

Employee Engagement as the Foundation for a Human Resource Program

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Take Home Message

Disengaged employees are a cause of decreased morale, productivity, profitability and increased employee turnover, burnout and client complaints. Use of a standardized employee engagement survey can give a business key insight into employee engagement that can be the basis for a human resource program that can be used to support increased practice productivity, profitability and client loyalty, but also happier and more motivated employees that remain with a business longer.

Introduction

As a veterinary business owner or manager there is nothing more frustrating than having a veterinarian, or support staff member that just doesn't seem to care. They started their career with you full of enthusiasm and motivation working as part of the team and then over time their energy seems to drain, they take more days off, they aren't as polite or respectful to co-workers and customers. Even worse is when their attitude starts to spread and infect other team members. When you ask your staff why they seemed disengaged they give generic responses that don't seem to give you any information that you can use to improve their situation. Ultimately, this loss of company-wide employee engagement leads to decreased productivity, reduced revenue, increased employee burnout and higher employee turnover and more client complaints.

A couple of years ago this was what we faced in one of our practices. We try to create a culture of collaboration and support between team members, but we had noticed that some of our vets were getting close to burn out in the busy season, and we had a revolving door of technicians and receptionists, which led to more frustrations for our vets. It was a vicious cycle that we had to stop but didn't know how. Then one day one of the authors read an academic paper in the MIT Sloan Management Reviewⁱ about employee engagement surveys and thought "we need to try this. Maybe this can help us identify how great staff are turning sour over time."

Ideally what we want are employees that are engaged at work. Employee engagement is the emotional commitment that an employee has for the company and its goals. Engaged employees care about their own work and the work of the company – they are more willing to go the extra mile for clients and each other. Studies have shown that companies with highly engaged employees are more productiveⁱⁱ. A recent meta-analysis from the Gallup company found that companies in the top 25 percentile of employee engagement had the following increases when compared to the bottom 25 percentile of those on the study; 10% in customer loyalty, 21% in profitability and 20% in productivityⁱⁱⁱ.

Solution

The authors of the MIT study found that there are five “dimensions” of employee engagement.; employee satisfaction, identification, commitment, loyalty and performance.

Employee satisfaction is described as the positive response employees have to the overall circumstances of their job. This includes their relationships with management and co-workers and their overall compensation. Satisfied employees are committed to their work and have less absenteeism. This results in a better quality of the work they perform. These employees also have a better connection to the values and goals of the company and feel that they are part of the organization. In other words, the level of employee engagement reflects the success of a company’s human resource program.

Employees who identify with their company feel that they are part of any successes or failures in the company. They take any compliment to the company personally.

Employees who have more commitment to the company will work above and beyond their job description. Highly committed employees are the ones that will stay late to help or will take on another task beyond the scope of their position. These employees also perform better and are less likely to leave an organization.

Loyalty to a company from its employees is shown as a positive attitude about the company. Loyal employees will do more for the company and this leads to increased client satisfaction.

Employee performance is related to the quality of the services that the company produces and customer interaction.

In order to measure employee engagement, the authors of the paper created an employee engagement scorecard that measures the five components of employee engagement. Individual questions are scored on a scale of 1-5, with 5 indicating that the respondent strongly agrees with the statement with 1 stating that they strongly disagree. Each of the five components has several questions which are aggregated to give an overall score for that section, which is converted to a percentage. The overall engagement score is the addition of each of the 5 sections.

Based upon the results of the score card in 75 companies in Asia, Europe and North America they found that the overall scores could be placed into one of four groups.

20-39% - low engagement

40-59% - More engagement, but that attention was required on some of the components.

60-79% - These companies had a higher level of employee engagement that allowed them to operate well there was still room for improvement

80-100% - These companies followed best practices for employee engagement

With the framework of this scorecard we created a survey that features 5 categories with a total of 34 questions that are sent to staff via an email survey. Responses are anonymous and separated into 3 categories: veterinarians, receptionists and office staff and veterinary technicians. We allow an area for comment under each question. Examples of the categories and questions are as follows

Career Development

- I am satisfied with my opportunities for growth within the practice
- I am satisfied with the internal (in-house) job-related training the practice offers.
- I am satisfied with the amount of time and money the practice invests in my CE (training courses offered by outside sources - courses, workshops, etc.)

Work Engagement

- I am inspired to meet my goals at work.
- I am proud to tell people where I work.
- I have a sense of ownership in the practice.

