

Improving staff engagement: a practical toolkit

In July 2009, NHS Employers and the international staff engagement specialists, the O.C. Tanner Company, facilitated two round-table workshops for NHS trusts. Presentations highlighted research, tools, and case studies showing the powerful impact an engaged workforce can have on staff productivity, quality of patient care and patient satisfaction levels. The lively discussions that followed centred on the practical application of these concepts.

This *Briefing*, written by Michelle Smith of the O.C. Tanner company on behalf of NHS Employers, captures the highlights of the research and offers ideas about how NHS leaders may want to move forward to more effectively engage their staff.

Key points

- Engaged staff are more productive, less prone to absenteeism, better at engaging customers and less likely to leave.
- Investing the extra time in getting the right people into the right jobs from the start is essential.
- It is impossible to deny the business imperative of incorporating engagement initiatives into operating plans.
- There is growing evidence of a link between engaged staff and the quality of patient care and satisfaction.
- Improving engagement doesn't have to cost more and may actually save money.
- Managers play a significant role in influencing employee job performance and engagement levels.

Background

The workshops agreed that there are lots of things NHS leaders can do to increase staff engagement, and many of them are relatively easy, low-cost or even no-cost; so creating an engaged workforce need not be difficult, time consuming or expensive. While some NHS locations share similar challenges, the key to crafting a successful solution is customising it uniquely for each location. Now is the best time for NHS leaders to aggressively take advantage of the cost savings and productivity gains that can be expected from improving the engagement levels of their workforce, especially during these challenging economic times.

The central theme of the workshops was about how to 'unbundle' engagement to make it more practical and accessible. The focus was on understanding what factors lead to an engaged employee, and how to easily and inexpensively leverage those factors in the workplace to fuel productivity, improvements in quality of patient care and growth. This *Briefing* will explore these tactics in detail.

Some key facts

The body of research on the benefits of engaged staff is so vast that it's impossible to deny the business imperative of actively incorporating engagement initiatives into operating plans. Research shows that engaged staff are:

- 18 per cent more productive
- 12 per cent more profitable
- 27 per cent less prone to absenteeism
- 12 per cent better at engaging customers
- 51 per cent less likely to be a source of employee theft
- 62 per cent less likely to be involved in job accidents
- 51 per cent less likely to leave (in low-turnover companies)
- 31 per cent less likely to leave (in high-turnover companies).¹

From a purely financial perspective, the argument for

engagement is compelling. The 2008 O.C. Tanner Global Recognition Study found that a 15 per cent improvement in employee engagement equates to a 2 per cent improvement in an organisation's operating margin. The study's operating income results are equally enlightening (shown in Figure 1) and the almost 50 per cent growth variance is something few organisations can afford to ignore.

Improving patient satisfaction

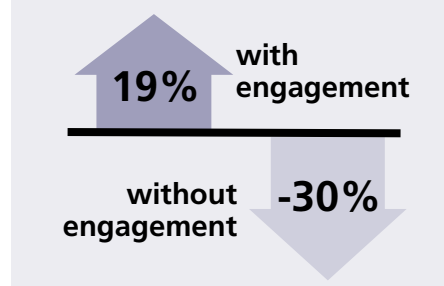
The evidence continues to grow around the link between engaged healthcare staff and the quality of patient care and patient satisfaction. A study of 139,380 former patients from 225 hospitals showed that patient satisfaction levels were directly related to staff interaction and directly correlated with employee satisfaction.²

One of the most effective ways of improving patient satisfaction is to invest in helping your employees to feel more engaged in their work and to ensure that staff members have as much positive contact with patients as possible.

Improving engagement and reducing costs

To increase engagement levels NHS leaders may want to take advantage of a few recognition programmes that are highly effective in building staff

Figure 1. Operating income growth



engagement, and which have the additional benefit of reducing the extraordinary costs associated with absenteeism and staff turnover. Improving engagement doesn't necessarily have to cost more, and may actually save money, while showing to staff that the organisation cares about them and their well-being.

Four programmes have been proven to have had a clear impact on engagement and to return higher cost savings than the investment in the programme.

