



d. hilton associates inc.

Making Employee Surveys Actionable

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Summary

Employee engagement is associated with committed, emotionally invested, and fulfilled employees. D. Hilton's research suggests that high levels of employee engagement in key areas positively impact member satisfaction. D. Hilton recommends employee experience analysis as a way of improving employee engagement and consequently improving member experience. This paper highlights the research behind the value of employee engagement, its link to member satisfaction, and D. Hilton's industry research.



Employee Engagement

Research suggests that employee engagement is in general poor, and that only one third of the American workforce is actively engaged at work.

A striking feature of the research is that employee engagement is variably defined and often confused with employee satisfaction. A satisfied employee can have a physically and emotionally safe work environment, be given good training, and be valued and compensated fairly. However, the most common definitional basis of engagement also includes the idea that a truly engaged employee has a psychological investment in their organization.

Furthermore, true engagement involves a heightened emotional connection with an organization, which in turn allows employees to exert a greater discretionary effort at work. Strong engagement requires advocacy, and what earns advocacy is

the ability to achieve extraordinary things against a purpose with meaning. Most importantly, engagement is something the employee has to offer, it cannot be 'required' as part of the employment contract. In summary, when we are truly engaged at work, we operate on another level of commitment, are emotionally invested in our organization, and fulfilled by what we accomplish.

There is a growing body of research which finds that employee engagement impacts organizational performance. Much of the available evidence suggests that employee engagement can increase innovation, productivity, and bottom-line performance while reducing costs related to hiring and retention. Given that engagement levels are generally poor and employee engagement is positively correlated with positive business outcomes, one would expect employee engagement to be atop business priority for many senior executives.



65%

of employees globally
are engaged at work



33%

of U.S. employees
are engaged at work



The Biology of Engagement

Contemporary neuroscience offers a coherent explanation behind the biological drivers of engagement and the impact of engagement on human performance. Fundamentally, humans and animals consistently seek to maximize rewards and minimize danger. In neuroscience, this behavior is summarized by the “threat reward function”. In other words, our brains classify everything we encounter as either a potential threat, or a potential reward, and subconsciously we shy away from threats and become drawn toward rewards.

When faced with an impending threat, we enter a threatened state. The threat state produces a biological reaction that is much more intense than that of the reward state (from an evolutionary standpoint, if you were to miss a reward, you may miss lunch, but if you were to miss a threat – you may be lunch!) In this threatened state, we become focused, alert, and capable of completing tasks quickly. However, this is often limited to tasks that do not require deep thinking, creativity, or collaboration. Our cognition decreases, and we become susceptible to perceptual errors, often becoming hypervigilant (for example: mistaking a stick for a snake). In contrast, when faced with a potential reward, we enter a “reward state”. In the reward state, our senses open, including our field of vision and hearing, and we become highly perceptive. This not only enhances our ability to perceive more, but to perceive more accurately. Furthermore, our cognition improves, making us more creative and becoming significantly better at problem solving. We inherit the ability to solve complex problems more effectively. We also become more receptive to collaboration and often have a desire to work with others. Moreover, the threat reward function is not limited to physical threats. Research shows that

our brains treat social threats and rewards with the same intensity as physical threats and rewards. This ideology is the premise behind research surrounding the biology of engagement.

David Rock, a key contributor to the field of neuroscience and leadership, has summarized the biology of engagement into five domains of threat and reward and developed the SCARF model. The SCARF acronym stands for Status, Certainty, Autonomy, Relatedness, and Fairness. Individuals strive to make progress and improve their relative importance to others and therefore their **status**; to have the ability to predict what is happening and have some sense of **certainty**; to have a sense of choice or control over events in the form of **autonomy**; to feel a sense of safety and **relatedness** with others with shared goals; and to experience **fairness**.

These five domains have been shown in many studies to activate the same reward and threat circuitry that physical rewards activate. The premise behind the David Rock methodology is that engaged employees experience the reward state in each of the five domains, while disengaged employees experience a threatened state in each of the domains. Our goal is to produce as many actively engaged employees as possible and reinforce the culture that produces it. Research surrounding the biology of engagement provides key insights into how to more accurately and effectively measure and then improve upon employee engagement.

D. Hilton finds that effective design and management of the Employee Experience is key to encouraging better engagement and reinforcing cultural change.



The D. Hilton Employee Opinion Survey

Measuring Employee Engagement

The Employee Experience is a big picture strategic initiative encompassing employee engagement, performance management, and culture. More simply, it is the sum of everything an employee experiences throughout his or her connection to an organization. The D. Hilton Employee Experience Survey delves into nine key areas: Working Conditions, Job Content, Credit Union Management, Communications, Morale, Supervision, Advancement Opportunities, Compensation, and Benefits. The survey is tailored to each client but typically includes approximately 90 brief statements, asking respondents to report their level of agreement with each. Many of the statements can be linked directly back to the biology of engagement, with several statements covering each of the five SCARF domains.

Status

Status is about our relative importance to others and our sense of status goes up when we feel 'better than' another person, or even better than ourselves at an earlier point in time. Research shows that an increase in status is found to have a similar biological effect as receiving a financial windfall. The D. Hilton Employee Experience Survey touches upon an employee's Status in several areas, and respondents are asked to cite their level of agreement with a number of statements related to their career development.

"Adequate training is provided to help enhance my career development"

"My immediate supervisor counsels me in my career development."

Certainty

People crave certainty and it has been shown that even a small amount of uncertainty can have an adverse effect on performance. Larger uncertainties, such as not knowing what is expected of us, or questions surrounding job security can be highly debilitating. The D. Hilton Employee Experience Survey asks respondents to cite their level of agreement with a number of statements concerning communication of the credit union's vision, financial objectives, and information needed to do a good job.

