

# THE NEW ERA OF EMPLOYEE ENGAGEMENT

RISE OF THE HYBRID WORKFORCE

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***THE NEW ERA  
OF EMPLOYEE  
ENGAGEMENT***

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# INTRODUCTION

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Engagement is a fundamental part of employees' motivation at work and is pivotal to organisational performance. Benefits that organisations experience with engaged employees include higher levels of customer satisfaction, productivity, profit and a lower number of reported safety accidents (Harter, Schmidt & Haynes, 2002). From an employee perspective, those who are engaged at work have greater job satisfaction, stay with organisations for longer, have higher commitment, and demonstrate more willingness to expend discretionary effort. In essence, being engaged at work drives us to get up every morning to prepare for the day, to tackle challenges that are thrown our way, to do great things, and strive to contribute our best.

From our own research we find that engagement has a significant positive relationship with perceived customer satisfaction. Employees with higher engagement are more likely to consider customers as more loyal, willing to recommend their organisation, and rate their products and services as more superior.

We also find that employee engagement predicts lower occurrence of counter productive work behaviours (CPWB). CPWB are intentional behaviours that act against the interest of an organisation (Chang & Smithikrai, 2010). Examples include employees that take longer breaks than they are entitled to, participating in personal activities during work time, pretending to work harder than they really are, putting less effort into their work than they could, or intentionally failing to follow instructions.

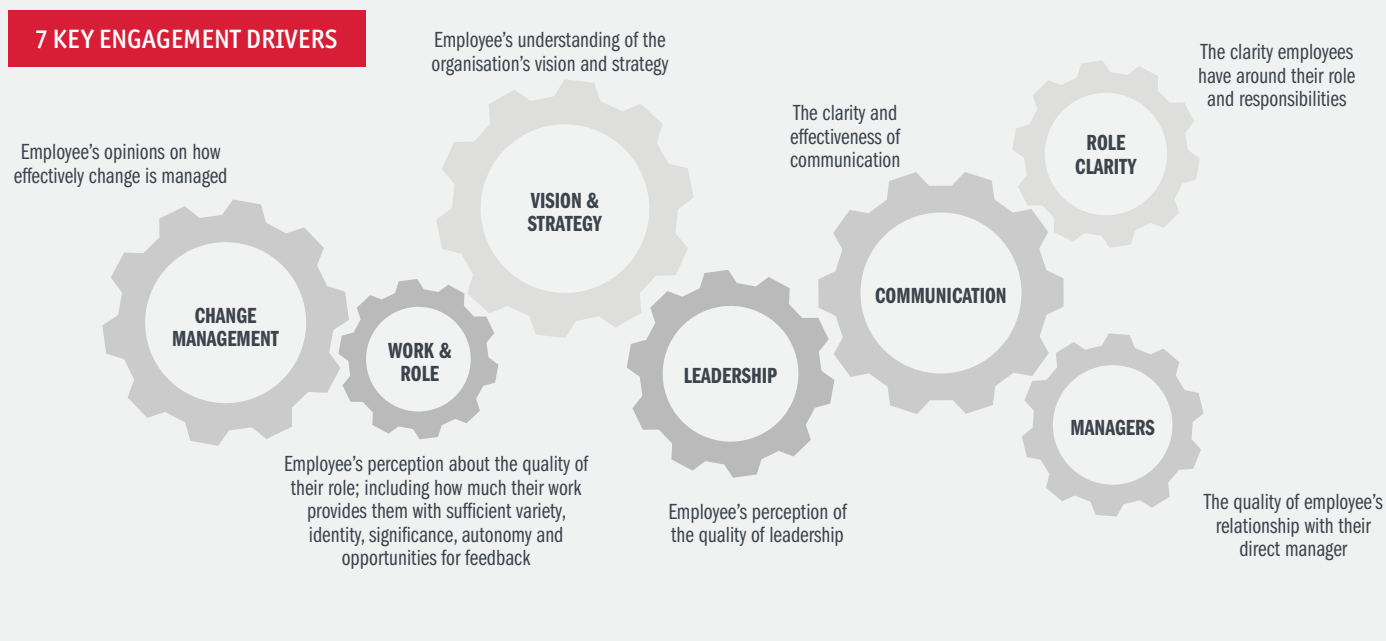
These behaviours are not only costly for an organisation, but also toxic for culture and morale further impacting employee engagement.