Induction programmes

Across all industries, 4 per cent of new starters leave their jobs after the first day of work, and 65 per cent make the decision to leave within the first month, although they often linger on much longer in disengaged mental states.³ The resulting staff turnover expense, lost productivity and staff disengagement takes a huge toll on organisations all over the world. A well-designed induction programme can be highly

Case study

Employee satisfaction = patient care quality and satisfaction

A study at a major New York hospital found employee satisfaction levels directly correlated with the quality of patient care and patient satisfaction. Key findings were:

- Hospital departments that have higher levels of employee satisfaction provide better experiences for patients and greater patient satisfaction scores.
- Patients who have higher levels of satisfaction are most likely to recommend the hospital to others. Word of mouth, more than any other source of promotion, is a primary driver in patient healthcare decisions.
- Individual employee recognition, as well as the need and value of increasing recognition of staff members in higher positions were identified as key contributors to employee satisfaction.
- Recognition at the hospital was not only viewed as acknowledgement for a job well done, but also as being able to participate in decision making, and being listened to by management and fellow professionals. This practice results in “more respect and visibility,” which in turn enhances employee satisfaction.
- Programmes and activities at the hospital which are designed to contribute to employee satisfaction need to be viewed strategically, rather than offered as short-term efforts that are frequently started and stopped.
- The expanded use of computers for diagnostic testing and vital signs monitoring have eroded the patient’s feeling of being personally cared for. Healthcare employees need to exercise ‘the personal touch’ in caring for patients.

A key conclusion of the study is that, in addition to what healthcare workers do, emphasis needs to be placed on how the employees feel about what they do. Patient experiences will not be good if employees are not happy.

Employees’ desires to ‘participate in decisions’ and ‘be listened to’ offer easy and inexpensive lessons about ways to improve engagement. Similarly, staff perceptions that leaders aren’t committed to recognition programmes if they are changed too frequently (and therefore, staff doesn’t fully commit to them either) is worth noting as the NHS works to optimize the effects of their initiatives.

Source: *The relationship between employee satisfaction and hospital patient experiences*. The Forum for People Performance Management, Northwestern University

effective at reversing this trend, as shown in Figure 2.

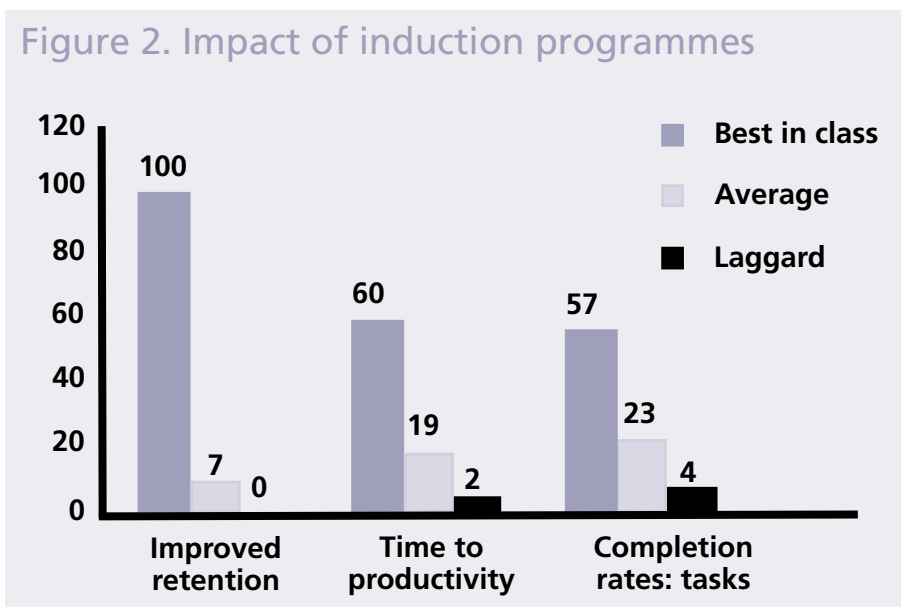
Making improvements in the retention of new starters doesn't necessarily mean increasing spend. Some of the most effective things you can do to positively influence new starters have no costs associated with them other than the time invested by managers and senior leadership. They include:

- the manager and new employee agreeing to performance expectations and a development plan
- frequent, informal reviews between managers and employees
- assigning the new employee a mentor or coach
- regularly scheduled briefings by senior management to share information and answer questions.⁴

Well-being initiatives

Well-being initiatives are a highly effective way of addressing the workplace disruption and stifling costs associated with absenteeism, and have cut absenteeism rates by as much as 28 per cent.⁵ As much as 50 per cent of health issues are lifestyle related,⁶ making them good candidates for change through the use of incentive or recognition schemes, and something for you to consider if you have high rates of absenteeism.

