



the new
rules of
engagement

How people work, and what they want from an employer, is changing. Major forces are reshaping the business environment as we know it, and rewriting the rules of employee engagement. In a complex and uncertain future, how will you keep your workforce switched on?

All change

The rules of engagement have changed.

Two major forces are reshaping how your organization will attract, motivate and retain the talent it needs to stay competitive.

“As the world goes through change, we need to get closer to our people than ever before.”

Keith Astill

Divisional Director – Corporate HR,
Nationwide

First, as economies rebound from the global financial crisis, millions of employees are now thinking about their next career move. Improving job markets mean more scope for talented employees to choose where they work.

Our research, in conjunction with the Centre for Economic Business Research, predicts that by the end of 2018 almost a quarter (23.4 per cent) of people worldwide will have changed jobs. That's some 192 million workers due to hand in their notice over the next four years. (You can find out more about the coming talent exodus in our *Taking Flight* whitepaper.)

At the same time, the world is undergoing unprecedented change. Our ground-breaking *Leadership 2030* research highlights six powerful 'megatrends' that are transforming societies and the global business environment as we know it (see panel, *The future, trending near you*).

Megatrends are lasting, deep-seated developments with far-reaching effects on societies, economies and organizations. The megatrends our research has identified are:

1. Globalization 2.0
2. The environmental crisis
3. Demographic change
4. Individualism
5. Digitization
6. Technological convergence

The megatrends are fundamentally changing how we work, what we care about in the workplace and what we need from our employers. To succeed, businesses must rethink how they engage and enable their people and earn the loyalty of their employees. This is a critical time to reshape your engagement strategy and develop an innovative new talent management approach that responds to the changes happening around us.

The future: trending near you

Our *Leadership 2030* research highlights six global megatrends that are fundamentally changing relationships between businesses, their customers and employees:

- 1 Globalization 2.0** page 6
Economic power is shifting from West to East, giving rise to a new global middle class.
- 2 Environmental crisis** page 8
The environment is becoming more and more important to people, as climate change gathers pace and natural resources grow scarce.
- 3 Demographic change** page 10
Aging populations are reshaping the global workforce and exacerbating the war for talent.
- 4 Individualism** page 12
Growing freedom of choice is eroding loyalty and transforming workplace motivation.
- 5 Digitization** page 14
Work and the workplace are going remote, and the boundaries between professional and personal life are blurring, as people are increasingly operating online.
- 6 Technological convergence** page 16
Powerful shifts in technology are transforming everyday life and creating new product markets.

For more on the megatrends, please visit:
<http://www.haygroup.com/leadership2030>

The future's different

Business success has always depended on an engaged workforce. Companies with engaged employees achieve better business results. Our research among millions of employees worldwide shows that firms scoring highest for engagement achieve 2.5 times the revenue growth of those that rate lowest – it's a prize worth fighting for.

As the talent exodus looms, and the megatrends gather force, sustaining an engaged workforce will be critical - while the role of the engagement professional will be more complex, demanding and challenging than ever before.

The good news is engagement professionals recognise the opportunity to have a greater impact. However, our survey of 300 heads of engagement at Fortune 500 and FTSE 250 companies suggests that many are yet to act:

- Over four in five heads of engagement agree that their company needs to find new ways to engage its workforce in light of the changing environment.
- Yet just one third feel their organization is adapting to the megatrends.
- And only a quarter have personally started to drive change.

The megatrends

Adapting to the megatrends means understanding them in detail. What does each one entail? What will it mean for workforce motivation? What can you do now to prepare for its impact, and make your engagement strategy fit for the future?

“ Fresh approaches to employee engagement are critical to sustain high organizational performance. It's a challenging task. But failure is not an option, because the ability to attract and retain talent will either be a competitive advantage or a fatal flaw. ”

Gary Short

Senior Consultant, Talent Management,
Kimberly-Clark

“ Highly engaged employees are crucial for the execution of our strategy, for creativity and innovation. I believe that our future success depends largely on them. ”

Tom Plug

Lead Engagement Expert, KPN

globalization 2.0

lost in translation

What is the globalization 2.0 megatrend?

Economic power is shifting from 'old' Western economies to the emerging markets of Latin America, Eastern Europe and in particular, Asia.