In this white paper, we will cover several topics surrounding employee engagement including:

- **Employee engagement trends**
- **The most important engagement drivers**
- **The impacts of COVID-19 on employee engagement**
- **Key take-aways to consider and work on**



## OUR MODEL OF ENGAGEMENT & ENGAGEMENT DRIVERS



Employee engagement is a positive and fulfilling mindset at work, which is demonstrated by employee's investing effort into their work (vigour) having a sense of significance and pride in what they do (dedication), and their experience of flow (absorption) (Schaufeli and Bakker, 2004).

Our research was based on the use of our engagement model which includes eight factors. Four to measure an employees' experience at work like the extent to which people identify with their organisation and experience of positive emotions. And four outcome factors indicating how engagement impacts people and the organisation such as their intention to stay and job satisfaction.

### TRENDS IN EMPLOYEE ENGAGEMENT

Over the last 6 years, Chandler Macleod People Insights (CMPI) has worked with organisations to assess employee engagement and articulate what factors are fostering or hindering their people's engagement.

We have heard from over 9,000 employees in Australia from a diverse range of organisations and industries. From their perceptions and experiences of the workplace, we can share many interesting insights and trends about employee engagement which we share in this paper along with practical implications for people leaders and HR professionals.

From this research we help organisations to pinpoint what drives people at work, what makes them happy and motivates them to live their best work lives. Conversely, we look at what demotivates them and detracts them from contributing their best.

### CURRENT ENGAGEMENT LEVELS IN AUSTRALIA

Overall as a nation, Australians are fairly engaged with their work, with three-quarters of employees feeling positive towards the workplace and highly dedicated. On the opposite spectrum, there is a small proportion of workers who are highly negative towards their work and would be considered in the high-risk category for counter-productive work behaviours. In-between, there are around a quarter of employees who are sitting on the fence, and whilst not downright negative towards the workplace, this group are less likely to go above and beyond for their organisation, or to stay loyal in the face of challenges or when another opportunity arises.

- 74.6% of people are engaged,
- 23.8% are ambivalent, and
- 1.6% are disengaged

Overall, across the Australian organisations surveyed, employees strongly identified with the goals and values of the organisation and indicated that they are proud of and dedicated to their organisation. Further, most employees also indicated they feel part of an effective team. This includes having positive relationships and receiving the support they need from their co-workers.

Comparatively, there is less agreement that employees get a high level of energy from their work and thus are less likely to invest more effort or feel like going to work in the morning; nor are they as likely to become happily absorbed at work.

## **ENGAGEMENT DRIVERS** THAT ARE THRIVING

Of the engagement drivers measured in our model factors, the most significant was related to an individual's Work and Role. Specifically, feelings of Ownership and Significance, as well as Role Clarity were the highest rated. This suggests that most employees believe that their role provides them with control over the outcomes of their work, they are clear on what is required of them in their role and consider their role to be meaningful and fulfilling. As we will discuss later, Work and Role was also the greatest predictor of engagement, helping to drive reasonably high levels of engagement for most Australians.

## **ENGAGEMENT DRIVERS** THAT NEED WORK

Conversely, perceptions of quality Leadership, Communication and Change Management were the lowest rated drivers. These present as key areas of focus for organisations to actively work on, because if done successfully, would assist to bolster employee engagement.



Drivers linked to an employees' role and local factors are more clearly and positively experienced by employees compared to drivers performed by the organisation such as leadership, communication, and change management

## **DIFFERENT ENGAGEMENT STRATEGIES** ARE NEEDED FOR DIFFERENT AGE GROUPS

Our data suggests that employees under 30 years of age are far less likely to be highly engaged compared to their older peers. Looking at age differences in the drivers of engagement, we can start to see why this stark difference may occur.

Older employees are significantly more likely to have:

- more autonomy,
- role significance,
- role clarity,
- and a clearer perspective of the organisation's vision and strategy which most likely comes from tenure or work experience.

We therefore need to consider how we can provide young or less senior employees with greater visibility of how they contribute to the "big picture" to help keep them engaged.