Figure 2. Impact of induction programmes



Safety programmes

Workplace safety is literally a matter of life and death in the healthcare industry – for employees and patients alike – and one of the few areas where costs can rival or exceed those for absenteeism. In the US in 2007, workplace injury costs exceeded the combined profits of the top 11 companies on the *Fortune 500* list. In 2008, those costs increased by another 37 per cent. Focusing on safety is something the NHS can't avoid, and safe practices also respond well to the encouragement offered by a safety scheme.

Idea/suggestion programmes

Employees often have some of the best ideas about how to improve patient care or to cut costs without sacrificing quality or productivity. Incentive schemes to encourage staff to come

forward with suggestions can be a cost-effective way of improving efficiency and productivity. One US medical centre that had to dramatically cut costs – and keep them down in the long term – decided to hold monthly meetings with employees to explore other areas of savings rather than reducing staff. That turned out to be an excellent strategy, as the first round of employee ideas generated \$3.6 million in cost savings. Could a staff meeting deliver £3.6 million to your bottom line too?

Perception gaps

Some of the liveliest discussions in the workshops occurred when we talked about how leaders and staff seem to perceive the level of workplace appreciation and recognition very differently. The perception gap is shown in Figure 3.

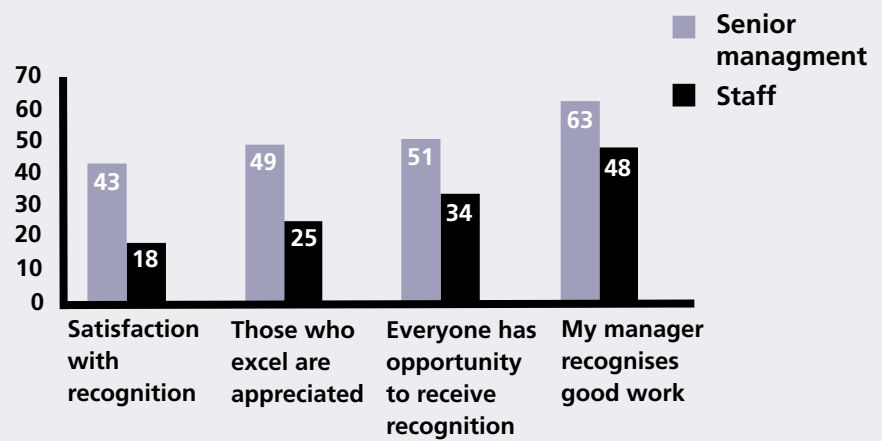
This perception disparity may be explained by the fact that 46 per cent of healthcare workers globally have not observed a single recognition event at their organisation in the past month, either for themselves or for a co-worker.⁷ This is a sobering statistic which warns us that we still have a long way to go on the path to engagement and need to make certain that our recognition efforts are correctly interpreted by staff.

The workshops produced several examples of well-intentioned employers who are highly committed to recognition, yet squander the full engagement potential of their programmes because they fail to communicate clearly – for example, monthly staff events that weren't positioned to staff as the gesture of thanks that they were intended to be; or leaders lavishly rewarding the results achieved by employees, but failing to also recognise the person who produced those results.

In both these examples, leaders were shocked to learn that staff felt unappreciated and were oblivious to management's overtures because the recognition wasn't personalised. These subtle nuances derailed the engagement impact the programmes were designed to achieve.

The enormous power to positively impact employees with even simple gestures of recognition

Figure 3. Perceptions about recognition



Source: 2008 O.C. Tanner Global Recognition Study

or appreciation wasn't lost on workshop attendees and generated a lot of discussion. Would an objective assessment of your engagement initiatives uncover similar wasted opportunities?

