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# Employee Engagement at the Company X

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## Employee Engagement at the Company X

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The objective of this thesis is to measure the employee engagement at the company X. I have introduced different studies that have proven the employee engagement to have a positive influence on organizations performances worldwide and explain why the employee engagement is crucial for every successful organization nowadays.

The purpose of this thesis is to help the company x to improve their performance through employee engagement. I have gathered information to support the argument that the employee engagement has a great effect on the organizations performance.

The company I am making the thesis for is located in Helsinki and is specialized in jewellery and watches. It consists of eight sales associates, four after sales employees and the CEO. Currently, the organization has a policy that there is no store managers, everyone is equal and each employee concentrates on their own projects and other work related functions.

The reason I chose employee engagement as the topic of the thesis is that the organization has enormous potential to perform remarkably better, if the organization were to work as a team and its employees were engaged.

Keywords: Employee Engagement, Team Building, Leadership



## Table of Contents

1	Introduction .....	6
2	What is employee engagement .....	7
2.1	Employee engagement versus employee satisfaction and loyalty .....	8
2.2	Why is employee engagement important .....	8
2.3	The importance of the employees .....	9
2.4	Service Profit Chain.....	10
3	How does employee engagement affect the organization.....	11
4	How to measure and improve employee engagement.....	12
4.1	Types of Engagement.....	12
4.2	Ways of measuring employee engagement .....	13
4.3	How to improve employee engagement.....	14
4.4	The WIFI Model .....	14
4.5	Employee Engagement Strategy .....	16
5	Methodology .....	16
6	Analysis .....	17
6.1	Survey Results .....	19
6.2	Pearson's Coefficient Correlation .....	22
6.3	Respondent groups.....	25
6.4	Reliability.....	28
7	Conclusion .....	30
	Figures .....	33
	Appendices .....	35

## 1 Introduction

The main focus on this thesis is the importance of employee engagement, how to measure it and how it affects the organization's performance. Explaining employee engagement through examples and gathering information on the current state of the employee engagement in the company will hopefully create awareness of the actions that should be taken towards better employee engagement.

In the theory section, the author will first disclose the meaning of employee engagement and how to measure it. Thesis will explain why employee engagement is important and introduce a few different researches done on the topic, for example The State of the Global Workplace done by Gallup and The Global Workforce Study by Tower Watson. Both researches discuss the current employee engagement state in various countries and how the level of engagement affects organizations in terms of performance.

In the research section, the author used The WIFI engagement survey created by Cook (2008) regarding the current state of employee engagement at company X. The questionnaire was sent via Google Forms survey tool, anonymously. The questionnaire consists of 45 statements and the respondents chose whether they strongly disagree or completely agree on a scale from one to ten. My research is a quantitative research and the objective is to understand the main factors influencing the level of employee engagement at the company. Ideal outcome for the research is to be able determine main attitudes, behaviours and opinions that affect the current state of employee engagement and to measure the general level of engagement.

The turnover of company X in 2015 was over 50 million euros, and in 2016 it decreased to 44 million euros, which is a 10% decrease over a 12-month period. During 2016 the year of the decrease, the business location changed to a location more busy and visible which was hoped to further increase turnover (Asiakastieto 2016).

## 2 What is employee engagement

Employee engagement is the passion, motivation and energy that influence the employee's effort in their work-related activities. It can be seen in the effort they put forth to serve their customers or by how far they go outside their role for the organization. An engaged employee gives their best each day and is committed to the organization's values and goals. Engagement is an emotional connection; the employees choose the extent they are willing to go for the company with a sense of their own well-being (Cook 2008).

Engagement is not limited to emotional connection with the company, but is also about feeling mentally stimulated, and knowing there is opportunity to grow in the company. For engagement to develop there has to be trust and communication between the employees and management. For the employee to obtain engagement, they must be able to see the meaning in their work and how it contributes to the company (Business Dictionary 2017).

According to Cook (2008), employee engagement can be summed up to how positively the employee:

- Feels about the organization
- Thinks about the organization
- Is proactive in helping the organization to reach goals for the customers, colleagues, and other stakeholder's (Cook 2008)

These three dimensions are illustrated in figure 1.

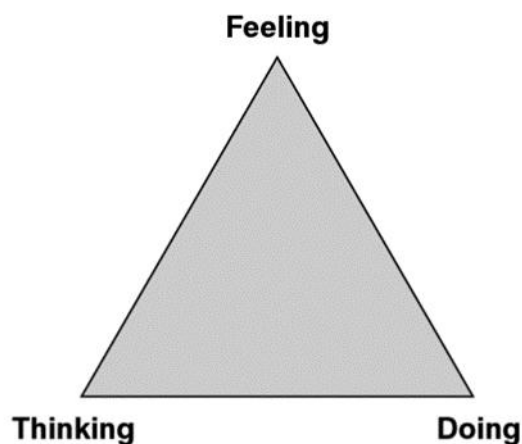


Figure 1: Employee Engagement (Cook 2008)

### 2.1 Employee engagement versus employee satisfaction and loyalty

Cook (2008) points out that there are differences between an engaged, a satisfied and a loyal employee. For instance an employee who has been working for company x for over 15 years, is loyal to the company due to long working relationship, yet might not agree with decisions made by the management or other company related policies. The loyal employee will stay in the company, however the employee is not motivated to do anything else but the bear minimum expected. The customer experience with the loyal but not engaged employee could be dreary or even unpleasant (Cook 2008).

The second example is about an employee who feels very passionate about their profession, is satisfied with the work and feels there is the possibility for self-development. This profession could be for example someone working at the health sector, such as a nurse. The nurse gets the satisfaction required as an employee from the importance of the work, however it does not necessarily mean the nurse is satisfied with the organization or agree with the decisions made by them (Cook 2008).

### 2.2 Why is employee engagement important

Main two reasons employee engagement is important is first the increasing power of the customer and second the increasing power of the employee. An engaged employee serving the customer gives the face to the organization and today we as customers have much more power and room to choose where we want to do business. The growing competition, and the power of internet has made customers more demanding. Time and money are almost comparable to each other, and customers rely on suggestions made by companions instead of searching through stores for the best products. Organizations that will succeed are the ones that make it easy and quick for the customers to do business (Cook 2008).

There are two main factors that affect customers preferred place of business; economical costs that include time, money and effort and emotional costs that include the feelings towards the brand and the feelings towards the product and the employees (Cook 2008).

As humans we often tend to choose emotion over logic, which means that even if we get poor customer service but the product is iconic or a well-known brand, we are most likely to ignore



the bad customer service experience. If the organization deals with the customer in a very positive manner, but the product wasn't quite what was expected we are more willing to give the organization a second chance. If the product and the service are poor that means the customer will actively talk negatively about the product or unacceptable customer service in the organization. But if both product and service match with customers' expectations, customers become advocates for the organizations. Organizations need advocates that actively promote the product and the organization (Cook 2008).

The customers decision to purchase a service or product is influenced by several different factors that include;

- Pre-purchase experiences such as recommendations by others, advertisements and for example the organizations website
- The actual purchase experience which includes the variety of selection, services provided, the purchase environment, the product and service delivery, and the service provider.
- After sales experiences and services such as product or service quality, service recovery and loyalty programs

Organizations that emphasize the importance of customer service understand the effect a single employee could have on a customer. Organizations must recognize the importance of the total customer experience including all three steps mentioned above, as well as the staff providing the service. Customers concept of the company builds up from the service and from the feeling the employee radiates. Employees whom are willing to help and provide efficient service generate trust among the customers. "Employee behavior is key to developing a long-term relationship with customers"(Cook 2008, p.6).