Rapid growth in these parts of the world is creating a new global middle class, with impressive spending power.

This is leading to intense competition for new markets, each with its own unique local flavor.

To exploit these opportunities, multinational businesses must increase local participation in strategic and operational decisions. This will call for closer collaboration between the different corporate functions and regional divisions.

What will it mean for engagement?

Under globalization 2.0 the talent market has gone global, with established corporations now having to battle with new competitors for valuable skills.

This will force organizations to think creatively about how to attract, engage and retain talent across the world. Engagement strategies and plans must have the flexibility for local teams to adapt them to local cultures, priorities and talent markets.

And as cross-border cooperation becomes essential, organizations must enable meaningful collaboration. This means establishing cultures, platforms and processes to make cooperating easy, and equipping people with the appropriate skills. Without these enabling factors, employees will quickly grow frustrated if they need to work with colleagues in other countries.

**Think global, engage local:
*Tesco, Kimberly-Clark and localization***

Multinational organizations Tesco and Kimberly-Clark understand the need to adapt their engagement activities to local needs.

"We look for a balance," says Michael Webley, Head of Global People Insight at Tesco. "Group needs to measure engagement globally, and set strategy in line with our commercial objectives. But on-the-ground action has to work for local cultures and contexts."

Gary Short, Senior Consultant, Talent Management at Kimberly-Clark agrees. "We engage globally and empower locally so organizational units can react in the most effective way based on their unique challenges and opportunities."

Tesco has 'engagement champions' in each of its markets. "It's their job to translate what our approach means for their country, and implement suitable action plans," Michael explains.

An example of this in action at Tesco is in identifying their people priorities. Group agrees the overall strategy and thrust, then local teams tailor the content and delivery of how they achieve that goal to their country's needs and expectations. "Our People Plan must future proof Tesco to cope with the new challenges and trends," says Michael, "But how it is delivered on the ground needs to look and feel local to have the desired impact."

"With the collection of employee feedback becoming ever easier, we need to have clear governance on employee survey activities in each of our markets" adds Gary. "'Survey vogue' can become 'survey rogue' very quickly. Poorly thought out survey activities can undermine employee confidence and create engagement nightmares that are challenging to undo."

What can I do about it?

1 Widen your perspective

Make sure you have a truly global team in place responsible for setting your engagement strategy and designing your core employee survey.

2 Strike the right balance

Inject a measure of local autonomy into engagement, but not at the expense of fragmenting engagement activity.

This may mean allowing some local adaptation of your global survey. Or giving managers the freedom to interpret survey results through a local lens, and adjust action plans to their needs. Also consider building a network of regional co-ordinators and engagement champions to help with the localization process.

But don't jump blindly into localization, just because it's good practice. Yes, you should benefit from it, but remember that your engagement strategy must be aligned with your company strategy. The right balance between global and local engagement activity will depend on your organization's overall objectives.

3 Drive alignment

Scan and understand the different cultures that may exist within your organization. Evaluate the similarities and differences, and assess whether people's behaviors need to be better aligned to achieve your business strategy.

4 Foster collaboration

Equip people to collaborate globally: the emotional attributes, cultural awareness and linguistic skills. Move talent around the business, and give staff the opportunity to work abroad. This will enable them to cross-fertilize ideas, foster world-class performance and gain a wider perspective.

5 Share success

Create platforms for engagement managers to share best practice globally – online and offline. For example Aegon, an international provider of insurance, pensions and asset management created an innovative 'engagement map of the world' for managers to draw on successes from within the company.

Make use of your intranet, start online discussion forums or consider introducing a corporate social network. International retailer Tesco uses Yammer to share information globally between engagement managers.

"For us, Yammer is a valuable sharing tool, but it's more than that," Michael Webley, Head of Global People Insight at Tesco told us. "It's a great way to boost emotional engagement. It reminds us that there's a Tesco world out there beyond our local market or store. And when people are more connected, they're more engaged."

But don't forget to hold face-to-face knowledge-sharing sessions from time to time. A leading UK public sector organization combines an intranet platform with processes for engagement 'champions' to come together and share ideas.

environmental crisis

less is more

What is the **environmental crisis** megatrend?

The environmental crisis is a disruptive combination of accelerating climate change, and a growing scarcity of raw materials (oil, water and minerals).

