raising performance through workforce engagement

Transformation through employee engagement

Meeting the public services challenge

CBI on
public services

Foreword

Employers want employees who will do their best work and look to go the extra mile. Employees want jobs that are worthwhile and that inspire them. Effective organisations recognise the critical role employee engagement has in determining organisational success, productivity and performance. This is as true for the public sector as it is for the private sector.

This report sets out how effective employee engagement can be achieved, drawing upon case studies of independent sector organisations delivering public services to show how they have engaged their employees and given them a real say and a real stake in the company.

What they demonstrate is that employee engagement is not a nice-to-have but an essential ingredient that leaders in the public services will have to take seriously if they are to maintain good outcomes for the public, particularly at a time when budgets are increasingly tight.

Engaged employees can help identify efficiencies and suggest ways to improve services to the public. And engaging the workforce in service transformation and explaining why it is necessary means they are more likely to be committed to helping the organisations achieve it.

This report therefore sets out four areas of good practice public-service managers can use to engage their workforces and meet the challenges ahead.

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Introduction: Transformation through employee engagement

Business as usual in public services is no longer an option. Cuts to public spending proposed over the next three years will touch almost every part of the UK's public services. Public service commissioners and managers will face a difficult challenge: how can they improve services and value for money?

Despite the new spending environment, public expectations of the services they receive are unlikely to diminish. They will continue to expect value for money, high quality, personalised services that fit around their lives. Public services have undergone considerable change in recent years to adapt to citizens' needs, but with fewer resources to hand, continuing to meet public expectations will require a different and more radical approach.

Previous drives to cut public spending have elicited a variety of responses. Incremental change has been used to maintain services as far as possible by eliminating inefficiencies, cutting waste, reducing overheads, and even limiting provision. But such approaches are insufficient to meet the challenges ahead.

For some public service leaders the temptation will be to cut across the board – 'salami-slicing' to reduce costs. These cuts, taken without consideration of the medium to long term evolution of the organisation or service, can end up not only reducing the ability to maintain quality in service provision, but also increase costs in the medium term. Moreover, cuts that appear arbitrary and poorly thought through to employees can have a damaging effect on trust in their leaders, and ultimately the morale and engagement of the workforce. This in itself can diminish the organisation's productivity and ability to engage the workforce in transformation.

Service transformation could enable providers to maintain good public services. For example, high quality health and social care in the community so older citizens can be supported to live independently in their own homes rather than residential care. Yet change on this scale can be difficult to achieve – services must be redesigned so that they not only deliver on value for money criteria, but also better meet users' needs. Some workforces, for example in local government, have already been through a period of wage restraint to realise efficiency savings and may be resistant to further change. Others will have been through past reorganisations that have been unsuccessful and retain some cynicism from the experience.

But there is evidence to suggest that effectively involving and engaging workforces in transforming a service can help to identify savings and efficiencies, and also improve the quality of service by drawing on the insight of those delivering the service on a daily basis. By engaging the workforce, they are more likely to be committed to implementing changes, while the deeper understanding gained by being involved in transformation is likely to help with continuous improvement going forward.

Involving employees in service transformation requires a closer and more effective relationship between employees and managers. Leaders and managers must work to engage their employees, building their commitment to the success of the organisation and their motivation to contribute, while protecting their wellbeing.

"Despite the new spending environment, public expectations of the services they receive are unlikely to diminish. They will continue to expect value for money, high quality, personalised services that fit around their lives."

This report is designed to support managers and employees looking to engage in service transformation. It sets out four areas of good practice guidance for employee engagement building on existing good practice:

1. **Managers need to be empowered to engage employees.**
   Organisations looking to achieve transformation need to first engage their line managers, providing them with information on the strategic challenges facing the organisation so they can in turn engage the workforce.
2. **Strong strategic leadership is essential.**
   Leaders need to explain the journey their organisation is on so employees know what the organisation is trying to achieve, why change is needed and how employees and their work fit within that picture.
3. **Employees must be informed and given voice.**
   To support service transformation, employees must be provided with the information they require and given opportunities to voice their opinions. Employees need to have access to good quality information that explains not only what decisions are taken, but why and how they will be implemented. Only then will they be able to really become involved in the service transformation.
4. **Organisations must embed integrity at the heart of what they do.**
   As services undergo change, the integrity of the organisation becomes ever more important and employees will need to feel that the processes through which change is achieved, as well as the end result, are in keeping with the organisation's values.