### 2.3 The importance of the employees

"It is now recognized that 'human capital' is a source of competitive advantage in many cases over and above technology and finance" (Cook 2008, p.7). The challenge today for organizations is to find employees who are willing to go above and beyond for customers. Employee engagement is the key to win over the customer's loyalty (Cook 2008).

Organizations are not what they use to, the structure of commanding and obeying does not apply anymore. Together with globalization, growing competition and growing power of the consumers, employees have become more demanding on what they expect from their employers. This means employees with potential easily moves on from an organization if they

feel the employer is not meeting with their expectations. Same applies if the employee feels they do not have the opportunity to further develop in their work. Employees nowadays search for meaningful job, where they can feel they have the power to make a change (Cook 2008).

There are several benefits for organizations whom are able to provide working conditions where the employees feel they can perform at their best, where they feel motivated to further improve the work performance and where they feel respected. Some of the benefits are for example; greater productivity, sense of team work, commitment for the company, employees being better brand ambassadors, high levels of creativity, increased level of loyalty and commitment for the organizations values and goals (Cook 2008).

#### 2.4 Service Profit Chain

Service profit chain is an profitable organizational model based on a research made by Heskett, Sasser and Schlesinger (1997). In their research they introduce a connection between the organizations internal relationship and the external relationship; customer service. They did not only demonstrate a connection between profit and customer loyalty, but also a connection between profit and employee satisfaction and loyalty. The theory of Heskett, Sasser and Schlesinger is illustrated in figure two ( Heskett, Sasser, Schlesinger 1997).

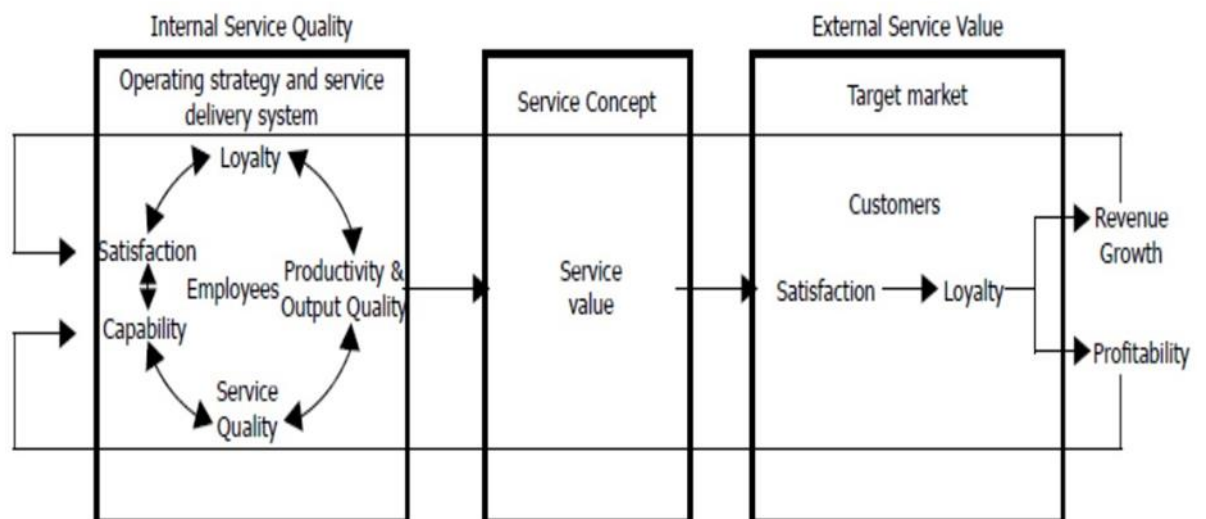


Figure 2: Service Profit Chain (Heskett, Sasser, Schelsinger 1997)

Figure 2 shows the straight links documented by Heskett, Sasser and Schlesinger. According to them, customers do not only buy products or services, they buy results. That includes the process of delivering results and the person who is in direct contact with the customer, the employee, who gives a face to the process and the company (Heskett, Sasser, Schelsinger 1997).

An exceptional organization which delivers results implements effective strategy plans. In addition for having financial profit and growth, the strategy must include values that lead to the financial success. Values of services delivered lead to customer satisfaction and loyalty. These values are accomplished by the employees at the frontline, whom are engaged and in return are loyal and productive. Together the strategy plans and satisfied frontline employees structure The Service Profit Chain (Heskett, Sasser, Schelsinger 1997).

### 3 How does employee engagement affect the organization

According to Macleod and Clark (2012), companies with high level employee engagement are more effective and efficient. They state that employees are motivated and do their best in the organization when engaged. Other important factors engaged employees bring for the organization is that they take less sick leave, they are more customer focused, they are more creative at work and they are willing to go extra length to meet the companies objectives. Lastly the most important factor from the organization's point of view; employee engagement has a straight effect on the organization's performance (Clarke & MacLeod 2012).

Tower Watsons (2014) analyzed data gathered from opinion surveys from over 664 000 employees from more than 50 companies representing different range of industries and sizes. The study measured engagement along with other business performances over 12 months. Companies with highly engaged employees improved operating income by 19.2% over the 12 month study period, and companies with low engagement levels operating income declined by 32.7% over the same period. Same relationship applied to net income growth: companies with high engagement scores demonstrated a 13.7% improvement in net income growth compared to a decline of 3.8% in low engagement companies. During the one year study they also discovered that companies with high employee engagement level had 3 times higher margin compared to companies with low employee engagement (Tower Watsons 2014).

In Clark's and Macleod's (2012) opinion, the Tower Watson research re-enforced a previous research conducted on employee engagement was done by Gallup. The research included 174 retail stores over a two-year period. During the two-year research period Gallup demonstrated a 3.8 percent profit in retail stores that improved their employee engagement yearly. Re-

tail stores that decreased employee engagement also decreased their profit by 2 percent (Clark, Macleod 2012).

Gallup (2006) conducted a meta-analysis research which not only demonstrates correlation between company performance and employee engagement but also between several other crucial factors for companies. Companies with higher employee engagement level had a 94 % higher success rate on absentees, which means less probability for absenteeism. They had 103% higher success rate when it came to customer satisfaction, 78% higher rate on turnover and 50% higher rate on profitability (Gallup 2006).

A more recent research conducted by Gallup (2013) was done in over 70 countries including Finland. In their 2013 research called The State of Global Workplace 11% of Finland's Employees were engaged, 76% were not engaged and 13% were actively disengaged (Gallup 2013).

#### 4 How to measure and improve employee engagement

To improve company performance through employee engagement, the first step is to find out the level of engagement in the company and to distinguish the areas of development. Once there is insight of the general level of engagement, it is easier to work on improving the problem areas (Towers Perrin 2005). In this section thesis will disclose different types of engagement and ways to measure it.

##### 4.1 Types of Engagement

According to Cook (2008) there are 4 types of engagement;

- Cognitive engagement: How focused the employee is at work. Employee does not get distracted and shows extreme concentration.
- Emotional engagement: How captivated the employee is about their work. Emotionally engaged employees concentrate in the work in the moment.
- Physical engagement: How much further employees are willing to go of their job description. An employee who is physically engaged will take responsibility in their own development and learning at work.