This will create no end of challenges for businesses: heightened volatility, inflated costs, squeezed margins and frustrated investors. And it will drive an increasing concern for the environment among stakeholders, including employees.

Pressure will mount on companies to create sustainable operations. Environmental responsibility will become business critical, especially in an individualized world. Employees will become more preoccupied with ethical issues such as climate change, and will expect their concerns to be heard.

What will it mean for engagement?

Businesses must respond to the demand for sustainability to maintain their workforces' engagement and commitment. Failure to do so will put them at a disadvantage in the war for talent, particularly in the eyes of younger workers.

But sustainability – and for that matter, all CSR – must be genuine: if not, it will only harm engagement. As Juergen Fitschen, Co-CEO of Deutsche Bank, told his staff: "we don't just want to be perceived as being a decent bank; we want to be one."

Firms need to be seen as 'going green' for the right reasons – not just to cut costs as raw materials become more expensive.

There is a real risk to corporate reputations if commitment to environmental protection is not rock solid: companies must give employees the confidence that the firm is responding to climate change in the right way and that it is well-positioned for the future. What's more, in an individualistic and transparent world, employees will be only too happy to call unsustainable practices to account. And it will be all too easy for them to do so in the digital era (see page 14).

What can I do about it?

1 Make it your purpose

Your commitment to environmental responsibility needs to be part of your strategy and employee value proposition. Make clear that you exist not just to achieve your corporate objectives – but to do so sustainably.

This will give your workforce a vision to get behind. A strong strategic narrative that defines where the organization is headed is an essential pillar of engagement.

2 Explore sentiment

Use your engagement survey as a tool to really mine staff expectations of the company's environmental efforts. And use the outputs to inform your narrative.

3 Go public

Decide your environmental objectives, and publicly commit to them. Announce and communicate them – internally and externally. Think Sony's 'Road to Zero': a high-profile, much-publicized promise to drastically reduce environmental impact. Similarly, UK building society Nationwide declares its environmental targets on its website, and tracks progress against them.

4 Make it real

Bring your employees on the journey. Give them clear ways to support environmental policies.

For example, Vodafone's World of Difference initiative encourages staff to take time off to work for their charity of choice. At HSBC, 100,000 employees across four continents have participated in online research into issues affecting freshwater as part of the company's Water Programme, an initiative that works with charities to provide safe drinking water and protect freshwater ecosystems. And under Deutsche Bank's 'Passion for the Planet' campaign, employees volunteer to help out on environmental projects.

5 Lead by example

Make sure your managers' behavior and actions exemplify your environmental values. Reward sustainable behavior and performance.

6 Monitor and measure

Ensure your employee survey examines changing environmental concerns and how your people think you measure up.

demographic change

social insecurity

What is the **demographic change** megatrend?

The world's population is growing and ageing.

For businesses, an ageing population means a growing skills shortage. With the baby-boom generation hitting retirement age, experienced talent will be at a premium. This will put pressure on younger workers to quickly become mature and skilled leaders. Organizations need to invest time and effort now to develop the next generation, and make sure they're ready to lead the company into the future.

Some organizations are dropping their retirement age altogether, allowing them to retain vital knowledge, skills and experience, which can then be transferred to younger staff over time.

However, ageing also brings the challenge of managing an increasingly age-diverse workforce. Businesses now need to understand, lead, manage and motivate teams made up of four generations, all with their own needs and motivators.

What does it mean for engagement?

The skills shortage will make attracting and retaining talent more critical than ever. Organizations will need to foster a culture and conditions that motivates and enables staff of all ages and cultures to perform.

This will mean working with different groups of employees in different ways. Data from our extensive employee opinion database shows that what engages younger staff looks very different to what older workers demand.

Younger employees (Gen Y'ers and Millennials) focus on the future. They want opportunities to progress, to build and test their skills in as many areas as possible and regular and constructive feedback on performance.

Not only will organizations need to react to this to keep employees engaged, but doing so will become critical in order to fill the leadership pipeline as the baby boomers leave the workforce. However companies must proceed with care. There is a risk of over-promoting young workers before they have the necessary skills and experience, and leaving them with nowhere to progress is a clear recipe for disengagement. Developing multiple career paths can help avoid this pitfall.

