

BUSINESS ROOM REPORT

HOW TO ALIGN ENGAGEMENT & PERFORMANCE
IN YOUR COMPANY 16/05/2024



SUMMARY

SUBJECT

Employee engagement is crucial to business performance and profitability. Traditional motivational levers are no longer enough, especially after Covid. It is essential to strike a balance between freedom and responsibility, to encourage humanity and communication, and to measure engagement proactively to identify personal levers and problem areas

- ↪ **The Luxembourg context plays a very important role.**
- ↪ **Traditional motivational methods no longer bear sufficient fruits.**
- ↪ **Expectations have changed drastically, for example in terms of flexibility, the need for autonomy and finding purpose at work.**
- ↪ **Generational differences need to be taken into account, loyalty to an employer is becoming increasingly rare.**
- ↪ **The cost of recruitment is huge and it has become much more difficult to find the right profiles.**
- ↪ **These are just some of the challenges facing people managers in Luxembourg.**

THE FACTORS BEHIND ENGAGEMENT@WORK

There are different levels of engagement, which are influenced by internal and external factors. The challenge is to define expectations and find a way to meet them:

IMPLICATION: LOYALTY

With the current challenge to find appropriate talent and the prospect of many millennial retiring, the importance of **employee loyalty** can play a crucial role in maintaining balanced and motivated teams with **manageable workloads**. If **stress** levels increase, then the best benefits package will not mitigate falls in performance and employee satisfaction levels.

NEW WAYS OF WORKING

There is a need for greater **flexibility** in aligning professional and personal obligations. Different **hybrid** working models may be needed, and these should be defined in discussion with the people involved, not as a top-down strategy. There is no one ideal solution for all employees, but a mutually agreed way of working will generally be accepted and supported by employees.

In some cases, it may be easier to introduce a **task- and results-based working culture**, which also has the advantage of being measurable. Many companies are adopting this approach as opposed to a purely time-measurement orientation, which also has the insidious effect of penalising top performers.

ORGANISATIONAL FACTORS: CAREER & COMPETENCE DEVELOPMENT

Providing employees with a perspective and demonstrating willingness to invest in maintaining their skillset is vital. Change is occurring at an ever faster rate, especially since the advent of AI, and many employees may fear the consequences of a competence gap.

Provided they are equipped with the necessary tools, they need to be able to do what they were taken on to do, micromanagement can be hugely demotivating for a competent and engaged employee.

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INDIVIDUAL FACTORS: THE INTENTION TO STAY

A sense of identification and belonging create a bond with an employer and colleagues. You need to make sure that the grass does not seem greener on the other side.

Fair remuneration and benefits, a clear perspective, a well-functioning team and recognition are all contributory components.

The corporate culture may also play a huge role, especially if the company values have been mutually defined and are lived on a day-to-day basis.

THE TEAM: A VITAL FACTOR

The right composition of a team is essential, especially as recruitment is becoming increasingly difficult. The criteria for a trial period must be carefully defined and rigorously applied. Getting to know each other, mutual respect and inter-personal communication are essential factors in the smooth running of a team. Motivation and good humour are infectious.

Experiencing a challenge as a team can boost morale and be highly motivating.

The benefit to the company is clear: highly motivated employees will become ambassadors for their employer, because they are proud to work for him, which will increase customer satisfaction, boost their sales efforts and help attract the right profiles.

MANAGERIAL SKILLS: BE A GOOD PEOPLE MANAGER, WHO TAKES DATA-DRIVEN DECISIONS

Leadership is about inspiring and setting an excellent example: leading by doing. Frequent and effective managerial communication plays a major role; in this context, telling a story can improve understanding of a message.

An employee needs to feel that his or her manager is interested in his or her well-being and progress; regular, high-quality feedback is essential and should not be limited to annual appraisal meetings.

A manager, on the other hand, needs to have the right people skills, and a high-performing employee without the right management skills can be rewarded in other ways, for example through horizontal career progression.

Figures do not always take priority in human resources over softer aspects, yet relying on data (People Analytics) is a powerful lever for highlighting potential problems and justifying future actions and changes. Human resources can also support line managers in their role by using data to measure and objectify the performance of their team members.