- **Advocacy:** How employees portray the organization to outsiders. Is the employee who advocates the organization going to the extent that they recommend the organization for friends and family? (Cook 2008)

#### 4.2 Ways of measuring employee engagement

Most important matters when measuring employee engagement is to ensure the respondents stay anonymous as being anonymous encourages respondents to stay truthful. Sometimes providing negative or critical feedback can be frightening to the respondents. Another important factor when measuring employee engagement is to be open and honest about the motivation behind the survey. It is important for the employees to be aware of the survey beforehand so they can think about the answers, come up with new ideas and be more open in their answers. Creating excitement and positive thoughts around the survey increases response rates. (McKee 2017)

There are several surveys on how measure employee engagement. Different surveys have both positive and negative sides to it. Surveys with open questions give more insight in detail to what is going through the employees mind, whereas surveys with several questions with close-end answers give more of a general view of the current engagement situation. (McKee2017)

According to Stoneman (2013) there are fundamentally two ways to conduct surveys when it comes to employee engagement. First way is the off-the-shelf approach, meaning readymade surveys proven to work. These are for example the WIFI survey and the Gallup Q12 analysis. The Gallup Q12 analysis consists of only 12 questions that include the 12 key areas when it comes to employee engagement. The most efficient feature of these surveys is that when companies use the same questions it allows them to benchmark to other companies (Stoneman 2013).

The second way to measure employee engagement is by creating a bespoke survey. Bespoke solution is survey specifically tailored survey for that company. The advantage of this survey is that it allows to concentrate on the most important areas of the company. On the other hand with the bespoke solution it will not be possible to benchmark by sector or internationally (Stoneman 2013).

The time gap surveys should be conducted on, depends on the information sought. If surveys are being conducted several times a year, it only needs to consists of a few questions. Whereas the more the questions the longer time gap there should be. Surveys with several

questions help the organization to get the general view of the current employee engagement situation (Stoneman 2013).

#### 4.3 How to improve employee engagement

Different researchers concentrate on various areas to improve when it comes to employee engagement improvement strategies. In this section thesis will disclose focus areas mentioned by the Gallup research and introduce an employee engagement model by Cook (2008).

According to the Gallup research: The State of The Global Workplace 2013 there are seven main focus areas when it comes to improving employee engagement. First is make employee engagement to be an everyday topic at work. Talking about employee engagement should be something that improves communication and a topic that employees are aware of perhaps needs improvement. To implement a strategy plan organizations should use a survey or other data collection method that collects data the organization can act on. According to Gallup, organizations often collect data that cannot be used or is irrelevant (Gallup 2013).

The transformation towards better employee engagement happens at a local level, but it can only be accomplished if the managers set the pace and atmosphere for it. Employees and managers must feel empowered at work to make a significant change in the work environment. For the transformation to evolve into the right direction it is important to choose the right managers for the work. Managers should have a particular set of talent that support, empower and engage their staff. Organizations should actively coach managers on how to engage employees (Gallup 2013).

To motivate employees for the transition, managers must set realistic goals and day to day objectives for employees. Employees should feel the experience of working towards employee engagement, with weekly meetings and one to one sessions. To understand the employee and how to engage them it is important to understand that employees in different organizations and cultures have different needs. Managers should be aware of the influencing factors and that every encounter between an employee and a manager could have an effect of the future of that employees engagement (Gallup 2013).

#### 4.4 The WIFI Model

To improve employee engagement in the organization, one must first find out the key issues in the company and the general level of engagement among the employees. In the Essential guide to Employee Engagement, Sarah Cook introduces the WIFI model, an employee engage-

ment strategy. The WIFI model consists of; Well-Being, Information, Fairness and involvement (Cook 2008).

Well-Being is about how good the employee feels about the organization and how in turn the organization cares for the employee. Well-being also includes having the necessary tools to succeed and having enough challenge at work. Other important things that affect the well-being of the employee are not necessarily directly in contact with the work place; such as family friendly policies. Having an immediate manager care about their employees is also an indicator of well-being (Cook 2008).

Information is how well the employees understand the goals and values of the organization. It gives the employees clarity of what to work towards (Cook 2008).

Fairness is for example for the organization to provide the employees with a fair and appropriate rewarding system. Fairness is also about hiring the right people for the job description. It is also important to clarify what is expected from the employees, provide them with constructive feedback in a regular basis and create a development plan for each employee (Cook 2008).

Involvement is about two way communication. Managers should actively engage conversation with employees as well as to listen and act when employees want to discuss with managers. According to a study conducted by Watson Wyatt (now Towers Watson), Organizations that involve their employees are 4.5 times more likely to have higher engagement levels than organizations that do not practice involvement. Those organizations not practicing involvement are also more likely to report 20 percent lower turnovers (Cook 2008).

If the organization chooses or accomplishes to implement all aspects of the WIFI model the effect is as shown in figure 3.

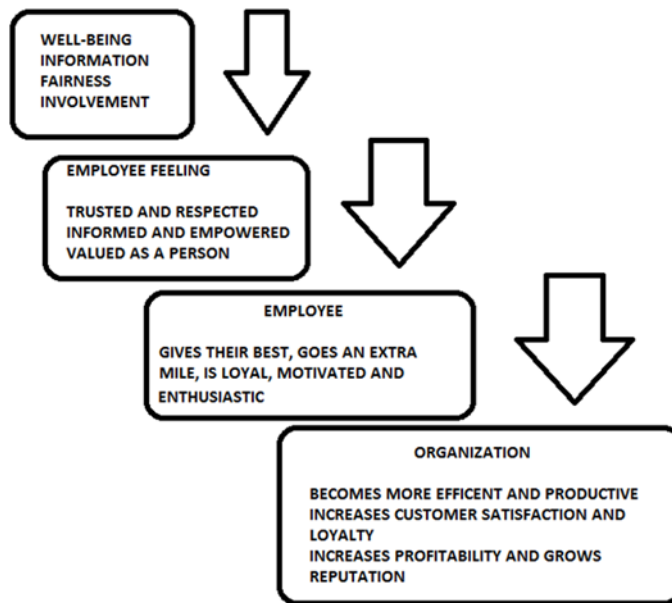


Figure 3: The WIFI Model (Cook 2008)

#### 4.5 Employee Engagement Strategy

To implement the WIFI model, one must remember that each organization is different and each organization might focus on different areas of difficulty. To embrace change towards employee engagement, it is important to understand key problems in the organization, so that the change happens towards the right direction. According to Cook, to create an effective employee strategy, it is important to understand the values and goals of the organization and implement the plan accordingly. HR has to adapt the strategy to fit the company and not the other way around (Cook 2008).

For managers to get a clear view of what is happening in the organization and what is the general level of engagement, Cook suggested a survey for all the four different sections that the WIFI model consist of and as well to measure the general level of engagement. The WIFI employee engagement survey can found at [www.thestairway.co.uk](http://www.thestairway.co.uk) (Cook 2008).

## 5 Methodology

The research conducted to measure the current state of employee engagement in company X was a quantitative research and the objective was to have a general view on the state of employee engagement and to determine the main factors affecting the employee engagement.



Author used the WIFI survey for company X, as they have never conducted a survey regarding the employee engagement or any other matter with regards employee well-being. The WIFI survey helps to get a general view of the current employee engagement situation at the company and to outline matters that should be addressed in probable future surveys or engagement strategy plans. The WIFI survey allows to identify strengths and weaknesses with regards employee engagement (Cook 2008).