"The credit union's vision has been communicated to me."

"My immediate supervisor gives me the information I need to do a good job."

Autonomy

Autonomy allows employees to have a sense of choice or control over events. The D. Hilton Employee Experience Survey includes several statements relating to autonomy.

"My job gives me the authority and autonomy needed to make decisions."

"My job gives me the autonomy and control over how I do my job".



Relatedness

Relatedness involves our perception of our position as “in” or “out” of a social group. Examples might include, whether someone is a friend or a foe, whether a group is working towards a combined goal, or working against one another. The D. Hilton Employee Experience Survey includes several statements touching upon employees’ sense of relatedness, including statements concerning coworker relationships, and the credit union’s mission.

“I get along well with my coworkers.”

“The credit union’s mission creates a vision of the future worthy of pursuit.”

Fairness

We are born with an inherent need to be treated fairly and can become particularly sensitive to any form of injustice. The D. Hilton Employee Experience Survey asks respondents their agreement with statements concerning compensation, benefits, and if they feel they are being treated fairly by their supervisor.

“My immediate supervisor deals with me fairly.”

“I am fairly compensated compared to others with similar jobs in this credit union.”

Credit Union Employee Engagement

D. Hilton maintains a proprietary peer database comprising employee experience data from credit unions nationwide. We find that employee engagement levels within the credit union industry are a staggering 66%, and D. Hilton clients reported average engagement levels of 71%. Our data also shows that there is merit in running repeated surveys as we find that first time survey takers have engagement levels equating to 58% of employees. It is unsurprising to note that credit union employees are generally more engaged than the general US workforce, and investment in engagement measurement and analysis has a positive impact on engagement.

Case Study

Furthermore, D. Hilton finds that the employee experience has a direct impact upon member satisfaction. We can show in the form of a case study using ten years of Employee Experience data and Member Satisfaction data from a credit union in the \$500M+ peer group, that there is a strong positive correlation between the Employee Experience and Member Satisfaction.

But it is not enough to simply know engagement levels. To really accelerate engagement, it is imperative to identify the focus areas that have the greatest opportunity to have an impact on employee engagement, and arguably more importantly, on disengagement.





D. Hilton Peer Database: Key Findings

From our peer database, we took the 10% most engaged employees and the 10% most disengaged employees to provide analysis of the top drivers of engagement and disengagement for credit unions nationwide.

The most engaged employees feel an overarching sense of relatedness; working toward a combined goal of the credit union’s mission and vision, for a credit union that is managed by people who care about their members, and for an organization that is good to work for. Employees feel that there is management support for their desire to make progress and improve their status, and that they are given autonomy and relevant information to do so. They feel they are treated fairly by their superiors and that the vacation and paid absence policies are fair.



However, research states that the threat state produces a biological reaction that is much more intense than that of the reward state and so it becomes even more important to identify areas of disengagement and work to remove these threat stimuli.

The most disengaged employees feel that more guidance and training is needed to help them make progress and improve their status. They also feel that communication between departments and communication from management could be improved, especially in regards to motives behind major decisions. The most disengaged employees do not cite relatedness as a major contributor toward disengagement but instead feel that promotion and compensation are unfair.

Top Drivers of Engagement

The credit union's mission creates a vision of the future worthy of pursuit

The credit union is a good organization to work for

Managers are encouraged to help their employees develop

I am satisfied with the absence policy

I am satisfied with the vacation policy

My immediate supervisor gives me the information I need to do a good job

My immediate supervisor encourages my input

I am highly motivated to do a good job

My immediate supervisor deals fairly with me

Senior Management cares about its members

Top Drivers of Disengagement

I am communicated reasons behind major management decisions

I am fairly compensated compared to others with similar jobs in the United States

My immediate supervisor counsels me in my career development

Promotion does not depend primarily on knowing the right people

Adequate training is provided to help enhance my career development

My job provides me with work that is not too stressful

There is good communication between departments

I am fairly compensated to others in the surrounding area

I am satisfied with my pay

My pay provides me with a comfortable standard of living



Conclusion

This paper adds to a growing body of research focusing on employee engagement, employee engagement levels, and the impact of employee engagement on business outcomes. This research contributes novel findings about employee engagement within credit unions, and further emphasizes the importance of an engaged workforce.

One third of US employees are not engaged at work. D. Hilton finds that engagement among credit union employees is significantly higher, and D. Hilton clients reported average engagement levels of 71%. The second key finding of this research was that first-time survey takers have engagement levels equating to only 58%, suggesting that measurement of the employee experience metric has a significant impact upon employee engagement. A third, and key finding of this research is that the employee experience has a direct impact upon member satisfaction.

Finally, a range of drivers of engagement and disengagement were discussed and we found that the most engaged employees feel supported in their desire to improve their status, feel certain of their future, have autonomy in their roles, have an overarching sense of relatedness, and feel like they are being treated fairly. The most disengaged employees, however, feel that more guidance and training is needed for them to make progress and improve their status, better communication is necessary to alleviate uncertainty, and that compensation and promotion opportunities are unfair.

For more information on how D. Hilton can assist you in evaluating the employee experience, please call (800) 367-0433 or visit our website at www.dhilton.com.



d. hilton associates inc.

Founded in 1985, D. Hilton Associates, Inc. is one of the most recognized financial institution consulting firms in the country. D. Hilton has provided financial institution consulting services to over 5,000 institutions nationwide, with assets ranging from \$50 million to more than \$15 billion. Our major practice areas are Executive Recruiting, Compensation Services, Retention and Retirement, and Strategic Services.