ALIGNING ENGAGEMENT & PERFORMANCE: SOME KEY SUGGESTIONS

The challenge of balancing commitment and performance is closely linked to several factors:

- **Engagement is a performance LEVER** for improving organisational performance, customer satisfaction and attracting new talent.
- **PROVIDED that employee engagement is channelled** towards the right expectations and the right objectives: that energy is not dispersed in all directions.
- **But to achieve this, it is crucial to understand what is meant by “performance”:** growth in turnover improvement in quality, talent retention, innovation .. and to understand how engagement contributes to this. This is how engagement and performance are directly linked.
- **This definition makes it possible to define the performance indicators** expected thanks to engagement and then to measure them at the same time as measuring the engagement of your teams.
- **Boosting engagement must therefore be linked to performance objectives:** engagement actions require long-term investment and must be aligned with the company's strategic objectives.
- **Here again, the line managers have a key role to play in aligning performance and engagement:** it is they, who will put into practice the levers to boost both the engagement and performance of their team.
- **Human resources can support line managers by using People Analytics:** by gathering data on the team and engaging in dialogue by comparing this data with the manager's experiences on the ground. Human resources then becomes the manager's partner, helping them to formulate targeted feedback and take decisions for their team.
- **To sum up:** it is advisable to design a real strategy around engagement, and to formulate it in a way that is consistent with the expected performance and strategic objectives of the organisation (“such and such an action to boost engagement should make it possible to boost such and such an aspect of organisational performance in order to achieve such and such a strategic/CSR objective ...”) & don't forget to involve your stakeholders.!

What is the risk of not doing this? :

- Spreading actions too thinly, which can be very difficult to justify;
- Opening a Pandora's box of wage demands and confusing employee engagement with employee satisfaction - in short doing everything and nothing to boost engagement, without much coherence or a clear idea of how it benefits the company.

SOME TRAPS TO AVOID:

- **Focussing** solely on engagement (or performance)
- **Lack of clarity** when defining economic and operational performance objectives
- **Ignoring** performance indicators
- **Disconnecting** the 2 subjects



WHAT IS AT STAKE?

Engagement is "Being physically, cognitively and emotionally connected to your work."

Louis Kahn

Companies with high engagement levels generally:



are +21% more profitable



have 12% higher client satisfaction levels



enjoy 2.3 times higher growth levels



have 87% lower turnover levels



are 3,5 times more likely to be a market leader in their field



communicate clearly about their engagement vision and strategy



encourage employees to participate in the definition process

ENGAGEMENT, AS A PERFORMANCE DRIVER

The participants emphasised the crucial role of these elements in business success, highlighting that it is essential to stimulate employees and that traditional motivational tools are no longer sufficient, especially post-COVID 19.

- **Engagement and Performance Interdependency:** Engagement is essential for organisational performance and profitability, requiring a balance between freedom and responsibility
- **Impact of COVID-19:** The pandemic has increased employee turnover and a search for meaning, stressing the need for proactive engagement measurement and concrete actions.
- **Changing Motivational Factors:** Post-pandemic, employees prioritize flexibility, autonomy, an alignment with personal values over traditional incentives.
- **Role of Managers:** Managers play a pivotal role in fostering engagement, with engaged managers inspiring their teams.

- **Human Value:** Human capital is seen as the primary asset, with a focus on recognizing and valuing employees' individuality and personal circumstances.
- **Generational and Cultural Differences:** Engagement strategies need to be tailored to different generational and cultural expectations, with younger employees seeking more flexibility and diverse experiences.
- **Feedback and Recognition:** Effective feedback and recognition systems are critical for maintaining engagement and addressing disengagement promptly.
- **Balancing Individual and Team Needs:** Finding an equilibrium between individual and team requirements is crucial, with team-defined rules enhancing collective engagement.
- **Employee Support:** Providing support during personal difficulties can lead to strong re-engagement, highlighting the importance of a supportive work environment.
- **Engagement measurement:** Regular, specific surveys and proactive engagement measurements are necessary to identify and act on engagement levels effectively.

GOING A STEP FURTHER:

MindForest has created the Engagement@Work tool to:

- provide a **scientific basis** for analysis of employee engagement;
- provide a **dynamic dashboard** to track employee engagement;
- provide **concrete measures** for managers & HR professionals to implement based on a dialogue with the employees to be certain of defining the right approach;
- provide a **digitalised follow-up** of the implementation of the suggestions for improvement;
- provide a **data set** (measures and actions) for engagement based on a **duplicable approach**;
- provide **concrete support** during the analytical, planning and roll-out phases.

