Understanding the workplace factors that influence engagement and success will lead managers to the right actions.

Getting to the WHY of Organization Effectiveness

BY SARAH R. JOHNSON

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The construct of employee engagement has become ubiquitous in surveys, and for many organizations it is the primary focus of the survey. Engagement is typically measured via a defined set of survey questions, and engagement scores can be calculated for any subunit, team, or demographic group defined in the organization's hierarchy. Engagement scores can provide a helpful metric for the organization; the scores can be tracked over time to determine change and can be compared with external benchmarks to determine whether the organization's scores are within an expected range or significantly ahead of or behind the pack.

Employee engagement is an outcome measure, meaning that engagement is a product of many potential influences, such as the work itself, company culture, confidence in the organization's future, opportunities for growth and development, and employees' relationships with their managers. If the organization's objective is to increase employees' engagement levels, it is necessary to understand which factors have the greatest influence on engagement levels—or thought of another way, which factors are barriers to high engagement and success.

It is difficult to determine which action will be most effective if you don't know what is influencing the problem. You need to understand more than just the *what* of employee engagement—you need to understand the *why* as well to design and implement meaningful and effective actions. Without understanding the why of engagement, organizations run the risk of making significant investments in actions that, while well intended, do little or nothing to move the needle on employee engagement. Worse, some organizations may simply focus on the engagement metric, racking and stacking managers without giving a lot of thought to what workplace elements are engaging or disengaging. Holding leaders and managers accountable for engagement without providing the insights necessary to improve it seems futile and unfair.

Avoid fixing the wrong problem

To understand the why of engagement, some organizations focus actions on those topics that received the lowest scores in the survey. While this approach seems perfectly logical, it can be flawed. Some survey categories and questions typically receive low scores, regardless of engagement levels in the organization.

One common example is compensation and benefits. Low scores in this category are the norm, even in organizations with high levels of engagement. Competitive pay and benefits are necessary in organizations, but research indicates that they are not meaningful influences on engagement. The Corporate Leadership Council's 2004 research into the drivers of engagement found that compensation wasn't even among the top 50 drivers. Further, 2015 research by Josh Bersin and Deloitte found that compensation is a "hygiene" factor, meaning that employees may leave a company if compensation is too low, but it doesn't directly drive engagement.

Investing time and effort on this topic may provide a temporary boost to employee engagement, but it won't last. It simply isn't a meaningful barrier to success for the company or the individual. Other companies have implemented actions that strive to make the workplace fun, providing seemingly endless supplies of coffee, pizza, doughnuts, and even alcohol. Still others distribute a barrage of certificates of appreciation. And yet engagement remains unchanged.

A company I once worked with invested heavily in improving flexible work arrangements, the lowest-rated question in its survey. After investing significant resources to design, implement, and communicate new programs for employees, subsequent surveys showed that engagement was unchanged. This was extremely disappointing to leaders because they thought they were doing the right thing.

This all leads to a simple conclusion: They are trying to fix the wrong problem. Without understanding the factors that influence engagement, action plans become a shot in the dark, a presumption of what may improve engagement but with no proof or support that the approach will have any positive impact. These failed attempts at implementing actions to improve engagement may discourage leaders from taking further actions or, even worse, lead them to decide that the survey is a waste of time.

Driver analysis

There are many approaches to identifying workplace factors that influence employee engagement scores, a process commonly known as driver analysis. A driver analysis is simply a statistical method for identifying which survey results have the strongest relationship with the engagement measures used in the survey. It enables organizations to rank survey measures (categories, questions, or both) from those with the greatest influence on engagement to those with the least. Action planning can then focus on engagement levers or those issues with the strongest relationship to engagement. Driving improvements on the issues will in turn have the greatest influence on engagement scores. This approach is not only logical but supported by data.

Often the biggest influences on engagement are not the lowest scores on the survey. Rarely does compensation emerge as a top engagement driver, as I mentioned previously. Sometimes favorably rated questions are top engagement drivers, suggesting that improving engagement requires further enhancement of issues measured in these questions or at the very least maintaining the current focus on the issue. In this respect, a driver analysis can serve as a myth buster for leaders and others in the organization.

Statistical analysis of the engagement drivers provides the facts and data needed to shape understanding of what is most important to employees. Identifying the best actions to improve organizational effectiveness and employee engagement becomes a logical, data-based exercise rather than one based on beliefs, assumptions, and gut feelings.

But how do you conduct driver analyses? What approaches and processes work best? Some approaches, such as correlation coefficients, are relatively simple, while others are more statistically sophisticated, like structural equation modeling. Each approach offers a unique perspective on the relationship between survey scores and employee engagement, and each has benefits and pitfalls. The choice of one or the other depends on how the data are going to be used and by whom (simplicity), how much time is available to do the analysis (speed), and whether the analysis can be efficiently conducted for multiple groups throughout the management hierarchy (scalability).

Here is a brief rundown on the most common methods of driver analysis.

Correlation coefficients

Correlation coefficients describe how two metrics move in relation to each other. Does one increase as the other increases? Do they decrease together? Does one improve as the other declines, or is there no discernible relationship between the two?

Correlation coefficients describe whether the metrics move in the same or different directions and how closely the movements in the two metrics mirror each other. Correlation coefficients are relatively common statistics; one of the benefits of using them is that leaders and managers generally understand them. They are scalable, meaning they are easy to produce not only for the total company but also for multiple subgroups such as business units, regions, and lower levels of management. There are many software programs that can calculate correlation coefficients, and, in general, the analysis can be completed quickly.