***WHAT IS DRIVING  
POSITIVE  
ENGAGEMENT IN  
AUSTRALIA?***

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## THE STRONGEST PREDICTORS AND DRIVERS OF EMPLOYEE ENGAGEMENT ARE SPECIFIC FACTORS RELATED TO AN EMPLOYEE'S WORK AND ROLE

This reflects employee perceptions regarding the quality of their role including the extent to which their work provides;

- sufficient autonomy,
- ownership of their work,
- significance,
- variety, and
- and feedback about their performance and how they carry out their tasks

When each of these is felt strongly, an employee is likely to be highly engaged. **The most important thing about a person's work and role is that they find their work meaningful and rewarding from the sense that their work contributes to something greater than themselves (that what they do matters!).** This indicates that employees who can see the impact that their work has on others and how it contributes to the success of the organisation are more likely to be highly engaged. This factor was also one of the highest rated drivers positively impacting employee engagement in Australia, suggesting this is something we are doing really well.

This provides support for Hackman and Oldham's job characteristic (1980) model which, in essence, states that the task employees are undertaking is a key element to employee motivation. Our research suggests that this is something people leaders should keep front of mind when determining how we design and assign work. It should be meaningful and motivating for employees and time should be taken to provide regular performance feedback (not just a tick-and-flick exercise as part of structured performance reviews).

## LEADERSHIP WAS THE SECOND MOST PREDICTIVE DRIVER OF ENGAGEMENT

Leadership in this context was defined by behaviours including;

- leaders providing clear and compelling communication,
- role modelling positive values,
- understanding the demands faced by employees, and
- taking the organisation in the right direction

Perceptions of leadership however was not rated as positively as other drivers, with employees less likely to agree that their leaders understand demands and issues faced by employees or communicate in a clear and compelling way. Improving perceptions of leadership through leadership development programs and coaching may be a clear way to quickly improve engagement in an organisation.

## CLEAR VISION AND STRATEGY ARE IMPORTANT TOO

Our research also suggested that having a clear understanding of the Vision and Strategy, having a positive relationship with Managers, and the perception of how an organisation Manages Change, significantly contributed towards the extent to which employees are engaged at work. Despite their importance for employee engagement, each of these factors, particularly Change Management was perceived as being less effective in our research and highlights the need to devote greater focus in order to keep Australian workers engaged.

## WORK DEMANDS AND STRESSORS PUT A STRAIN ON EMPLOYEE ENGAGEMENT

Employees with lower levels of engagement were more likely to experience stress such as excessive work demands, pressure to work long hours, interpersonal conflict and feeling 'out of their depth' at work. **Further research is needed to unpack this relationship; that is, does high engagement buffer employees against stress, or is stress a symptom of high work demands and poor engagement?**

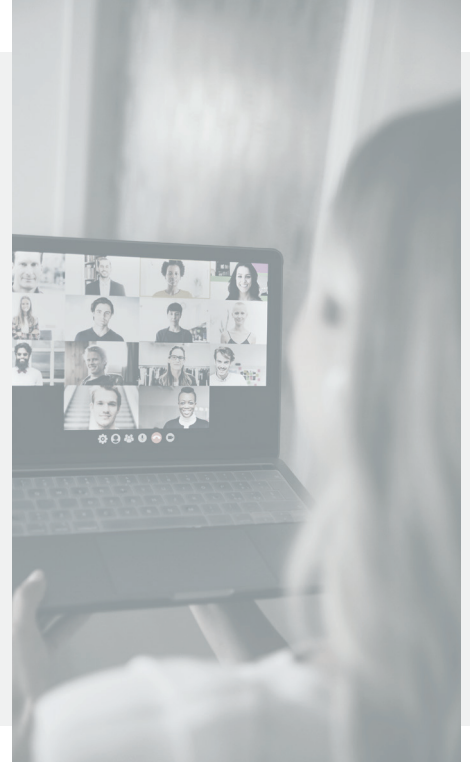


# ***OUR NEW WORLD OF WORKING***

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When confronted with COVID-19 in early 2020, businesses had to rapidly adapt in the face of significant economic challenges such as lower customer expenditure, industry changes, travel restrictions and border closures. Businesses were forced to respond through restructures, recruitment freezes, work reallocations,

fast-tracking innovations and exploring different streams of revenue. One of the most obvious changes, is that many businesses needed to shift to a remote working environment almost overnight, as the Government provided clear guidance around the necessity for social distancing brought on by public safety concerns of the highly contagious virus.