For their part, mature employees (Veterans and Baby Boomers) tend to look for security. They need to know they are working for a strong, successful organization, with a clear and compelling strategic direction. Confident in their abilities, they seek a fair balance between their contribution and reward.

Inter-generational learning and understanding will be needed to help an age-diverse workforce to work together, and to foster a two-way knowledge transfer. Younger staff can help older colleagues understand new technologies; while older workers pass on the knowledge and skills they've built up over years.

This sort of mutual collaboration should tap into the motives of both groups. The opportunity to learn from and network with senior colleagues will appeal to younger employees, who are driven by skills development and fast career progression. Older team members may relish the challenge of helping junior staff, and the prospect of leaving a positive legacy when they retire.

What can I do about it?

1 Understand their motives

Find out what drives the different age groups in your workforce. Analyse employee feedback, for example through your employee survey, to identify their needs and motivations.

2 Understand the implications

Audit what demographic change will mean for your organization, in terms of:

- how to get the best from each age group's skills, knowledge and experience
- the learning and development needs of different groups of employees
- the career paths and HR policies required to meet the needs of each age group
- your reward packages (compensation, benefits, well-being programs and so on)

3 Tailor training

Adapt learning and development to the needs of each age group. Establish age-diverse workgroups to enable mutual, intergenerational knowledge sharing. Create processes to help managers lead junior team members, for example by providing more direction, support, and continuous feedback. Train leaders on intergenerational management – including performance management, coaching and developmental planning.

4 Adapt your policies

Support the needs of different generations through flexible working arrangements. Nationwide, for example, offer older employees in critical roles the opportunity to work on specific projects as 'expert consultants' following retirement. This helps retain the extensive knowledge of experienced workers.

Understand the career aspirations of different generations, and develop multiple career paths which take employees in and out of different business areas. Clear communication of what this involves, why it's happening and how employees can benefit is crucial. Without this, younger employees in particular could become disengaged as such an approach may not follow typical perceptions of progression.

Analyse and adapt to the different reward needs of each age group. Use the results to help tailor reward packages, for example by offering a flexible 'benefits menu'.

5 Establish trust

These kinds of 'Age-friendly' policies send a message that you trust your staff to work in different ways and continue to give their best. Meanwhile, intergenerational teams will help create a climate of trust and respect between the different age groups.

Tesco has established a mentoring scheme for this purpose, and to enable knowledge transfer between age groups. This sort of scheme works well for both ends of the age scale: younger generations thrive on connections, while older staff are happy to leave their legacy.

6 Plan for the future

Identify your most critical roles and skills gaps, and ensure you have succession plans in place.

Starbucks puts a strong emphasis on strategic workforce planning (SWP) – the coffee-shop chain has a dedicated global SWP team. Its purpose is to help leaders think beyond short-term reactionary hiring, and focus on medium and long-term planning in line with business strategy.

individualism

power to the person

What is the **individualism** megatrend?

Globalization 2.0 will boost the wealth of consumers in emerging markets, and consequently their freedom to choose.

This will transform our motives as consumers and employees. Money will no longer be the main influence on life and career decisions. Other priorities will come into play, such as fulfilment, meaning, self-development, recognition and work-life balance.

These factors are deeply personal, and unique to each of us. But they matter. People will demand that their employers take note of their individual needs and preferences.

“Our smart and flexible ways of working means we can attract highly talented people who have something else in their life more important than work.”

Amanda Revis

Group Executive, Suncorp Human Resources

What does it mean for engagement?

A single message to the workforce will no longer cut it. People will demand to be treated as individuals.

Engagement will need to be more personal, tapping into each employee's needs, drivers, outlook and expectations. Job descriptions, appraisals, development plans, career paths and reward systems will need to be more tailored. Tom Plug, Lead Engagement Expert at KPN, told us: “One-to-one dialogue is critical: it's conversations between managers and their employees which allow us to start acting in a more personal way that's appealing to them.”

The individualism megatrend will create huge complexity for engagement professionals. But it may also offer a solution. Organizations can harness its power, by encouraging people to manage their *own* development and career progression.

In an individualistic world, employees will want – even expect – this sort of accountability. But making it happen will require a change of thinking and behaviour at all levels. Performance management will no longer be the ‘manager's job’; it must become a combined effort between managers and their team members.