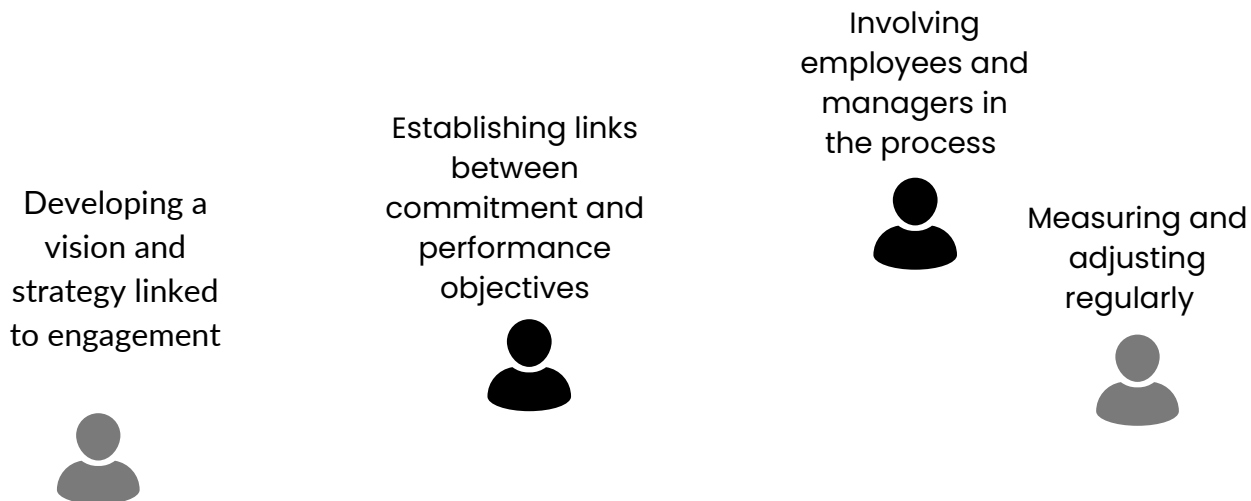


[To find out more, click here:](#)