## OUR LATEST ENGAGEMENT RESEARCH

At the end of 2020, we released a survey on social media to understand more about the impact COVID-19 is having on employee engagement in Australia. Given a trend towards hybrid working models and remote working, and the impact this had on the way we interact with one another and stay connected, our aim was to bring insights to help leaders, people managers and HR professionals create an ideal working environment that enables our people to live their best work lives and optimise their performance in the midst of this new world of working.

## EMPLOYEES HAVE FACED CONSIDERABLE STRAIN AS PART OF THE ECONOMIC CHALLENGES RELATED TO COVID-19

When asked to rate the extent to which people have experienced adverse events as a direct or indirect result of COVID-19, here's what we found:



Despite the significant circumstances many people experienced during the pandemic, none of these potential stressors had an impact on employees' level of engagement.

While this may sound surprising, there are likely to be other factors at play which explain this result. For example, sufficient support and resources (both internal and external Government initiatives) can bolster employees' resilience against stress and assist them to cope with these significant changes. Anecdotally, at the outset of COVID-19, there has been a strong sense of comradery within Australian businesses faced with a shared sense of uncertainty, people had pulled together to support one another to survive through the hardships of these unprecedented times. There may also be a sense that comparative to other countries around the world, Australians have fared quite well with respect to public health and economic impacts, so may simply be grateful for still having a job in this context and be more accepting of the changes businesses have needed to make.

## EMPLOYEE ENGAGEMENT MAY HAVE HAD AN UPTURN DURING COVID-19

An unexpected finding from this new research is that despite the quite drastic changes that we have seen in Australia amidst COVID-19, our overall engagement levels are quite high, with a mean engagement score of 4.67 out of 6.

In fact, when comparing the data from January 2021 to our previous engagement research collected pre-2020, we have seen a small improvement on overall engagement scores. This includes higher levels of identification with the organisation, feelings of positivity at work, greater levels of investment and job satisfaction at work, and higher levels of significance and variety in their work.

## REMOTE WORK PROVES POSITIVE FOR WORK-LIFE BALANCE BUT IS NOT WITHOUT RISKS



have primarily worked from home over last 6 months



have primarily worked from their office or workplace



worked equally between home and office



travel to and from multiple sites most or all the time

In our research, a person's primary place of work, whether office, home or otherwise, showed no impact on engagement levels. Interestingly two-thirds of people believe they have experienced an improved sense of work-life balance as a direct impact of COVID-19. In highlighting the best thing about the past 12 months employees nominated greater autonomy and improved flexibility as valuable to them.

However, with greater autonomy and flexibility employees also recognise they have experienced increased workload and work demands and feel a loss of connection with co-workers.

As we see a transition to hybrid working models which accommodate for remote work, the concept of 'work-life balance' may be replaced by 'work-life integration', where instead of being seen as separate, they become intertwined. There are inherent risks from sustained remote working where work can 'take over' life, especially for those employees who are highly committed to their work as it becomes difficult to 'switch off'.

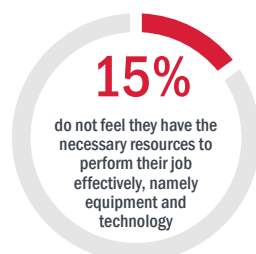
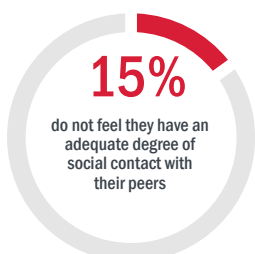
## RESOURCES MUST SUPPORT HIGHER WORK DEMANDS

Job resources include support from colleagues and supervisors, performance feedback, skill variety, autonomy over one's work, and learning opportunities (Bakker, Schaufeli, Leiter & Taris, 2008). According to the job-demands theory, job resources act as a buffer under conditions of excessive work demands.

Studies suggest that job resources have been found to be positively associated with employee engagement. Job resources foster employee's development and help satisfy basic needs such as autonomy, a need to identify, and self-efficacy to meet their work demands. Additionally, resources assist employees to achieve work goals and foster employee's willingness to dedicate effort in their work.

Given an overwhelming number of participants reported experiencing an increase in work demands as a direct or indirect result of COVID-19, it is evident that supporting employees with appropriate resources is critical to maintain engagement and buffer employees from the negative effects of stress.