We include short case studies showing how a range of organisations working in and with the public sector have achieved change with the involvement and cooperation of their workforces.

"Effectively involving and engaging workforces in transforming a service can help to identify savings and efficiencies, and also improve the quality of service by drawing on the insight of those delivering the service on a daily basis."

Managers need to be empowered to engage employees

For many employees, their relationship with their line manager will be one of the most important in the workplace. Managers need to be able to engage, inspire and channel the energies of their team to improve performance. Research from consultancy firm Accenture showed that 80 per cent of the variation in engagement levels was as a result of the line manager.[1]

Organisations looking to achieve transformation need to ensure they have first engaged their line managers, providing them with information on the strategic challenges facing the organisation, and opportunities to ask questions and offer feedback. This will be essential if they are in turn to engage the workforce.

In services undergoing change, managers have a crucial role to play. They are likely to be the ones making the case for change to the workforce, consulting employees, gathering feedback, addressing concerns and providing reassurance. They will often be responsible for maintaining good day to day employment relations with union or workforce representatives, and have to find ways to build consensus for change.

The recent MacLeod Review of employee engagement found several qualities among engaging managers. First, they gave employees clarity on what was expected of them, acknowledged good performance, offered regular feedback on performance, and provided coaching and training. Good performance management not only ensures employees are confident in their role, but they are clear of their own development and future within the organisation.

Second, engaging managers treated their employees as individuals, showed concern for their wellbeing and acted with fairness and respect. Much research supports this connection between feeling valued, being treated fairly and engagement.[2] Interestingly ORC research found from the results of its employee surveys, that the question about whether employees felt they were treated with fairness and respect correlated most strongly with the percentage of citizens satisfied with the overall service provided by local authorities. In other words, there was a strong correlation between the way employees were treated, and customer satisfaction.[3]

Finally, engaging managers designed roles, work, systems and processes so that they worked effectively and efficiently. Employees must be able to get on and do their job, and this means having the right tools and equipment and having systems and processes that enable, not hinder them.

> "Managers need to be able to engage, inspire and channel the energies of their team to improve performance."

1 Accenture (unpublished) *An Accenture point of view on employee engagement – what it is, why it matters, how you can change it.*

2 See, for example, D. Robinson, H. Hooker & S. Hayday, *The drivers of employee engagement,* (IES, 2007)

3 ORC International Research, quoted in MacLeod, *Engaging for Success*, p. 88

Case study 1: Transparent management and employee engagement drives better performance at Norse

Norse, a soft facilities management company, specialises in setting up joint ventures with local authorities to deliver public services. It also contracts directly with local authorities and other organisations. Norse was originally a direct trading division of Norfolk County Council, but became a limited company in 2002, with the local authority as its shareholder.

In its joint ventures, Norse uses its skills, expertise and capital investment to work with the existing workforce to bring about transformation. Its ability to improve service efficiency through management, skills, systems and processes are valued by partners.

According to Tricia Fuller, Group HR Director, one of the most important steps in transforming the service is giving employees more responsibility and freedom to carry out their role.

"By re-evaluating and streamlining policies and procedures and delegating decision-making, they are able to make processes more efficient and employees can take greater ownership of decisions and outcomes."

Alongside better processes, considerable investment has been made in resources (plant, equipment, personal protective equipment) to enable employees to do their job. Managers at Norse recognise that having inadequate or out of date equipment and lack of resources can quickly lead to frustration among employees which impacts on productivity.

Norse managers collect data on a range of performance measures to help understand how well their services are performing, and to allow managers to give precise feedback to the workforce. Fuller warns against taking a narrow view of performance though; by only measuring and rewarding outputs, employees are not incentivised to find efficiencies or suggest ways to improve the service.