The survey consisted of questions only from the WIFI survey. Demographic questions were not included, for the company is small and questions about age or gender could have easily given up the respondent's identity. The survey consisted of 4 main sections of 10 questions each and one additional section of general engagement situation of 5 questions. Each question was answered on a scale from one to ten. One meaning the respondent strongly disagreed and 10 meant completely agreeing.

The survey was sent anonymously via Google Forms tool. The questionnaire was sent to 11 people of which 9 answered, leaving the response rate to 81%. Questionnaire as a data collection method is ideal when data needs to be collected on a specific topic and there must be least possible contact with the respondent and the researcher. Questionnaires allow the data to be recorded. Downsides to questionnaires are that the respondents interpret the questions in diverse ways (Groves 2004).

To determine reliability, I used Cronbach Alpha. Cronbach Alpha is a measure of internal reliability. It determines whether the right questions were asked to find out the information desired. To further analyze results of the survey, I used The Pearson Product Moment Correlation PPMC function which measures the linear relationship between sets of data (Bruin 2006, Andale 2017).

Finally, to analyze and count the scores of the WIFI survey, Cook 2008, presented a detailed guideline on how to analyze the results section by section and to determine whether the respondents have a low, average or elevated level of employee engagement (Cook 2008).

## 6 Analysis

In "The Essential guide to Employee Engagement" Sarah Cook introduces four different case studies using the WIFI model, which correspond to the validity of the survey. Each company had different sections they focused on. As mentioned earlier, each company have different

key development areas and business culture, but the WIFI model can be implemented regardless (Cook 2008).

The first case study is a company called First Direct, whom concentrated on well-being and fairness. They increased their employee engagement over a two year period after recognizing the key problems in the company. First Direct identified key drivers for employee engagement to be career development and leadership. The most important feedback First Direct received from their employee engagement survey was that that there was not a straight way of communicating with the CEO. After identifying the key indicator affecting employee engagement, First Direct developed a program to pinpoint the role leaders and managers have in creating the necessary environment for employees to grow and succeed in their careers (Cook 2008).

Second case study is Hallmark, whom experienced a large merger of five companies in the early 2000s. Hallmark concentrated in all the WIFI areas; well-being, information, fairness and involvement. To help create a new company ethic, they created a new vision in line with company values. The new vision was called “Enriching lives and relationships”. Hallmark started to build a high-performance team with members with more self-awareness. Their strategy was based on Goleman’s “Emotional Intelligence”, which consists of two main abilities; recognizing and managing out emotions and recognizing the influence our emotions has on others (Goleman 2006). In addition of using the Emotional Intelligence the HR team chose to include several factors from the WIFI model, for example;

- Flexible working hours
- implementation of an annual staff survey
- management guide to HR practices
- launch of family-friendly policies
- career progression planning
- cross-functional awareness sessions

Cook states that the result of these actions have been recorded to increase employee engagement (Cook 2008).

Next case study is Microsoft whom has won “the best company to work for” in the UK. They concentrated in well-being and information. Well-being is implemented by encouraging flexible working hours for example, having laptops at home and giving the employees the chance to work from home as well. Information is implemented by establishing a clear understanding of what Microsoft is and what are its strategies. Other benefits for Microsoft

employees are for example family days and gym memberships and free private healthcare (Cook 2008).

Last case study is about National Australia Group Europe (NAGE). They concentrated on all sections of the WIFI model. With annual attrition rates of 65% NAGE decided to take action. The company decided to introduce several programmes in order to improve the current employee engagement situation. Programs included leadership development and a measurement process to keep track of employee engagement on a weekly basis. The new measurement process measures performance against engaged staff, satisfied customers as well as productivity and revenue. In addition to these programs the HR team promoted career development and well-being by ensuring that every employee had a personal development plan and by providing skill training in different departments. During their one year employee engagement program, performance and engagement increased and attrition decreased from 65% to 40%. Absences decreased from 12% to 5% (Cook 2008).

## 6.1 Survey Results

Each question in The WIFI survey had an answer scale from one to ten. One indicates that the employee strongly disagrees and ten indicates that the employee completely agrees. In this analysis I will disclose the questions that scored the highest and areas that clearly need improvement. The overall scores will also be counted to determine the current situation of the employee engagement in Company X (Cook 2008).

Out of the five sections (Well-being, involvement, fairness, information and the general degree of engagement), the section that scored the lowest was the well-being section with the total score of 380 and the average score per person being 42.22. According to Cook (2008) scores between 1 to 54 indicate a low level of engagement, 55 to 74 indicate an average level of engagement and 75 and over indicate an elevated level of engagement. Well-being section of the WIFI survey indicates a low level of engagement (Cook 2008).

Second lowest section was involvement with a total score of 408 and an average score per person of 45.33, which also indicates low level of engagement. information had a total score of 443 and with an average score per person of 49.22 which also falls in the low level of engagement category. Fairness had the highest score of 470, with an average score per person of 52.22 which is already closer to an average level of engagement, but still falls in the low level of engagement category (Cook 2008).

Section five where Cook (2008) measures the general level of engagement must be analyzed separately because it only consists of 5 questions where the other sections consists of 10

questions. The total score for section five is 279 and the average score per person is 31, which indicates an average level of engagement. In section five scores from 1 to 21 indicate a low level of engagement, 22 to 31 indicate an average level of engagement and scores of 32 and above indicate an elevated level of engagement.

To determine the main development areas, one should examine the three lowest scored questions from each section and then look at the three lowest scoring questions from the overall survey.

Section 1	Score out of 90
Q3: I have a personal development plan that helps me grow and develop my career	28
Q7: The organization recognizes and develops people's talents	29
Q10: My manager reviews my performance with me on a one to one basis at least once every six months	20

Figure 4: Lowest scoring questions of section 1

Section 2	Score out of 90
Q15: Managers in this organization encourage two-way communication that promotes open and honest dialogue and understanding	30
Q16: Teamwork is encouraged in my work unit	37
Q18: I feel part of a family working for this organization	27

Figure 5: Lowest scoring questions of section 2

Section 3	Score out of 90
Q22: This organisation makes an effective contribution to the community	<b>30</b>
Q23: This organisation promotes equal opportunities	<b>31</b>
Q26: The organisation promotes the health and well-being of employees	<b>35</b>

Figure 6: Lowest Scoring questions of section 3

Section 4	Score out of 90
Q31: Communication across the organisation is effective	<b>25</b>
Q34: I have trust in the leaders of this organisation	<b>36</b>
Q38: Senior managers lead by example	<b>36</b>

Figure 7: Lowest scoring questions of section 4

Three lowest scoring questions were questions 10: My manager reviews my performance with me on a one to one basis at least once every six months (Score 20).

Question 31: Communication across the organization is effective (Score 25). Question 18: I feel part of a family working for this organization (Score 27).

Highest scoring question was question 37: I am clear what is expected of me in my role, with a score of 71 out of 90. The second highest score was question 36: The job that I do adds value to the organization with a score of 64 and third highest score was question 25: I have appropriately stimulating and challenging work with a score of 63.

