

Improving Employee Engagement to Drive Business Performance

A Softscape White Paper
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The Employee Engagement Revelation

Executive leaders and human resources (HR) practitioners are more frequently recognizing the importance of an engaged workforce and its potential to drive business performance and impact the bottom line. Engaged employees are people that are highly motivated and vested in the success of their organizations and are willing to make an extra, discretionary effort in their daily work.

Academics, consultants, psychologists, and even financial analysts have written much on the subject of employee engagement during the past fifteen years. Most of their focus has been on what drives engagement, with empirical research identifying several factors. These factors range from the employee-manager relationship, to a challenging work environment, a company's focus on customers, outstanding performance recognition, and career development opportunities. By understanding the most important factors that drive engagement, HR leaders are able to develop effective engagement programs.

A more compelling outcome of engagement research, however, shows that an engaged workforce impacts business performance, and ultimately, shareholder value. Put simply, companies with higher percentages of engaged employees perform better than their industry peers. Indeed, researchers at the CIPD, Gallup, Towers Perrin, and Watson Wyatt have validated the impact of employee engagement and HR best practices on business performance.

To summarize, companies with more engaged employees have:

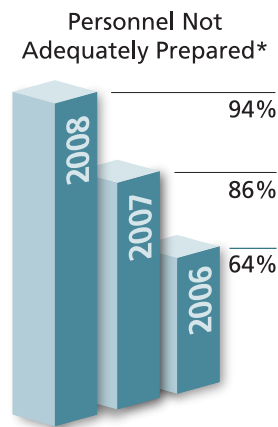


Equally interesting, financial analysts have taken notice. For instance, a recent equities report focused on a large international bank cited that employee engagement scores are highly correlated with shareholder returns. Further, the report highlighted that the engagement score difference between the bank and its nearest competitor is costing the bank approximately 26 Million USD additional profits per year. As a result, the financial analyst downgraded the bank's stock.

Given the mounting evidence, it should come as no surprise that CEOs, CFOs, and senior HR officials are taking serious notice of employee engagement. Companies that fail to engage their staff face significant risks – including financial ones – relative to their competitors that have established systematic engagement strategies.

Demand Increasing for People Management

In a 2007 study by Softscape across 250 organizations, 94 percent of HR practitioners indicated that their personnel were not adequately prepared to meet their companies' future goals, a perception that has been on the rise for several years. This alarming trend has created a sense of urgency among organizations to develop holistic people management – also known as talent management or human capital management (HCM) – strategies.



*Source: Softscape - results from the past three State of the Global Talent Nation surveys.

Leaders in all business functions – including CxOs, HR practitioners, and line-of-business managers – need accurate and accessible workforce information to make the right decisions to support their business objectives. To provide this level of visibility, organizations are integrating their HR processes and information into holistic people management systems.

These systems encompass numerous strategic HR processes that enable companies to effectively plan, hire, align, develop, reward, manage, and analyze a high-performing workforce. The goals of people management are straightforward – hire great people, ensure they are properly trained, align their goals to corporate strategy, reward top performance, and provide timely motivation to retain the best employees.

Improving Employee Engagement With People Management

Since employee engagement has a direct impact on business performance and the bottom line, leading companies are developing people management business cases focused on improving engagement. These business cases typically encompass current processes, business requirements, gap analyses, system/technology needs, and change management considerations.

Furthermore, several core people management processes directly impact employee engagement (see table on the next page). As a part of their business cases, companies should map these standard people management processes to their most pressing engagement challenges. This analysis facilitates deeper understanding of core requirements, and also helps with the provisioning and prioritization of people management software.