Correlation coefficients have a significant disadvantage, however: They describe the relationship, but they do not confirm causality, meaning we cannot assume that one metric causes or influences the other. For example, a correlation coefficient may show that as scores for a survey question on flexible work arrangements improve, so do scores for the employee engagement questions. That doesn't necessarily mean that flexible work arrangements have an influence on engagement. It's even possible that engagement is affecting employees' views of flexible work arrangements. Correlation coefficients describe relationships but not in a definitive, causal way.

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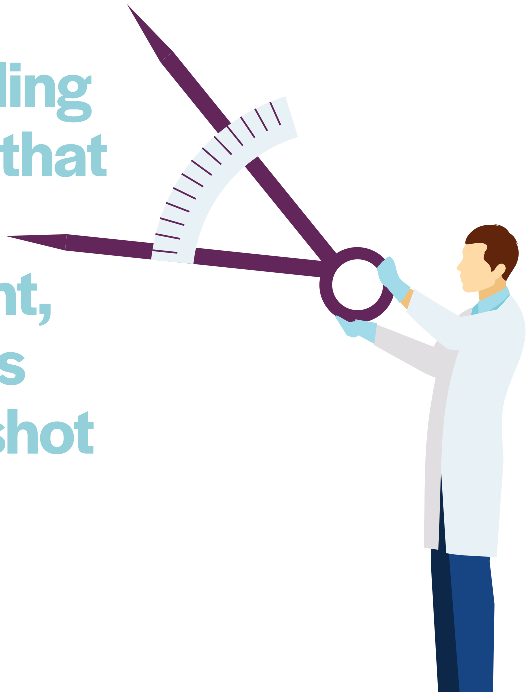

Relative weights analysis

Relative weights analysis is a form of regression analysis that is uniquely suited to work with organization survey data. One of the unique challenges of survey data is that, statistically speaking, everything is related to everything else: How we feel about our manager is related to how we feel about recognition is related to how we feel about development opportunities is related to how engaged we are.

Every element of the work environment has some influence on employee engagement, but what we want to understand is which element has the greatest influence. Relative weights analysis controls for these interrelationships and provides as its output a ranking of engagement drivers from the greatest impact to the least. Additionally, results of a relative weights analysis assess the strength of each survey element as a driver of engagement, relative to the others. This relative ranking provides insight into whether the ranked drivers are closely packed, meaning they differ from one another only slightly in their impact on engagement, or dispersed, meaning that one or two drivers have a great deal of impact and the others have very little.

On the plus side, relative weights analysis moves us closer to understanding causality, meaning the direction of the relationship between survey measures and engagement. However, there are some significant pitfalls to consider. The analysis itself is complicated, taking additional time to complete, and it can be difficult to explain to managers. Relative weights analysis also requires a large data set to produce valid results, meaning drivers will only be available to large subunits of the organization and not at lower levels of management. Because of this group size requirement, smaller subunits will need to share the set of drivers identified at a much higher level of the organization, which may raise questions of whether results are truly generalizable across different work environments.

Structural equation modeling

Structural equation modeling is the most complicated and least used of the approaches to driver analysis. It brings us even closer to understanding causality but comes with significant pitfalls.

For instance, it is a time-consuming analysis to conduct, requiring an experienced user to work through multiple iterations of a model of interrelationships. Even then, results and solutions can be difficult to interpret. It is a sophisticated statistical analysis with a unique software package, and it is quite difficult to explain to managers. It isn't a scalable approach because it needs a large data set to produce valid results.

Generally, structural equation modeling is used only at the total company level, for large business units (think several thousand employees), or for research purposes. Because of the many iterations required for the analysis, the turnaround time for results can be lengthy.

Positive divergence analysis

Positive divergence analysis divides an employee population by how individuals responded to a defined set of survey questions. In the case of an engagement index, the population is divided into two groups: those who responded favorably to all engagement index questions (the highly engaged group) and those who didn't (the less engaged group).

Once the population has been divided, it is possible to see what proportion of the population is engaged; obviously, large proportions are better than small proportions. We also can determine what workplace experiences differentiate the two groups the most. In other words, what are the elements of the work environment that engaged employees are experiencing but other employees are not? This is accomplished by calculating scores on all other survey questions for each group, comparing the scores, and ranking the score differences from the largest to the smallest.

This ranking provides insight into the differences between the work experiences of the highly engaged and not engaged groups, and what experiences differentiate the groups the most. The questions with the largest differences between the two groups are the primary drivers of engagement. This methodology is logical and easy to explain to managers (it is a form of best practice research) and can be run on even small groups of 25 employees, making it highly scalable. Positive divergence analysis can be programmed into survey reporting tools, making the turnaround time for the analysis quick.

Comparison of Driver Analysis Methodologies

Method	Speed (Will it slow down reporting time?)	Intuitive Appeal (Does this make sense to users?)	Scalability (How many managers will receive unique results?)
Correlation coefficients	Fast	Moderate	High
Relative weights analysis	Slower	Lower	Moderate
Structural equation modeling	Slow	Low	Low
Positive divergence analysis	Fast	High	High

Each driver analysis method can have value, but it is important to consider simplicity, scalability, and speed when determining which to use (see figure).

Reasons the *why* matters

Understanding the *why* behind survey results drives meaningful change in an organization and makes the survey process a catalyst for improving effectiveness. To understand the *why*:

- Conduct surveys that measure more than just employee engagement. Tracking a single metric over time, regardless of how important that metric is, provides minimal information and little insight for change.
- Create survey content that reflects the common influences on employee engagement in addition to the workplace elements and issues that are critical to the success of the organization's strategy.
- Select a driver analysis methodology that suits the organization's requirements and leaders' capabilities. Consider the need for speed in completing the analysis and the scalability necessary to provide customized results for different parts of the organization. Which approach is simplest to explain to managers and the most credible?
- Provide driver results to managers in a format that is easy to consume and guides them toward taking action.

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