Employee engagement and recognition

Only 20 per cent of employees in the UK rate recognition practices in their organisations as excellent or good (just 4 per cent rate them as excellent). Only 28 per cent agree their organisation regularly shows appreciation or feel that this is meaningful. While 36 per cent of employees agree everyone has the opportunity to be recognised at their organisation, only 24 per cent said that they frequently receive recognition.⁸

Interestingly, having the opportunity to receive

recognition has a stronger correlation to satisfaction than actually receiving recognition, which bodes well for NHS leaders who wish to improve satisfaction scores. Just implementing a recognition programme should provide a boost to employee satisfaction levels before the first award is even given.

Appreciation accelerates engagement

Identifying the factors that create engagement is useful in making engagement more actionable. The five main drivers of engagement are all very familiar and achievable goals for leaders:

- creating trust
- focusing on employee opportunities and well-being

Case study: Patient care and nursing turnover improve with recognition

Ohio Presbyterian Retirement Services (OPRS) is an 80-year-old non-profit healthcare provider that specialises in a wide range of services from retirement centres to hospice care. OPRS employs 3,000 staff and serves 15,000 patients each day.

OPRS has made strategic recognition practices one of its top priorities. It has O.C. Tanner long service and retirement awards, a performance programme based on its core values, a communications strategy plan, and recognition training for managers. It has been able to go beyond connecting great recognition practices to the typical metrics – staff turnover, satisfaction and engagement.

In locations with high recognition scores, patients have fewer incidences of infections (down 4 per cent), pressure sores (down 6.5 per cent), resident falls (down 3.25 per cent), health department scores improved 8.3 per cent, and there was greater continuity of care.

OPRS' employee opinion survey reliably measures the impact of recognition and further evaluates the data in a way that gives leaders operationally significant results. Five of OPRS' top 11 indicators of job satisfaction are recognition related and there is overwhelming evidence that the recognition initiatives work. The data convinces and involves every leader in the organisation, from the financial stakeholders to the quality healthcare stakeholders – they each can see how recognition makes a difference for the outcomes they care about most.

The biggest financial win for OPRS has been in its ability to reduce nursing turnover at those locations where recognition is used most effectively. When recognition is present and practiced effectively, nurses' job satisfaction scores have risen 13 per cent and nursing turnover was reduced by 23 per cent, saving \$3.4 million. OPRS does everything it can to retain nurses, and it appears that its recognition programme is having the biggest impact.

- nurturing pride in the organisation
- improving communication and alignment
- showing appreciation.

Further analysis of the degree to which each of these drivers contributes to engagement is striking. 'Showing appreciation' is a secondary driver of engagement and also a driver of

every one of the other drivers; therefore, showing appreciation is the single most impactful action a leader can do to positively influence engagement.

While we would all hope that our organisations are strong in each of these engagement drivers, common sense tells us that although we may strive for perfection in all areas the likely reality is that, for whatever reasons, we are far stronger in

some drivers than in others. Even so, research has uncovered a way for us to accelerate employee engagement, regardless of the variations in the strength of our drivers.

The study shows that employee engagement levels rise in direct correlation to the strength of each driver in each organisation. Regardless of where an organisation scored in any of the first four engagement

drivers, if they also 'showed appreciation', their engagement scores increased significantly. The addition of 'showing appreciation' to a driver that was weak increased that driver's positive influence on engagement by an average of 73 per cent. Where the driver was strong, adding 'showing appreciation' still increased the driver's impact by an average of 33 per cent.⁹

In other words, where appreciation was present in the culture, employees felt there was more trust, better communication, more pride in the workplace, and a greater sense of opportunity and well-being.

The encouraging conclusion is that leaders can compensate for many organisational shortcomings when growing engagement if they focus on building a culture of appreciation.