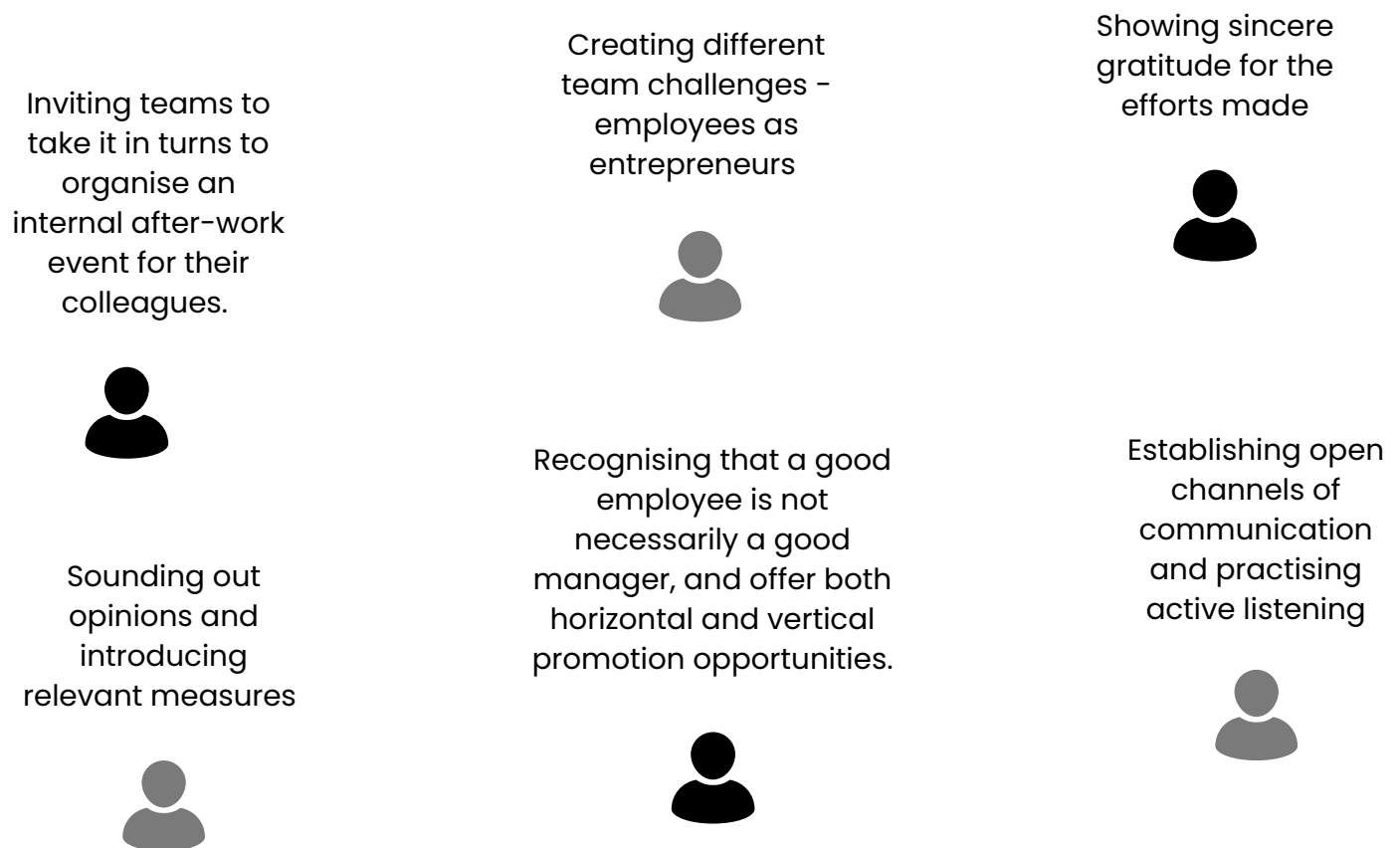
ADAPTING YOUR APPROACH TO YOUR CONTEXT

Statistics show that higher levels of engagement contribute to:

- Development of a stronger, fairer and more sustainable **culture**
- Increased individual and collective **effectiveness**
- Improved **employee** and **customer** satisfaction



SOME EXAMPLES OF CONCRETE MEASURES TO BOOST ENGAGEMENT

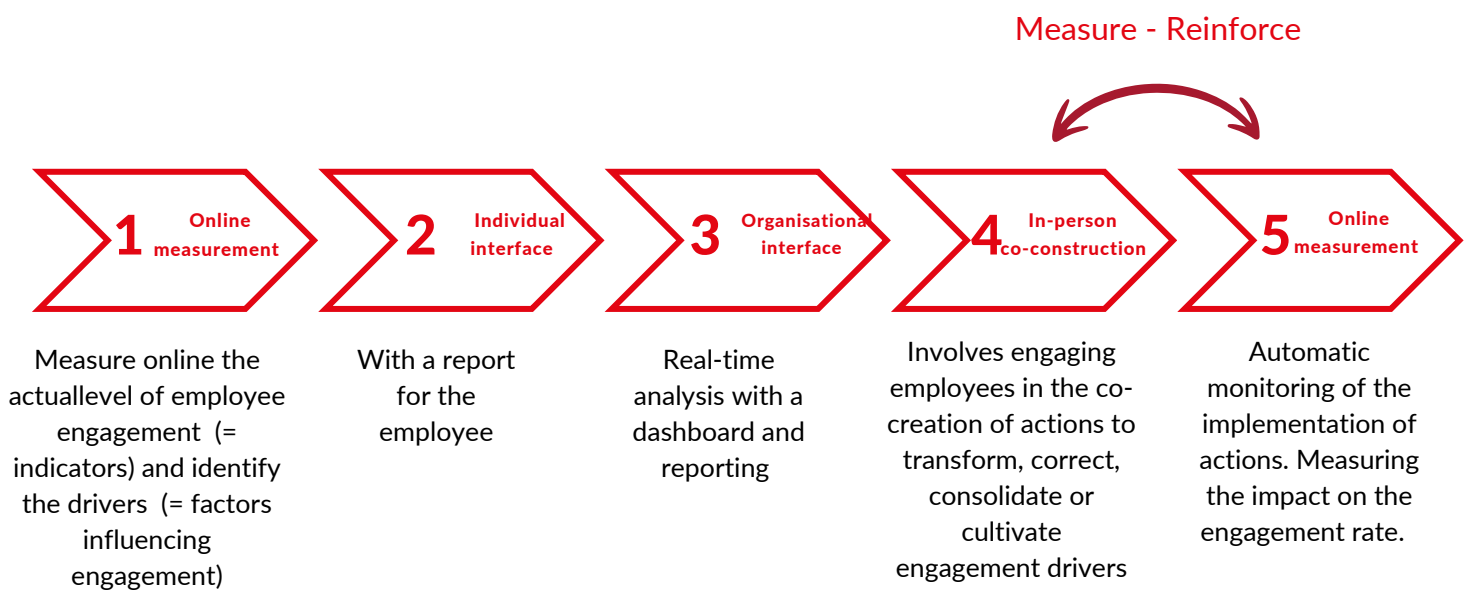


MINDFOREST'S APPROACH

Our approach is based on a combination of pragmatic visual tools and our experience of over 20 years accompanying teams and in the field of change management with a team of experts **in charge of human, organisational and strategic support**.

They work together to provide innovative solutions to boost employee engagement and increase your organisation's productivity.

The diagram below shows how we can accompany your engagement project:



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