Managers will therefore need to move beyond acting purely as an ‘authorizer’, approving promotions, pay rises and holidays. Instead, they must play the role of coach, mentor, developer and most importantly, people engager. To do this, they'll need to spend time understanding each team member as an individual, and be able to adapt their leadership style to suit the needs of each one.

Line managers will need training and education to make the transition – and this will need to come from the top. After all, it's easier to coach if you've been coached yourself in the past. But it will be worth the investment: our World's Most Admired Companies research shows that the best leaders spend as much as 30% of their time understanding others' needs, and coaching and developing team members.

Coaching and mentoring should also be part of managers' job descriptions, development programs and performance targets and feedback – to make them accountable for their ‘new’ role.

Finally, managing diverse team members with individualistic attitudes will call for ‘bounded autonomy’. This means giving staff the freedom to do what's needed to achieve their objectives – but within defined boundaries and a clear overall direction.

What can I do about it?

1 Give ownership

Give people the tools to manage their own development. Software applications like our TalentQ suite allow people to assess their own strengths, behaviors, character traits and learning needs.

This sends a positive message that you trust your staff to take responsibility for their progression. What's more, managers can use the results to help adapt their management style for each team member.

2 Set boundaries

It's important to ensure that individuals don't put their personal objectives above those of the team and the business. Performance management and reward still need to encourage the right skills and behaviors to help achieve the organization's objectives.

3 Diversify training

Examine individuals' learning and development needs and consider how to tailor learning and development accordingly. Assess whether your current training practices help teach leaders and managers how to adapt their management styles for different employees.

Let employees know where they should expect development to happen (for example, in their day-to-day job roles or through formal initiatives). Then clarify the roles and responsibilities of employees, managers, and the organization.

4 Promote individual recognition

Peer recognition can be a powerful motivator. Create platforms for staff to praise each other's good work – for example, a dedicated intranet page.

British electrical retailer Dixons has an intranet platform called 'You're Electric', where employees can thank each other for their efforts. Crucially for a technology firm, the scheme was designed – by Dixons staff themselves – to be available anytime, anywhere, over any device. Less than a year after launch, 15,700 employees had posted more than 47,000 'thank yous', and engagement scores were up by 5-10% in 'pulse' surveys.

5 Encourage continuous feedback

Introduce forums for staff to flag any issues they encounter, or barriers in the way of them doing their job. Allow colleagues to comment in response. This generates a real-time feed of important engagement information.

6 Enable knowledge-sharing

Create processes that allow the entire organization to draw on individual skills and attributes. Establish a 'skills exchange', where employees can find out about and tap into each other's abilities – e.g. languages spoken or IT knowledge.

“ A favorite quote of mine is 'Don't forget to bring yourself to work'. At KPN, we encourage employees to make full use of their unique intangible assets, their talents, skills, knowledge and network. It's a case of saying: 'show us what makes you successful in your job and as a person.' ”

Tom Plug

Lead Engagement Expert, KPN

digitization

remote possibilities

What is the **digitization** megatrend?

The digital revolution is challenging the way we work. The web, social media and mobile connectivity call into question the need for conventional workplaces and hierarchies. They blur the boundaries between private and professional life. And they create an 'always-on' culture.

Younger workers – so-called 'digital natives' – operate as comfortably in the virtual domains as the 'real' one. And their technical prowess gives them an edge over older colleagues, who weren't brought up with the internet, smartphones, apps, Facebook and Twitter.

“ Having a flexible approach to when, where and how work is done is... part of our commitment to supporting people to be the best they can be – inside and outside work. ”

Amanda Revis

Group Executive, Suncorp Human Resources

What does it mean for engagement?

Digital technology is reversing the balance of power between employers and employees in a number of ways:

- It creates a climate of transparency, putting reputations at risk. Employees and customers can instantly share information about companies and colleagues – good or bad – with the world at large.
- Social media offers a platform for talented individuals to promote their abilities and achievements, making them more accessible to competitors.
- Online resources make it easier for employees to compare their compensation, career opportunities and work environments with the competition.

In this context, sustaining engagement through a culture of trust and ethical standards is essential. It will help discourage employees from exposing sensitive information, and from moving to competitor firms.