## 6.2 Pearson's Coefficient Correlation

To further analyze the survey author conducted a Pearson Coefficient Correlation test of questions that stood out with their answers and how they affect employee engagement, either with the high correlation level or no correlation. The questions author chose to analyze are about subjects introduced in the theory section that have a great effect on employee engagement. The Pearson Correlation function measures the linear relationship between two sets of data (Andale 2017).

The Pearson Product Moment Correlation (PPMC) function is the following;

$$r = \frac{n(\sum xy) - (\sum x)(\sum y)}{\sqrt{[n\sum x^2 - (\sum x)^2][n\sum y^2 - (\sum y)^2]}}$$

The possible results usually vary from -1 to 1. High Correlation is  $r = 0.5-1$ . No correlation is  $r = 0$ . Low correlation usually is  $r = -0.1$  to  $-0.4$  (Andale 2017).

An illustration of what a figure with correlation, no correlation and low correlation would look like.

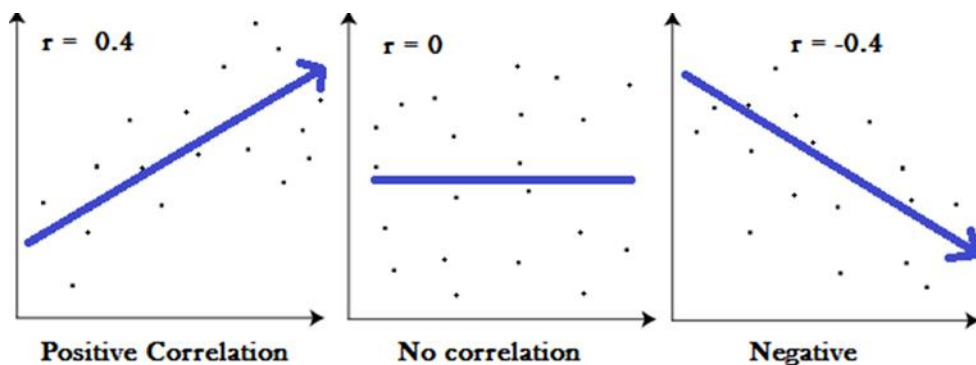


Figure 8: Correlation illustration (Andale 2017)

The PPMC is not able to tell the difference between dependent and independent variables, it treats all variables equally, even when variables are reversed. For example, if one was to test whether the height of a basketball player correlates with better basketball skills and  $r = 0.67$ . When it's reversed and the test is if the basketball playing skills defines the height of a player  $r$  will still be  $0.67$  (Laerd Statistics 2013).

To count the PPMC for the WIFI survey author used Excel. First two questions that are strongly related to employee engagement and had high correlation within each other were question 7: The organization recognizes and develops people's talents, and question 11: My immediate line manager makes me feel my contributions are valued. The scatter graph and correlation can be seen in figure 9.

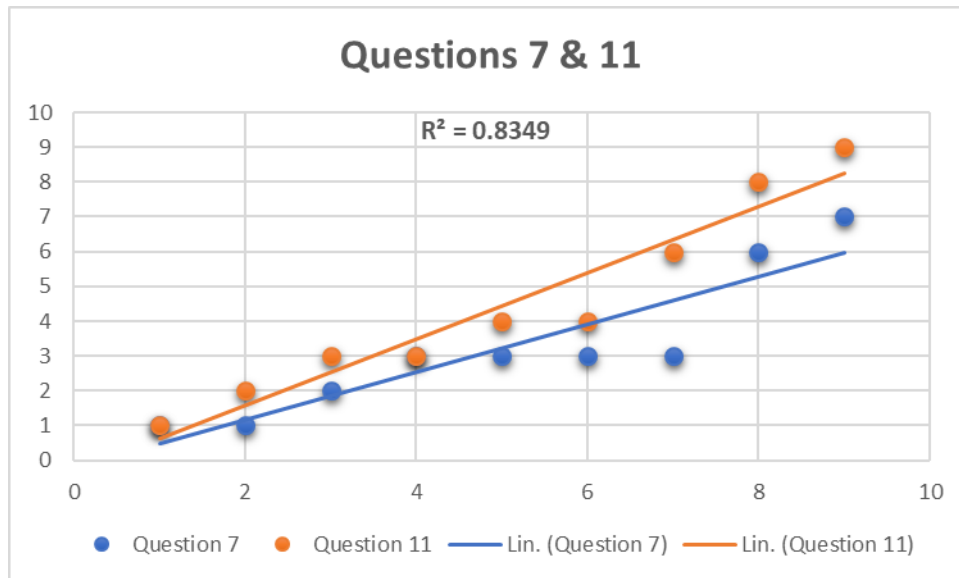


Figure 9: Correlation of questions 7 and 11

As seen in figure 9 there is a high correlation of 0.8949 between questions 7 and 11. Based on this statistic it seems there is a relationship between how the employee feels and the development actions taken by managers. An employee doesn't feel valued if they are not recognized by their managers. An additional observation on these two questions and the area they discuss is that one of the lowest scoring question was question 3: I have a personal development plan that helps me grow and develop my career. Employees in company X want to have a chance to develop and be recognized in order to feel valued.

Another interesting observation in the results of survey was between question 13: I am able to voice my views to my manager and question 15: Managers in this organization encourage two-way communication that promotes open and honest dialogue and understanding. The relationship between these two questions can be seen in figure 10.

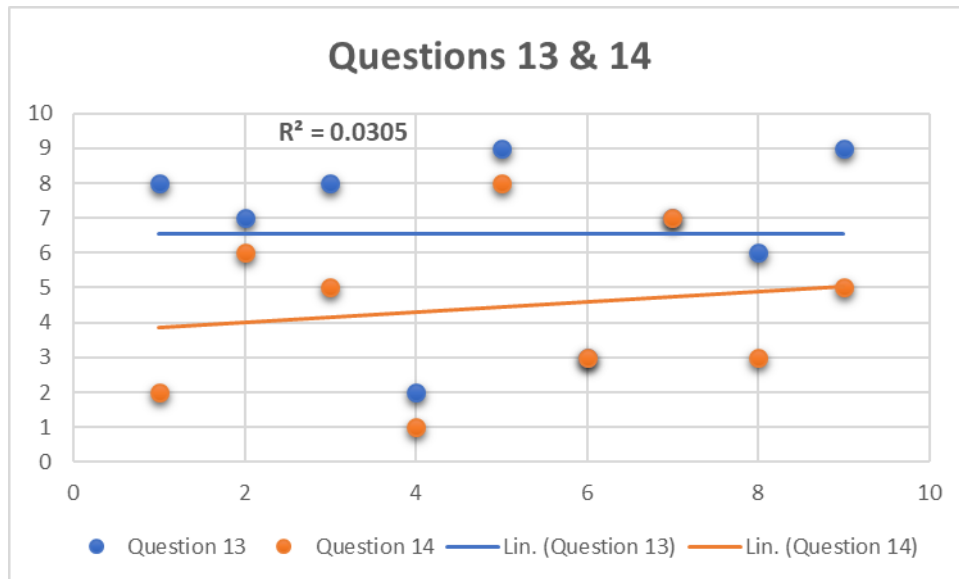


Figure 10: Correlations of questions 13 and 14

The correlation between questions 13 and 15 is almost non-existent with a result of 0.0305. What makes the relationship between these two statements interesting is that respondents feel they are able to voice their opinion to the manager, but at the same time they feel there isn't a two way communication. Based on this statistic there seems to be a lack of dialog from the management although they are aware of employees concerns and opinions.

