes in leadership, the acquisition of another business, and a recession, the engagement of the workforce has equipped the company with the capacity to manage change effectively.

School Trends remains a market leader despite increasing competition and during 2007, the last year of published accounts, continued to increase operating profit by improving productivity and reducing the cost per unit in the uniform business. The company's profits have been lower than expected for the last three years, affecting staff bonuses, but the company is convinced that creating a strong culture of engagement helps to minimise the negative effects of this on workforce performance.

The company acknowledges that a share holding workforce can be more vulnerable to fluctuations in engagement. The company has seen a drop in the value of the shares for the last two years, which has often impacted on employees' confidence in the organisational strategy. However, high quality communication and

strategy consultation can limit these effects turning shareholding into a tool for boosting engagement.

School Trends sees itself as a continuously evolving company, but maintaining performance through change requires an engaged workforce. The experiment of creating commercial success through a community culture requires constant revision and refinement. In order to ensure the survival of the community culture, the company has had to remain competitive and to this end, has diversified, incorporating a web business in 2006. An engaged workforce is a prerequisite for sustaining this change culture, for ensuring the changes will have employee buy-in, and that they will be prepared to deliver that change. Naturally, rapid change has not been without its impact on the workforce and their engagement, but it is highly likely that change management has been improved by the commitment of the leaders to the involvement of the workforce.

For the company, one of the main benefits of an engaged workforce is the preservation of the community culture. The company recognises that without the understanding, participation and appreciation of the workforce, the unique culture, and therefore the wider value of the company, is unlikely to survive.

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