Digital technology can boost productivity and engagement. It enables organizations to understand far more about employees' attitudes, needs and preferences, and to tailor their practices to boost engagement.

Suncorp, a leading financial services group in Australia and New Zealand, has had great success with its W@H ('Work at Home') initiative which has allowed them

to attract high performing individuals who previously found securing work difficult due to factors such as a disability or their carer role. These individuals work mostly from home, and live within a 30 minute commute of one of the company's W@H Hubs, which are used for team meetings and training. Suncorp's employee surveys show that W@H staff are more engaged and less likely to leave than their workforce generally. And they perform better than similar business units where employees don't generally work from home.

Using the Hubs as 'connection points' has helped Suncorp overcome one of the downsides of technology. Remote working must be balanced with the need for face-to-face communication.

What's more, firms need to manage the implications of employees being 'always-on'. What is the impact on work-life balance and engagement over the long term? How will it affect the exchange between contribution and reward – and more importantly, employees' *perception* of that exchange?

Rapid changes in technology can also quickly leave people's skills out of date. Continuous learning will be essential to sustain engagement and productivity.

What can I do about it?

1 Play to technology's strengths

Technology is considered a basic right by many younger workers. Identify where it can have a positive impact – for example, by connecting people, communicating with the workforce, streamlining processes, or making essential tools and information available anywhere, anytime.

Assess where social media can facilitate collaboration, knowledge-sharing and recognition. Identify 'pilot groups' to trial new technology platforms.

"Digitization is an opportunity as well as a challenge," says Michael Webley, Head of Global People Insight at Tesco. "It's a way for colleagues to connect, share and learn from each other. And it's a way to enable people to do their job, and to keep them updated on what's happening at the company; the products and services we have."

"That's what keeps people engaged, and when we know more about the company we're more likely to become brand advocates."

2 Protect work-life balance

Educate managers about the pitfalls of an always-on culture, and make sure they keep tabs on their teams' working habits. Encourage them to lead by example, by building responsibility for work-life balance into their performance metrics. Assign overall accountability for this issue at leadership level.

3 Maintain face time

Make sure managers bring their teams together in person on a regular basis. Technology mustn't create electronic silos in the workplace. As people, we need to maintain relationships and build trust through face-to-face interaction. Managers will play a critical role in fostering relationships, keeping morale high and fusing people's knowledge through social events.

4 Analyse your reward

Use benchmarking tools to make sure your compensation is competitive. In the digital era, staff can easily find ways to compare their package with the market. Analyse your survey results to understand what employees think about their reward and want from their package.

Then take a holistic approach. Look beyond pay and the usual benefits to the intangible rewards you offer, such as career progression, learning and development, team spirit and flexible working. Employees tend to focus on the 'hard' aspects of reward, so make sure you communicate the whole picture.

5 Reward impact

Recognize outcomes, not just 'inputs'. Given the flexibility of the digital era, and the drive for work-life balance in an individualized world, people might not always work conventional hours. Performance measures need to focus on the achievements they make, not how and when they work.

6 Manage expectations

Some employees will expect the best possible IT to be available to them at work – particularly in technology firms. Make clear the art of the possible, and don't overpromise.

technology convergence

great leaps forward

What is the **technology convergence** megatrend?

Life is about to get considerably more advanced. A combination of NBIC (nano, bio, information and cognitive) sciences will lead to a wave of technological breakthroughs. This will transform many areas of our everyday lives, giving rise to new product markets and leaving others behind.

The pace of change will accelerate beyond imagination. In the race for innovation, highly technical NBIC research will demand new forms of collaboration – between business functions, companies, competitors and even whole scientific fields.

What will it mean for engagement?

Engagement suffers during periods of uncertainty.

Employees can be nervous about change, and feel insecure or demotivated when the goalposts are continuously moving. Their need for information outstrips what management can provide, damaging confidence in the leadership and direction of the firm.

And as convergence gathers pace, it will be harder than ever to stay ahead of the innovation curve and to make long term investment decisions. Communicating 'what's next' will become increasingly difficult.

At the same time, companies need to ask more of employees to get through change. This can harm perceptions of the exchange between contribution and reward.