Performance management is underpinned by a culture of engagement that particularly focuses on learning and career development. All managers are able to request a development meeting with the Group HR Director, and can request training and secondments to support that development. Frontline employees also have the opportunity every other year to meet with the Service Director to discuss their development. Fuller asserts that this process helps to identify real talent and drives up aspiration.

In 2010 Norse won Business in the Community's Skills in the Workplace Award. Its learning programme was originally set up to improve literacy and numeracy among front line workers, but its success led Norse to establish its own learning and development training academy providing training throughout the workforce. As well as supporting career development, improving health and safety and reducing recruitment costs, Fuller argues that it has been important in changing the psychological contract between employees and managers, with employees reporting that they feel valued and that they believe they have a future with the organisation.

The establishment of a community fund where employees can apply for grants for out of work volunteering projects ensures employees realise the organisation is interested in them as a whole person not just the bit that comes to work.

Outcomes:

- Well designed jobs with greater freedom, responsibility and decision-making engage employees
- Learning and development opportunities enhance employee skills and help them feel valued by their manager and company
- Employees provided with the right tools and equipment to do their job
- Engaged employees identify efficiencies but performance management frameworks need to allow this

Case study 2: Engagement brings clarity to roles and improves performance at Serco

Serco is a FTSE 100 international service company with more than 40,000 employees delivering services to government and private clients in over 30 countries.

In 2006 Serco undertook an internal reorganisation in the UK, bringing together two operations to create a new business unit with 3000 employees across nearly 50 contract sites in the UK carrying out roles as caterers, cleaners, security guards and engineers. In order to achieve the business's growth objectives, the leaders recognised that they would need to improve customer satisfaction. This would require significant changes to ways of working for all employees in order to implement more efficient processes and improve levels of service.

Serco HR Director, Geoff Lloyd says: *"Our strategy focused first and foremost on engaging employees. It is so important to gain the understanding and buy-in of the workforce as we know the positive impact this can have on the quality of the service delivered and customer satisfaction. We know there is a strong correlation between customer satisfaction and employee engagement levels."*

Leaders began by clearly communicating the need for change to the workforce through a communication campaign that made use of a variety of channels, including posters and internal magazines but most importantly face-to-face communications. These face-to-face communications involved employees at all levels and an emphasis was placed on them being two way. This meant that management could explain why change was needed and employees could provide input regarding what they wanted to see changed. Employee engagement was measured using a survey and the data gathered was used to identify areas where improvement was needed. Managers discussed the results with their teams and agreed action plans together. The actions then formed part of the manager's performance management objectives.

Managers found that identifying, recognising, and publicising great performance was particularly effective in encouraging change. Employees also appreciated seeing managers listening to and acting on the survey responses. This improved participation in the survey from 56 per cent to 71 per cent in three years and also impacted positively on engagement scores.

The survey showed that the targeted action taken by managers and their teams increased employees' clarity on their roles, understanding of how they contributed to their wider team, and how they fitted into Serco's vision and strategy. More employees felt that they played an important part in the business and that they were recognised and valued for their contribution.

The surveys enabled Serco to measure and understand the impact of engaging employees and creating a values based business culture. The improved employee engagement was accompanied by a 12 per cent increase in customer satisfaction and significant business growth over a three year period.

Outcomes:

- Putting engagement at the heart of the strategy enabled changes to ways of working which improved the quality of service delivery
- Engagement surveys identified areas of weakness which managers and teams addressed together with agreed action plans
- Employees' participation and engagement levels were boosted as managers were seen to listen and act on survey responses

Strong strategic leadership is essential

In periods of change, the ability of the leadership to explain the journey their organisation is on, the challenges it faces, and how leaders are planning to address those challenges is paramount. From the most senior manager to the front line, employees need to understand their business and how their day to day efforts contribute to its success. Understanding the strategic narrative enables employees to engage more fully in their organisation and helps them to understand the value of their role. Particularly in a period of change, a clear explanation of the strategy being pursued builds trust among the workforce that they are in a safe pair of hands.