Third pair of questions thesis will observe is the relationship between question 31: Communication across the organization is effective, and question 34: I have trust in the leaders of this organization. The scatter graph for questions 31 and 34 can be seen in figure 11.

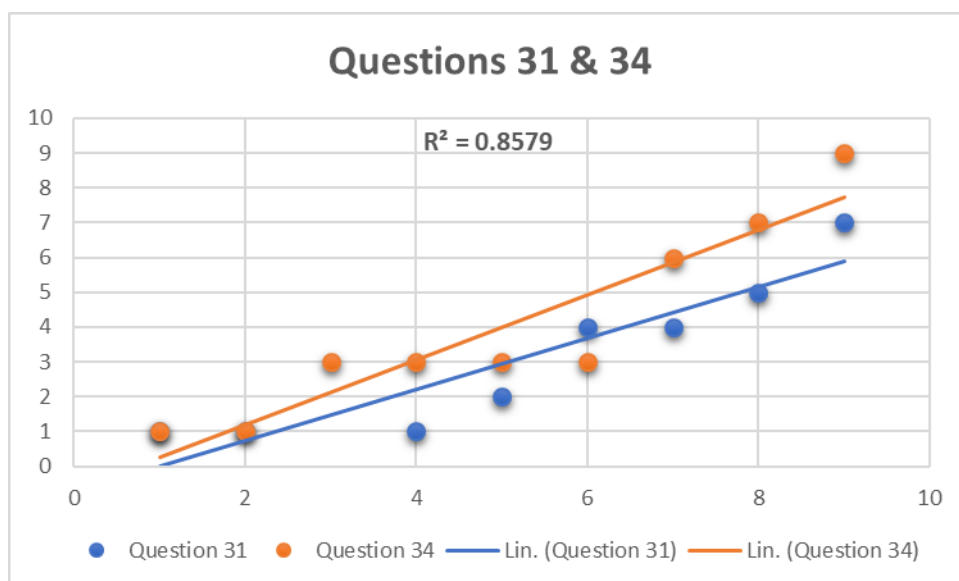


Figure 11: Correlations of questions 31 and 34



Questions 31 and 34 have high correlation of 0.8579, concluding they have a strong relationship. This seems indicate that the lack of communication has a negative impact on the trust of the leaders in company X.

Last pair of questions thesis will observe are questions 41: I am proud to work for this organization, and question 42: I would recommend this organization to others as a good place to work. Correlation and the scatter graph of these two questions can be seen in figure 12.

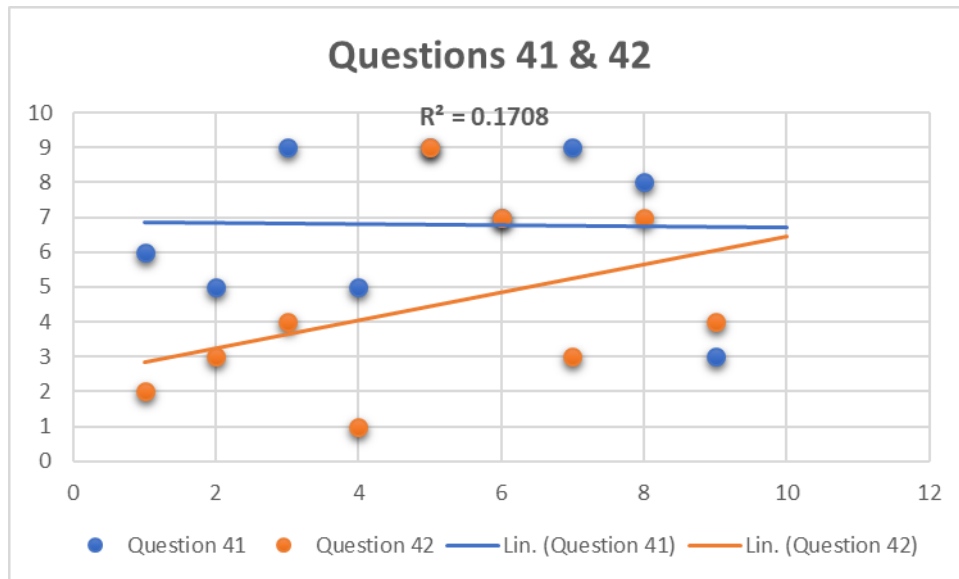


Figure 12: Correlation of questions 41 and 42

Questions 41 and 42 have no correlation with a score of 0.1708. These two pair of questions are thought-provoking because one would expect to see correlation between such similar statements. The scatter graph indicates that employees are proud to work for company X, however they would not recommend the company as a good place to work. One possible explanation could be that the products company X represents are well known and widely respected, which increases the pride among employees.

### 6.3 Respondent groups

Going further into the analysis, the thesis discusses the different groups that were formed among the respondents. For instance, the same questions already analyzed in this chapter have three groups of respondents. First group is formed by respondent 5 and 7. Their average response scores are above 6 (on a scale from 1 to 10), their response scores are the highest in all the 45 questions of the survey as well. Second group is formed by respondents 2, 3, 6, 8 and 9. The second group's answers are all from 4-5, just below on of the median of the response scale. Third group is formed by respondents 1 and 4, whose answers were remarkably

lower than the rest respondents'. Author illustrates the respondents average scores of questions 7, 11, 13, 14, 31, 34, 41 and 42 in figure 13.

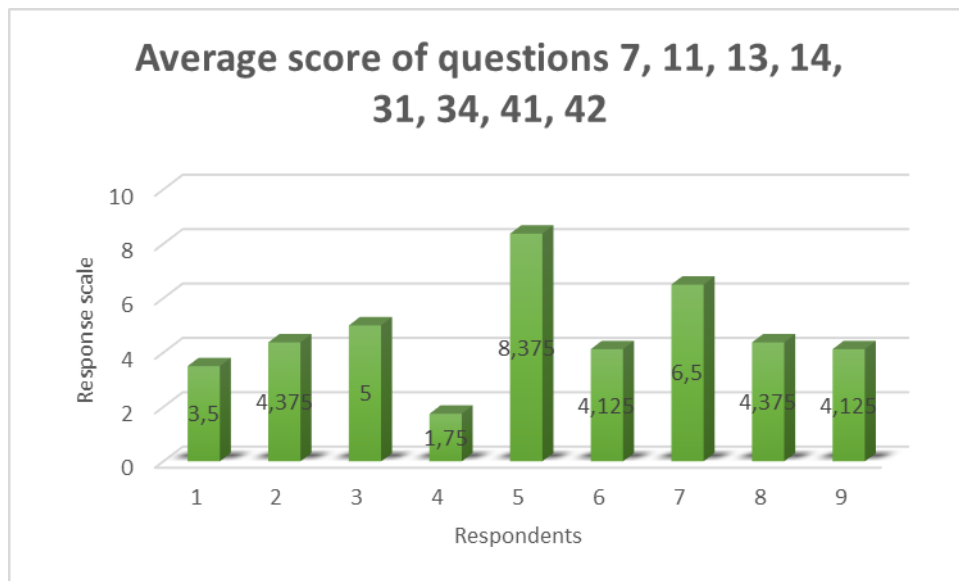


Figure 13: Average scores of analyzed questions

Figure 14 contains additional descriptive data of the median score of each question and the standard deviation. Standard deviation is a measure of how spread out the numbers are within a set of data. Figure 14 includes number of respondents, the median and the standard deviation of the analyzed questions of section 6.2 (Laerd Statistics 2013).