Managers play a key role

Employees' direct supervisors play a significant role in influencing employee job performance and engagement levels. Many of the staff challenges we face are rooted in the recruitment process and the on-going communication (or lack thereof) with their manager:

- only one in five employees

know what is expected of them at work

- 25 per cent are extremely unclear about those expectations
- one in three employees feel miscast in their roles
- only 10 per cent of employees receive progress feedback
- half get no feedback at all and don't feel cared about in their job.¹⁰

This sobering data should be a wake-up call for all of us to invest the extra time in getting the right people into the right jobs from the start, rather than managing the problems created by not doing so for the balance of the employee's career. On-going, clear and constructive feedback for staff members from their managers is essential in this process. An excellent example of a healthcare facility addressing this issue head-on and investing in short-term training for managers can be found in the case study of McKay-Dee Hospital, as shown on page 8.

Employee retention saves lives

Research in the USA indicates that tremendous cost savings and improved patient care can be gained from standard hospital procedures:

- hand washing compliance can save 10,000 lives and \$30 billion per year

- annually, hourly rounding prevents
 - 250,000 falls
 - 8,500 deaths
 - 350,000 pressure ulcers
 - \$2 billion and countless legal actions
- decreasing employee turnover below 12 per cent will decrease hospital stays by 1.2 days and lower mortality rates.¹¹

The last point has received much media attention in the USA, and the founder of the Studer Group discourages patients from selecting hospitals with high staff turnover, to avoid the increased risk of a negative medical outcome at those hospitals. This is generating patient inquiries about staff turnover rates and patients are using the data when making their hospital choices. This trend is expected to grow internationally.

Developing staff values and guidelines

Many organisations around the world are exploring the development of local values and guidelines of expectations for staff. The NHS Constitution provides a context for this by setting out staff rights and responsibilities.

The Studer Group encourages the implementation of 'standards of behaviour

Case study

Training managers improves quality and productivity

McKay-Dee Hospital Centre employs 2,700 staff. It is committed to high-quality patient care and top-tier service delivery. A key strategy in accomplishing those goals is recognising and rewarding the hospital's best staff.

Programmes such as 'hero' cards, thank-you notes, 'thanks-in-3' reminders, and a long service award programme were in place; but hospital administration felt some managers lacked the commitment to recognition and the delivery skills to really make a difference. Interested in the effect of recognition training for its managers, the hospital embarked on an O.C. Tanner training program for all managers that consisted of a series of workshops outlining the concepts of effective recognition, and teaching managers how to connect employees to the organisational values and goals through recognition practices.

After doing a baseline survey for reference, McKay-Dee surveyed employees again eight months after their managers were trained to see if the training had made an impact. The result: all of McKay-Dee's recognition ratings increased by 10 to 20 per cent, indicating a real improvement in employee satisfaction with recognition experiences at the hospital. Such a dramatic increase correlates with improvements in recognition alignment, or managers and employees demonstrating core values, exceeding programme objectives and increasing peer recognition.

More impressively, survey results indicate a culture shift in the organisation. Response to the question, "I have received appreciation in the last seven days," increased by 5 per cent over the eight-month period. And the perception that the recognition given was both personal and sincere also increased by 5 per cent. McKay-Dee also experienced increases in the frequency, timeliness and quality of recognition efforts since the manager recognition skills and awareness training, and a 6 per cent increase in the number of people who understood why they were being recognised.

While several other satisfaction levels also increased, the increase in employees' perception that "My manager helps me learn" may be the most encouraging. When employees develop relevant relationships with their managers it starts to impact staff turnover, and if those employees are reporting an increased ability to learn from their managers, that impacts the quality of patient care. When the best people practices, namely effective recognition, start to affect patient care and the hospital's bottom line, everyone wins.

agreements.’ The idea is simple and amazingly effective at reducing employee turnover and improving staff and patient satisfaction. Values and guidelines can address any and all aspects of behaviour at work, from interaction with patients, to phone etiquette, to good manners, or positive attitudes. Since the agreement has been in place, at one Studer Group hospital:

- employee turnover is down 5.8 per cent
- employee satisfaction rose from the 49th to 63rd percentile
- physician satisfaction rose from the 50th to 93rd percentile
- patient satisfaction rose from the 46th to 65th percentile.

Whether you elect to create an agreement or not, the workshop participants agreed that encouraging staff to support the NHS Constitution is a vital component in creating a culture of appreciation and engagement.