Compensation and Benefits

- I feel that I am compensated appropriately overall (including wage/salary and bonus).
- I am compensated fairly relative to similar/the same positions in similar businesses in my area.
- I am confident that the method used to determine my wage or salary increases on a yearly basis is fair.

Relationship Management

- Communication between management and employees is excellent at the practice.
- I am involved in the decisions that affect my work at the practice.
- Management at the practice recognizes strong job performance.

Work Environment

- The work at this veterinary practice positively impacts clients' lives.
- I am happy with the overall culture of the practice.
- I understand how our Core Values relate to expectations around my behavior at work, and my work itself.

Results

Since the introduction of our first employee engagement survey we have been able to offer the same survey to over 30 veterinary practices in North America, Germany, and the Netherlands.

Combined NA and EU

	All EEs	Vets	Admin	Techs	Combined
Total Career Development	3.5	3.9	3.2	3.4	3.1
Total Work Engagement	3.8	3.8	3.8	3.8	3.8
Total Compensation and	3.4	3.6	3.4	3.5	3.0

Benefits

Total Relationship Management	3.6	3.6	3.5	3.6	3.4
Total Work Environment	4.0	4.0	4.0	4.0	3.8
Overall Total	3.7	3.8	3.6	3.7	3.5
Percentage Total	74%	75%	73%	74%	70%

North America

	All EEs	Vets	Admin	Techs
Total Career Development	3.6	4.0	3.3	3.5
Total Work Engagement	3.9	3.8	3.9	3.8
Total Compensation and Benefits	3.6	3.7	3.6	3.5
Total Relationship Management	3.6	3.6	3.6	3.6
Total Work Environment	4.2	4.1	4.2	4.1
Overall Total	3.8	3.8	3.8	3.7
Percentage Total	76%	76%	75%	75%

Germany & The Netherlands

	All EEs	Vets	Combined Staff
Total Career Development	3.2	3.6	3.1
Total Work Engagement	3.8	3.8	3.8
Total Compensation and Benefits	3.0	3.1	3.0
Total Relationship Management	3.4	3.5	3.4
Total Work Environment	3.8	3.8	3.8
Overall Total	3.5	3.6	3.5
Percentage Total	71%	72%	70%

Discussion

The overall employee engagement score for these practices was 74%. There were three areas of concern; career development for technicians, compensation, and relationship management for all employees. We then separated the North American practices from the practices in the Netherlands and Germany and compared their scores. The overall scores for the North American cohort was 76% versus 71% for the Dutch and German veterinary practices. The main differences between the two groups was in career development for support staff and

technicians (68% versus 61%) and compensation for veterinarians and support staff. Veterinarians in North America had a compensation and benefits score of 74% compared to a score of 61% for the European sample. Similarly, North American support staff scored their compensation and benefits engagement at 71% versus 59% for their counterparts in The Netherlands and Germany. The comparison between the North American businesses and those in Europe were in line with employee engagements scores in other industries; employees in North America are more engaged than those in Europe^{iv}.

The effect that employee engagement has on business productivity, profitability, morale and culture are significant. Various studies have found that disengaged employees cost a company \$3,400 per \$10,000 in salary annually. The inevitable employee turnover from disengaged employees cost companies about 48-61% of the lost employee's salary^v.

There are several things a company can do to improve employee engagement. Job orientation, ongoing training, opportunities for career advancement, acknowledgement of good performance and adequate compensation are key elements in a culture of employee engagement.

Doing an employee engagement survey can be a powerful tool for Human Resource management. It provides key insights to measure the success or failure of your HR strategy that would otherwise not be available. It also shows your employees that you value their opinion and gives you a basis to implement positive change in your business. Other benefits include improved patient and client outcomes, better practice culture and increased productivity and profitability.

ⁱ http://sloanreview.mit.edu/article/measuring-the-benefits-of-employee-engagement/?article=measuring-the-benefits-of-employee-engagement&post_type=article

ⁱⁱ <http://www.gallup.com/businessjournal/163130/employee-engagement-drives-growth.aspx>

ⁱⁱⁱ <http://news.gallup.com/reports/191489/q12-meta-analysis-report-2016.aspx>

^{iv} <http://news.gallup.com/poll/165269/worldwide-employees-engaged-work.aspx>

^v <http://www.kenan-flagler.unc.edu/~media/Files/documents/executive-development/powering-your-bottom-line.pdf>