The standard deviation formula is the following;

$$s = \sqrt{\frac{\sum(X - \bar{X})^2}{n - 1}}$$

	N	Median	SD
Question 7	9	3,55	1,87
Question 11	9	4,33	2,64
Question 13	9	6,55	2,50
Question 14	9	4,44	2,35
Question 31	9	3,12	2,23
Question 34	9	4	2,73
Question 41	9	6,77	2,16
Question 42	9	4,44	2,65

Figure 14: Descriptive data of analyzed questions

The same respondent groups can be seen when comparing the average scores of all 45 questions. The average of the questions analyzed in section 6.2 have high correlation of 0.945 with all 45 questions in the survey, which seems to indicate that the three groups stay the same throughout the survey. The average scores of all 45 questions are illustrated in figure 15 and the linear relationship between the questions analyzed versus all 45 questions can be seen in figure 16.

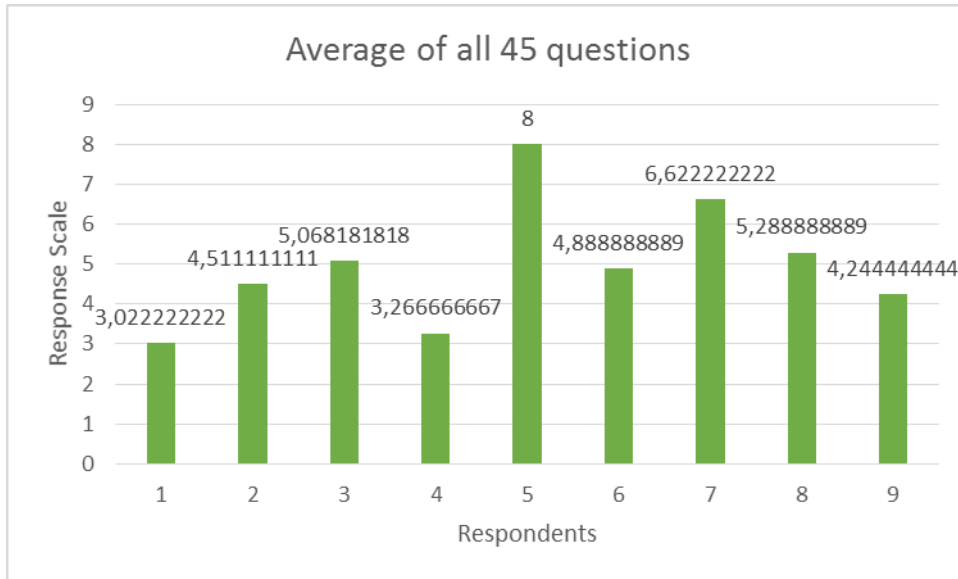


Figure 15: Average score of all 45 questions

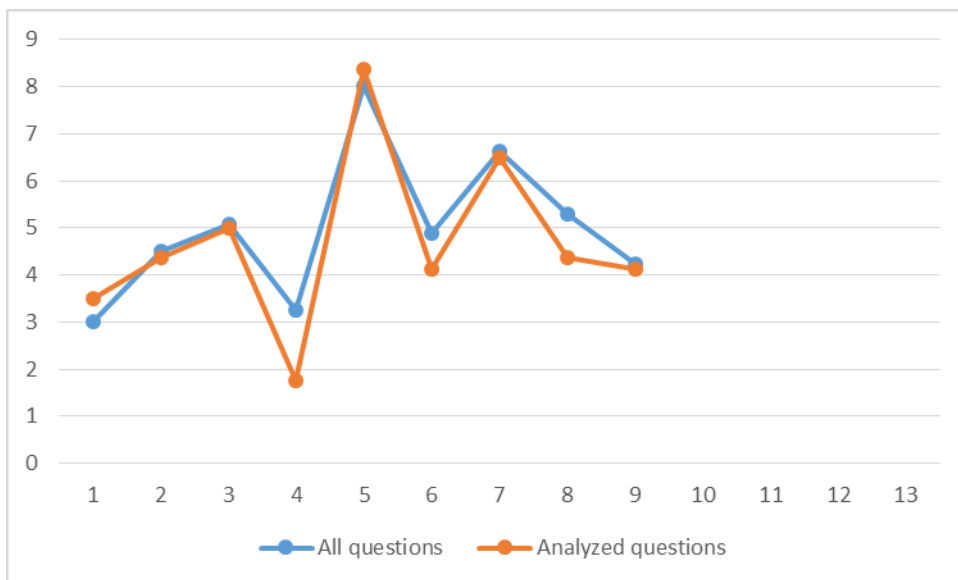


Figure 16: Linear relationship between respondent groups

#### 6.4 Reliability

To determine the reliability of the WIFI survey, I did a reliability Cronbach Alpha analysis with a IBM SPSS program. The Cronbach Alpha is a measure of internal reliability. It determines whether the right questions were asked to find out the target information (Bruin 2006).

“Cronbach’s alpha is computed by correlating the score for each scale item with the total score for each observation (usually individual survey respondents or test takers), and then comparing that to the variance for all individual item scores (Goforth 2015)”.

The Cronbach Alpha function is the following;

$$\alpha = \left( \frac{k}{k-1} \right) \left( 1 - \frac{\sum_{i=1}^k \sigma_{y_i}^2}{\sigma_x^2} \right)$$

$k$  refers to the number of scale items

$\sigma^2 y$  refers the variance associated with item  $i$

$\sigma^2 x$  refers to the variable associated with the observed total scores (Goforth 2015)

The reliability of Cronbach Alpha =  $\alpha$ , ranges from 0 to 1. If the items measured are completely independent (have no covariance) from one another then  $\alpha = 0$ . If the items measured have covariance then  $\alpha$  approaches 1. When  $\alpha$  is less than 0.65 is it usually unacceptable, in terms of not being reliable. Minimum result should be between 0.65 and 0.8, although usually results can be higher. Cronbach Alpha is not a measure of validity or a measure of truth (Goforth 2015).

In the Survey conducted in company X there was 45 questions and nine respondents, answer scale varied from 1 to 10. All answers were input in the SPSS program as follows;

Analyziz Data 1.sav [DataSet1] - IBM SPSS Statistics Data Editor

File Edit View Data Transform Analyze Graphs Utilities Add-ons Window Help

	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	4,00	5,00	4,00	5,00	9,00	3,00	8,00	5,00	8,00
2	3,00	3,00	7,00	7,00	8,00	9,00	7,00	3,00	6,00
3	1,00	4,00	2,00	2,00	6,00	3,00	3,00	4,00	3,00
4	1,00	5,00	7,00	4,00	7,00	6,00	5,00	5,00	3,00
5	3,00	7,00	4,00	5,00	9,00	8,00	7,00	7,00	5,00
6	1,00	8,00	2,00	4,00	5,00	5,00	9,00	8,00	3,00
7	1,00	3,00	3,00	1,00	7,00	3,00	6,00	3,00	3,00
8	1,00	2,00	8,00	5,00	7,00	6,00	6,00	2,00	6,00
9	1,00	2,00	7,00	3,00	7,00	8,00	3,00	2,00	8,00
10	1,00	1,00	4,00	2,00	8,00	1,00	1,00	1,00	1,00
11	1,00	4,00	3,00	2,00	9,00	3,00	8,00	4,00	5,00

Figure 17: Illustration of Cronbach’s Alpha usage

The Cronbach Alpha reliability score was 0.768 as seen in Figure 5. 0.768 is above the minimum (0.65) that was required to determine the reliability. The WIFI survey conducted in Company X can be concluded as reliable.