When participants in our latest survey were asked about the resources they have access to:



## **DURING COVID-19 THE TWO MOST SIGNIFICANT RESOURCES PREDICTIVE OF EMPLOYEE ENGAGEMENT** WERE CONTINUING TRAINING AND DEVELOPMENT AND THE DEMONSTRATION OF GENUINE EMPLOYEE SUPPORT

Despite this result, 30% of respondents felt they do not have enough opportunities for training and development and 25% feel that their organisation does not genuinely care for them. These results highlight the importance of organisations demonstrating that they value employees and their wellbeing, and this is especially crucial during times of stress and uncertainty. It also suggests that providing employees with opportunities to access training and development will be a worthwhile investment for organisations to help sustain employee engagement and may even potentially counter the effects of stressors and work demands faced by Australians.



## **DIFFERENT PERSONALITIES** ARE NAVIGATING CHANGES DIFFERENTLY


Working remotely or in a hybrid environment during COVID-19 has required different skillsets of employees to help sustain their engagement and productivity. Workers must continue to build and maintain relationships whilst working remotely, find information and resources to solve problems and complete work, and manage prolonged periods of uncertainty and change. Our research suggests different personality types have maintained their engagement more than others.

Social orientation was found to be positively associated with employee engagement, suggesting that those who enjoy the connections of others and thriving on the company of others are more engaged. Connection is an important driver of engagement for most people. While we may expect these people to feel the effects of hybrid and remote work the most, it may be that those who are more naturally inclined to build and maintain relationships have remained more engaged with their work.

Personality factors such as Dealing with Ambiguity and Locus of Control were found to both be negatively associated with engagement. Meaning, those who feel comfortable when faced with unknown situations, and who feel in control of their situation are likely to be more engaged. Comparatively, people who struggle with uncertainty and control are likely to become less engaged.

These findings are particularly relevant as the needs of businesses and individuals are rapidly changing in light of new information and circumstances. Leaders can benefit from taking time to deliver clear, consistent and prompt communication to employees around relevant updates and changes; as well as to consult employees and give them the opportunity to shape initiatives that impact them. This can help sustain employee engagement through times of change and when it may be difficult to communicate as regularly.

It is significant to note, there was a gender difference in how respondents dealt with ambiguity, with males reporting to feel more comfortable in ambiguous situations and exhibiting less anxiety when there is uncertainty in the workplace when compared to their female counterparts.



***KEY TAKE-AWAYS  
FOR PEOPLE  
LEADERS AND HR  
PROFESSIONALS***

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This pandemic can be described in many ways. In some ways, it has been a grand-scale social experiment, never experienced before, challenging us in every way imaginable.

The research explored in this paper has brought to light a number of key considerations to help your people and your organisation to adapt and thrive In our new era of working:

Leadership is more important now than ever, yet it is also one the greatest areas for development for Australian businesses. In times like this, employees need their leaders to genuinely connect with them, understand the demands and issues faced and communicate a clear and compelling way forward.

We also need to support our own leaders to navigate their people through these challenging landscapes. The findings from this research support the benefits of investing in leadership development, especially in areas of communication and change management to positively boost and sustain employee engagement.

Communication is key to success and organisations need to be thinking about how to establish new systems and policies that foster better collaboration and more effective working relationships in this new world of working.

Rather than a 'wait and see' approach, organisations are encouraged to take a proactive approach to demonstrate they genuinely value their employees by seeking out their voice and listening to their challenges and concerns. If left unchecked, people can quickly become disengaged, burned out and disconnected.

Hybrid working is here to stay, and there is early evidence to suggest there is hope when it comes to employee engagement. However, it is relatively early days, and the longer-term impact of hybrid working is yet to play out. This research indicates that people are experiencing heavy work demands at present and we need to bear in mind that this is unlikely to be sustainable in the long term, especially without support systems and resources. Ongoing revision of existing policies and guidelines is recommended, specifically related to work and role responsibilities, as well as hybrid and remote onboarding processes.

We also need to continue to support our people by providing meaningful and rewarding work to help keep people stimulated and engaged. This can be seen to be of particular importance for employees under the age of 30.

Lastly, investment in mental health and well-being initiatives that demonstrate genuine care for employees is particularly important in the current environment to drive and protect employee engagement.



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