Some breakthroughs will prove controversial. Organizations will need to respect the societal consensus on progress to keep employees engaged behind the strategic vision. High ethical standards and mutual trust will help ensure that staff act in the best interests of the company, and in line with what's socially acceptable.

Collaboration may prove uncomfortable for competing businesses, and for technical specialists from different disciplines (who generally prefer to focus on their own area of expertise). Companies will need to establish the right climate, processes and platforms for collaboration to succeed, and equip people with the right skills and attributes.

What can I do about it?

1 Be transparent

The key to keeping people engaged during change is to communicate clearly, honestly and regularly. A strong understanding of the firm's position and strategic direction will generate confidence in the future.

One European telecoms company we work with excels at communicating with employees about its future. The pace of change and innovation at the firm is rapid, but communication is regular, honest and open. As a result, employee surveys consistently show confidence in the future of the organization, pride among staff and a clear understanding of the organization's strategy.

2 Promote the benefits

Communicate the development opportunities that come with change.

3 Communicate from the middle

Middle managers play a crucial 'sense-making' role in times of change, helping employees understand what's happening and what it all means for them.

Your leaders must make sure that managers at all levels are aligned with the company's direction, and understand the importance of reinforcing the message. Unease among managers will quickly cascade down through the workforce.

4 Involve employees in the journey

One of our clients holds events and family days for employees to celebrate major new product launches, engaging the workforce by building excitement.

5 Learn from the past

Review employee sentiment during previous change programs to identify learnings to help steer your company through future change.

6 Skill your workforce

Make sure employees are trained on how to use new technology. Consider starting with younger workers, then using your intergenerational learning processes to spread knowledge.

“ In times of change, a strong and clear narrative helps employees see their organization's vision, and understand the journey they're being asked to go on. Getting that narrative right is essential. But it isn't easy to do. It takes leadership buy-in and involvement to create and share the story, and make sense of it for the workforce. ”

Rodney Jordan

Director of Employee Communications, Coca-Cola Enterprises

Building for the future: *Nationwide and the megatrends*

We asked Keith Astill, Divisional Director – Corporate HR at Nationwide, about the impact of the megatrends on engagement at the UK building society. This is what he told us.



Hay Group's Leadership 2030 research really strikes a chord with us at Nationwide. We've been aware of some of the megatrends for a while - and we've been looking at what to do about them to maintain and improve employee engagement, both in the short and long term.

Globalization 2.0

Globalization makes it easier for competitors to enter the UK market. Obviously this is a threat to our customer base, and to our ability to attract and retain talent.

We need to be agile enough to respond. This means having flexible and responsive structures and jobs. Roles need to shift to meet competitive threats and changing consumer demands whilst still offering a fulfilling challenge to keep our employees motivated.

To support this, we've created several Functional Academies that give employees the opportunity to experience what is required to undertake other roles and the new skills they need to learn in order to do so. This allows for a much deeper set of career conversations between employees and their manager and means the employee can take greater control over the direction of their career. This is all part of our Know – Grow – Flow talent strategy.

Environmental crisis

The need to be a good corporate citizen is abundantly clear. Younger staff – graduates in particular – are asking us more and more about our CSR objectives and performance. We really believe our CSR agenda helps differentiate us as an employer.

So we've made our environmental targets public. They're on our website, along with our performance against them. Knowing how important this is to our staff, we ask how they feel we measure up in our employee survey, ViewPoint.

We've also developed a five-year 'citizenship strategy' called Living On Your Side. Employee involvement is a key part of this: 56% of our 17,000 people actively get involved in activities such as our Green Action Week. Through our work with Hay Group, we know that staff involved in such schemes feel more engaged.

Demographic change

For more than a decade now, we've been aware of the need to retain the knowledge, skills and experience of our older workers. And we've seen older employees increasingly wanting to stay with us beyond retirement age. The majority of these older workers are in customer facing roles and we know that they help increase customer satisfaction.

We knew we needed to change our HR practices in response. So we increased our retirement age back in 2001 – then dropped it altogether in 2011. Now, 16 percent of our workforce are over 50 years old, 2% are over 60, and the proportion of over-65s is on the up.

This has powerful benefits. It keeps vital experience in the firm, meaning it can be transferred to our younger staff. It allows older employees to continue working if they wish to. And importantly, it's given us a workforce that more closely reflects our customer base.