**Reliability Statistics**

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
,768	,768	9

Figure 18: Chronbach’s Alpha results

The SPSS program also counted the item statistics for each respondent, Inter-item Correlation Matrix and the Scale Statistics.

## 7 Conclusion

The results of the WIFI engagement survey indicate that the current level of employee engagement in company X is low. Main development areas are communication across the company, to provide employees with a personal development plan and to build, team spirit, make employees feel as they are part of a family. Other important development areas are trust between employees and management as well as equal opportunities for everyone in the company.

After being able to determine the main development areas next step is to plan an employee engagement strategy plan. The next survey conducted can be more specific and answers can result more detailed, for example a bespoke survey which is tailored specifically for the company and for the main development areas (Stoneman 2013).

Long-term improvements in employee engagement need to be endorsed by leadership and it needs to be included in the company's HRM strategy. For organizations to succeed in implementing an employee engagement strategy they need to demonstrate strong leadership, communicate and involve people, support and recognize success and to develop a participative implementation process (Heskett, Sasser, Schlesinger 1997).

In a study introduced earlier in the thesis by Towers Watson: The Global Workforce study. The study measured engagement along with other business performances over 12 months with over 664,000 employees. Companies with highly engaged employees improved operational income by 19.2% over the 12-month study period, and companies with low engagement scores operational income declined by 32.7% over the same period (Tower Watsons 2014).

Turnover at company X in 2015 was over 50 million euros and in 2016 it had decreased to 44 million, which is a 10 % decrease over a 12-month period. Should the necessary strategies be implemented to improve employee engagement, turnover in theory could increase with almost 10 million euros and the decrease from the previous year would be recovered. (Asiakastieto 2016).

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## Figures

Figure 1: Employee Engagement (Cook 2008)

Figure 2: Service Profit Chain (Heskett, Sasser, Schelsinger 1997)

Figure 3: The WIFI model (Cook 2008)

Figure 4: Lowest scoring questions of section 1

Figure 5: Lowest scoring questions of section 2

Figure 6: Lowest scoring questions of section 3

Figure 7: Lowest scoring questions of section 4

Figure 8: Correlation illustration (Andale 2017)

Figure 9: Correlation of questions 7 and 11

Figure 10: Correlations of questions 13 and 14

Figure 11: Correlations of questions 31 and 34

Figure 12: Correlation of questions 41 and 42

Figure 13: Average scores of analysed sections

Figure 14: Descriptive data of analysed questions

Figure 15: Average of all 45 questions

Figure 16: Linear relationship between respondent groups

Figure 17: Illustration of Chronbach's Alpha usage

Figure 18: Cronbach's Alpha results



Appendices

Appendix 1: The WIFI Engagement Survey (Cook 2008)

Section 1: Well-Being

1. My immediate line manager cares for me as a person

Your score out of 10: \_\_\_\_\_

2. This organisation makes an effective contribution to the community

Your score out of 10: \_\_\_\_\_

3. This organisation promotes equal opportunities

Your score out of 10: \_\_\_\_\_

4. I am not over-loaded with work to do

Your score out of 10: \_\_\_\_\_

5. I have appropriately stimulating and challenging work

Your score out of 10: \_\_\_\_\_

6. The organisation promotes the health and well-being of employees

Your score out of 10: \_\_\_\_\_

7. I am happy with my work-life balance

Your score out of 10: \_\_\_\_\_

8. The organisation has appropriate family friendly policies

Your score out of 10: \_\_\_\_\_

9. I have the appropriate resources to do my job well

Your score out of 10: \_\_\_\_\_

10. I can relate to the values of this organisation

Your score out of 10: \_\_\_\_\_

Section 2: Information

11. Communication across the organisation is effective

Your score out of 10: \_\_\_\_\_

12. The goals of this organisation are clear

Your score out of 10: \_\_\_\_\_

13. I receive timely information to help me do my job well

Your score out of 10: \_\_\_\_\_

14. I have trust in the leaders of this organisation

Your score out of 10: \_\_\_\_\_

15. I have a clear understanding of the vision of this organisation

Your score out of 10: \_\_\_\_\_

16. The job that I do adds value to the organisation

Your score out of 10: \_\_\_\_\_

17. I am clear what is expected of me in my role

Your score out of 10: \_\_\_\_\_

18. Senior managers lead by example

Your score out of 10: \_\_\_\_\_

19. I am informed at appropriate intervals about what our customers think about us

Your score out of 10: \_\_\_\_\_

20. I am aware of the values of the organisation

Your score out of 10: \_\_\_\_\_

Section 3: Fairness

21. The organisation recruits and selects the right people to the right jobs

Your score out of 10: \_\_\_\_\_

22. I receive appropriate training and development to help me do my job well

Your score out of 10: \_\_\_\_\_

23. I have a personal development plan that helps me grow and develop my career

Your score out of 10: \_\_\_\_\_

24. I have ample opportunity to develop my skills, knowledge and behaviours

Your score out of 10: \_\_\_\_\_

25. I am given the appropriate level of authority to do a good job

Your score out of 10: \_\_\_\_\_

26. I am satisfied with the opportunities there are to develop my career

Your score out of 10: \_\_\_\_\_

27. The organisation recognises and develops people's talents

Your score out of 10: \_\_\_\_\_

28. I receive appropriate pay and benefits for the job that I do

Your score out of 10: \_\_\_\_\_

29. In the past month I have received praise and recognition for a job well done

Your score out of 10: \_\_\_\_\_

30. My manager reviews my performance with me on a one to one basis at least once every six months

Your score out of 10: \_\_\_\_\_

#### Section 4: Involvement

31. My immediate line manager makes me feel my contributions are valued

Your score out of 10: \_\_\_\_\_

32. I feel appropriately involved in decision making.

Your score out of 10: \_\_\_\_\_

33. I am able to voice my views to my manager

Your score out of 10: \_\_\_\_\_

34. My manager listens and acts on my views

Your score out of 10: \_\_\_\_\_

35. Managers in this organisation encourage two-way communication that promotes open and honest dialogue and understanding

Your score out of 10: \_\_\_\_\_

36. Teamwork is encouraged in my work unit

Your score out of 10: \_\_\_\_\_

37. The organisation promotes internal cooperation

Your score out of 10: \_\_\_\_\_

38. I feel part of a family working for this organisation

Your score out of 10: \_\_\_\_\_

39. I trust my colleagues to do a good job

Your score out of 10: \_\_\_\_\_

40. I am encouraged to come up with new ways of doing things

Your score out of 10: \_\_\_\_\_

#### Section 5: Degree of engagement

41. I am proud to work for this organisation

Your score out of 10: \_\_\_\_\_

42. I would recommend this organisation to others as a good place to work

Your score out of 10: \_\_\_\_\_

43. I care about the future of this organisation

Your score out of 10: \_\_\_\_\_

44. I would recommend to my friends and family to do business with this organisation

Your score out of 10: \_\_\_\_\_

45. I am willing to go the extra mile on behalf of the organisation

Your score out of 10: \_\_\_\_\_