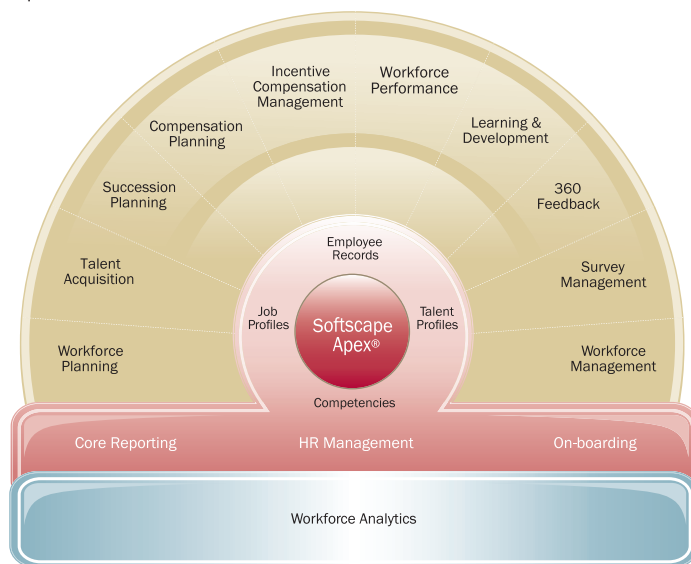
People Management Process	Description	Impact on Employee Engagement
Workforce Planning	Plans, schedules, budgets, tracks, and allocates employee resources	Engaged employees require the proper resources to effectively execute their jobs
Talent Acquisition (recruiting and hiring)	Streamlines the entire hiring lifecycle from requisition to candidate selection	Ensures the “right” person is hired and possesses the required job competencies to be successful
Succession Planning	Identifies, prepares, and tracks high potential employees for promotion	Career advancement opportunities are a top driver of employee engagement
Compensation Planning	Simplifies planning, modeling, budgeting, and analysis of compensation policies	Engaged employees require fair, equitable, and consistent compensation practices
Incentive Compensation	Motivates employees and manages financial rewards within an organization	Pay-for-performance is a strong motivator (and strong performers must be rewarded)
Workforce Performance	Optimizes performance management processes and aligns employee development and goals with corporate objectives	Employee goals are clearly articulated and workers have a better understanding of how their efforts impact the company (line-of-sight visibility)
Learning & Development	Automates and manages employee learning and growth	The company is actively investing in employee learning and skills development
360 Feedback	Automates the entire 360 coaching and personnel development process	Consistent feedback and resulting development plans drive employee growth
Survey Management	Administers and distributes survey-based information across the organization	Periodic employee surveys are a key vehicle for helping HR to understand and quantify employee engagement
Workforce Management	Tracks employee expenses and manages employee time and attendance	The company is adept at managing time-consuming administrative functions
HR Management (HRMS)	Centralizes, consolidates, and integrates HR information	Employees have a centralized, consistent way of managing their talent profiles (which impacts areas like succession planning)
Workforce Analytics	Provides real-time analysis of workforce metrics and key performance indicators	HR practitioners can continuously monitor and tweak employee engagement programs; Engagement can be tied to bottom-line business outcomes

The Role of People Management Software

Enterprise software is playing an increasingly vital role in enabling people management business strategies. It is also helping to facilitate HR's transformation and corporate ascension as a more strategic, boardroom-level "player." What is making this possible is a (seemingly) simple concept: integration.

Most companies suffer from disjointed HR processes and scattered employee information across silos of files, spreadsheets, and systems. Compounding this challenge, siloed software implementations (e.g., separate systems for recruiting, performance assessment, compensation administration, learning, core HRMS) often fragment the very data that enables more accurate reporting and improved decision-making.

To circumvent these integration challenges, many companies are disbanding their legacy point solutions and moving toward a single, integrated people management software platform to meet their requirements.



At the core of this integrated platform is the employee system of record. This record includes employee data, talent profiles, job profiles, on-boarding best practices, and competencies. All of this information, once made consistent across the organization, feeds your critical HR business processes, facilitates the linkages across these processes, and ultimately enables improved business analysis, insight, and decision making.

While people management software will not solve all of the employee engagement challenges companies may face (e.g., improving the personal relationship between an employee and manager), there are many benefits of a single, integrated people management platform:

- Link all elements of the employee lifecycle, from hiring through retirement
- Ensure company-wide consistency of HR information and processes
- Improve overall business insight and make faster decisions with robust business intelligence, analytics, and interactive dashboards
- Automate and optimize workforce performance processes and provide clearly defined goals to employees
- Provide line-of-site visibility to employees by aligning their performance to company goals and strategies

- Establish pay-for-performance programs to motivate employees and build a performance-driven business culture
- Identify top performers and facilitate succession planning for all employees
- Develop comprehensive learning and development programs to facilitate employee growth
- Reduce HR administration costs while improving employee productivity, morale, and retention

Conclusion

Given the significant impact that employee engagement has on business performance and the bottom line, improving engagement has become a top priority for leading companies. The risks of ignoring it, putting it on the backburner, or not funding it adequately, are simply too high.

Companies that embrace employee engagement – supported by a single, integrated people management software platform – are reaping the rewards: Better financial performance, higher customer satisfaction, higher employee retention, and more productive employees.

Combined, these benefits lead to sustainable competitive advantage.

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About Softscape

Softscape is the global leader in integrated people management software that enables organizations to more effectively drive their business performance.

Recognized by industry analysts as the most comprehensive strategic human capital management (HCM) solution, Softscape provides complete employee lifecycle management, including a core system of record, in a single, integrated platform for improved business intelligence.

The company offers customers of all sizes and in all industries the most flexibility and choice with multiple purchase, configuration, and deployment options. For more than a decade, Softscape has helped millions of workers across 156 countries be more successful at their jobs while contributing to bottom-line results.

Softscape's customers represent Fortune 500/Global 2000, mid-market, and government organizations, including Procter & Gamble, Barclays, AstraZeneca, Seagate, GKN, Edcon, LandAmerica, and the U.S. Department of Homeland Security.

Softscape is based in Massachusetts with offices in London, Sydney, New York City, Chicago, San Francisco, Hartford, Washington, D.C., Bangkok, Hong Kong, and Johannesburg.

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