The O.C. Tanner Recognition Spectrum™

Whether you’re contemplating your first foray into improving engagement, or you’ve been actively involved in recognition initiatives for a while, the Recognition Spectrum™ can prove to be a valuable tool in helping to optimise your efforts and ensuring that you’re concentrating your efforts in the

areas that need improvement or that will offer the biggest gains.

The Recognition Spectrum™ (see diagram on page 10) affords a visual representation of what you’re currently doing – or plan to do – and can help identify areas of strength or gaps of opportunity. There are inherent differences between each end of the Recognition Spectrum™. Neither is better, but one area may be more important to your organisation’s success right now. Start in those priority areas and then phase-in other programmes as you’re able. Even if your current initiatives are working well, there’s likely to be room for adjustments given the challenges of the past year.

If improving productivity is a priority, focus on programmes on the right side of the chart; if culture and team-building is a goal, consider the activities on the left of the chart. You don’t necessarily have to spend *more* to build engagement, but can spend *more wisely* to reach more employees and maximise results.

The enabling strategies are best practices to optimise and deploy your programmes and keep them aligned with your overall business strategy:

- Are you using technology to the fullest?
- Might some employees require training to accomplish their goals?

- What communication vehicles are in place to reach out to employees and keep organisational priorities fresh in their minds?
- How will you know when you’ve achieved your goals? What metrics should be tracked and how will that be accomplished?
- Assess where you are now and where you ultimately want to be. What strengths can you make the most of and what gaps must be bridged to make that progress?

Conclusion

Each of the engagement options explored in this *Briefing* has different financial benefits and influences different areas of the organisation or elements of the culture. This affords leaders the opportunity to assess their programmes and invest more strategically – and not necessarily more lavishly.

It should prove to be a very beneficial exercise to review your current engagement and recognition initiatives to ensure that they are aligned with NHS priorities and are optimising the impact and reach that they were designed to achieve. Strengths can be reinforced, weaknesses can be mitigated, and more attention can be paid to higher-gain choices. Many workshop attendees felt that this was an area that gave particularly rich opportunities for improving their current programmes and the consequent engagement results.

The O.C. Tanner Recognition Spectrum™

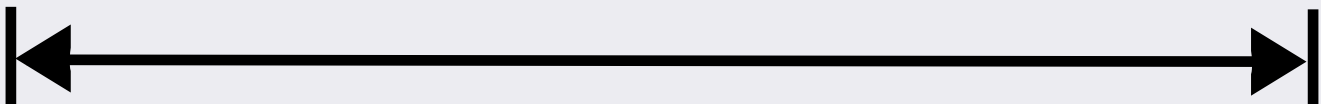
Alignment & reinforcement
"Recognising what matters most"

Impact & reach
"Recognising people the right way"

More frequent, less formal, general criteria

Incentives

Less frequent, more formal, specific criteria



Thank you notes, e-cards, verbal, on-the-spot

Above and beyond, living the values

Safety, ideas, performance management

Sales, well-being, attendance

Milestone awards, chief executive's award, induction, events



Initiated by a person taking some action to recognise (fosters relationship building)

Initiated by passage of specific timeline or achievement of specific metric (reinforces performance oriented culture)

Enabling strategies

Technology	Training	Communication	Measurement
Assessment / Solution design / Management			

References

1. Gallup research, in *Human Sigma*
2. *Putting patients first*
3. Research by the Aberdeen Group
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5. *Partnership for prevention*, 2008
6. *Injury facts*. The National Safety Council, 2008
7. 2008 O.C. Tanner Global Recognition Study
8. 2008 O.C. Tanner Global Recognition Study
9. 2008 O.C. Tanner Global Recognition Study
10. Gallup research
11. Research from Studer Group

Further information

NHS Employers and O.C. Tanner are keen to continue to share research, tools, best practices, and to support trusts with their work in the area of engagement.

For more information, please feel free to contact us at:

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NHS Employers

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NHS Employers represents trusts in England on workforce issues and helps employers to ensure the NHS is a place where people want to work. The NHS workforce is at the heart of quality patient care and we believe that employers must drive the workforce agenda. We work with employers to reflect their views and act on their behalf in four priority areas:

- pay and negotiations
- recruitment and planning the workforce
- healthy and productive workplaces
- employment policy and practice.

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