Fit for the future

With a quarter of employees worldwide set to change jobs by 2018 and the megatrends already reshaping employee engagement, here are five key steps you can take now to future-proof your engagement strategy:

1. Know what you're up against

Assess which megatrends will have the greatest impact on your organization. What are their implications for your workforce? How will they affect engagement among your employees?

2. Audit where you are now

What changes do you need to make? How significant are they? How far is your engagement strategy from where it needs to be in the future?

3. Build the business case

Gather evidence on the megatrends and the changes they will demand. Make clear how your employee value proposition needs to change. Use this to push the future of engagement, and the necessary changes, up the corporate agenda.

Put the case in business terms: highlight where your organization is struggling and the role engagement will play in addressing problems.

4. Find allies

Build networks internally with the right people in the right functions to help you to make change happen – for example, HR, recruitment, learning and development, internal communications and CSR. Create a taskforce of key people who can work together to make change happen.

5. Keep in touch

Gather views throughout the employee lifecycle, in order to understand how engagement and its drivers are evolving in light of the megatrends.

“ I feel it's my responsibility as a HR professional to place future-proof engagement on the board and HR agenda...to create awareness and a sense of urgency that change is happening, and that we need to be ready. ”

Tom Plug

Lead Engagement Expert, KPN

Five little words

In just five words, online video streaming service Netflix captures everything its staff need to know about expenses. The firm's official policy on 'Expensing, Entertainment, Gifts and Travel' is summarized simply as: *Act in Netflix's best interest*.

This succinct instruction also sums up much of what engagement needs to look like in a world shaped by the megatrends. As a policy, it is:

Enabling

rather than tying their people up in pages of rules and regulations, it simply sets out how they should think and act.

Empowering

it gives employees the responsibility for their own behavior when it comes to spending the company's money.

Trusting

it tells employees that the company knows they'll do the right thing – helping to build a climate of mutual trust and respect.

Adaptable

acting in the organization's best interest gives people scope to do what's expected according to local customs and practices.

Continual

it's built into everyday business operations - like engagement, it's not just a one-off exercise.

As employees' needs and drivers evolve in a changing world, perhaps we could all take inspiration from Netflix's example when setting engagement strategies and policies.

Surveying the road ahead

“To understand the pace of change, look no further than your employee survey,” says Rodney Jordan, Director of Employee Communications at Coca-Cola Enterprises.

We asked heads of engagement about the role of the employee survey in a future characterized by change. Their message is clear: it’s an essential tool for understanding the impact of a changing world.

“We constantly see the effects of change coming through in the results of our surveys,” Rodney affirms.

A snapshot in time

The employee survey provides a vital snapshot of engagement at a particular point in time. “It lets us know what we’re doing well, and what we need to do better,” says Rodney.

At Tesco they hold a similar view: “The survey is a valuable tool. It lets us know how the company as a whole is feeling at a given moment, which informs our engagement strategy,” says Michael Webley, Head of Global People Insight at Tesco.

And the benefits go further, he points out: “The survey makes everybody feel consulted about the decisions that affect them.”

New approaches

But that’s not to suggest that organizations rely solely on an annual survey. It should be one of several tools for monitoring how employees are feeling.

“We need a range of listening channels,” says Michael Webley. Tesco keeps a close eye on what’s being discussed on its Yammer site, he explains.

“We will always need to measure company-wide engagement once or twice a year. But in a fast-changing world, we must also keep tabs in real time. This means using less formal channels.”

Keith Astill, Divisional Director – Corporate HR at UK building society Nationwide, agrees. “How businesses survey their workers will evolve. We might see a move towards doing smaller, more frequent surveys, and letting people air their views on an ongoing basis, over a variety of platforms.

“Companies already monitor customer feedback in this way, so why not employee sentiment? As the world goes through unprecedented change, we need to get closer to our people than ever.”

“To understand the pace of change, look no further than your employee survey.”

Rodney Jordan

Director of Employee Communications,
Coca-Cola Enterprises

For further information

To find out how we can help you future proof your engagement strategy please visit: www.haygroup.com/ww/newrulesofengagement

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- Learn how your employee survey can drive impactful business outcomes;
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