Reform in public services has often been criticised for trying to impose change on the workforce, rather than work with it. Employees have sometimes felt they don't understand the reasons for change and have therefore been reluctant to implement the changes, unsure as to whether they will either deliver a higher quality or better value for money service. The 2008 NHS employees survey found that only 55 per cent of the workforce felt they understand how their role contributed to what their Trust was trying to achieve.

As one manager interviewed for this report pointed out, public services have a head start when it comes to engaging employees. These employees might be caring for the most vulnerable in society, helping to prevent hospital infections or keeping streets clean and safe. Often employees have an emotional commitment to their work and understand the value of it. Without a clear understanding of the strategy however, their efforts are unlikely to contribute to the overall goals of the organisation. Aligning effort with organisational strategy can lead to greater efficiency.

To get greater understanding and buy-in to the strategy, managers need to look again at their communication with employees. Do their employees know what the organisation is for and what it is trying to achieve? Why change is needed and what that change will achieve? And how employees and their work fit within that picture?

This is not just top-down communication. Leaders looking for genuine workforce engagement in transformation need to allow employees to question and interrogate the strategy and sometimes adjust it in response. If it is accepted that public service workers have important knowledge and insight into the services they deliver, then their contributions must be valued. As well as improving strategic decisions, good communication helps reassure employees that all options have been considered and that decisions taken are well-informed.

"From the most senior manager to the front line, employees need to understand their business and how their day to day efforts contribute to its success."

Case study 3: Engaging employees to drive up performance at Pinnacle PSG

Pinnacle PSG was established as a manager of social housing. It now works alongside public and private sector agencies to deliver housing and facilities management and other complementary services and is responsible for street cleaning and grounds maintenance in the borough of Castle Point in Essex. Through the smooth transfer of employees and engaging with them from the outset of the contract to develop new ways of working, the company has achieved significant improvements in the quality of service and productivity.

Much of Pinnacle PSG's business is based on TUPE transfers. This means the success of many of its contracts is built on the smooth transfer of previously public sector employees. Getting this crucial element of contract management right is something Pinnacle PSG has developed across a range of services since its formation. It put this experience to good use on the Castle Point contract. Operations Director Neil Fergus says:

"Right from the start we aim to engage with our staff and try to make sure they understand very clearly what our aims and objectives are for the contract and, most importantly, their role in achieving them."

Pinnacle PSG was clear that continuous staff engagement would be crucial to achieving its overall objectives. It put in place regular team meetings to establish good lines of communication between staff and management – meetings of this kind had not previously been held. The emphasis of the meetings was on a two-way exchange and it was through this process that important changes in working arrangements were developed to enhance efficiency. Management recognises the value of the knowledge and experience of its employees: "They'll see a problem before we do – it's always worth listening to them."

The impact of the new approach is illustrated by the experience of one staff member, Alec. As a road sweeper with many years of experience who had risen to supervisor level, Alec was particularly uncertain about the new contract having been under local authority management all his working life. Under Pinnacle PSG management, however, he felt his ideas were listened to. This gave him the confidence to suggest solutions and become fully involved in championing reshaped working methods, allowing his impressive knowledge (Alec knew every street in the borough) to be put to full use.

Improved staff engagement meant employees were much more prepared to move away from the old way of doing things to try new methods. One of the changes was a reorganisation of street cleaning routines. Whereas previously employees had grown accustomed to cleaning streets as part of one large team every month, under the new structure they were split into smaller teams, giving each its own cleaning area. Over time, cleaning frequency has improved from every month to every 12 days, while independently monitored standards of cleanliness have also steadily improved.

Improved outcomes measured by frequency of service have also been achieved on the grounds maintenance side.

Outcomes:

- Staff report feeling more engaged, listened to and able to offer ideas to improve services and do things differently
- Measured by the government's street cleansing standard – the lower the score attained the better the result – Castle Point has progressed from 13% when the contract started, to 3%, representing a ten-point improvement over three years
- Grass cutting and street cleaning frequency improved from every three weeks to every 12 days, resulting in a better environment for all residents

Case study 4: Employee engagement sustained performance during a period of change at the Pension Service

The Pension Service is part of an executive agency of the Department for Work and Pensions. It provides its customers with pensions and benefits. The Pension Service employs around 15,000 people. In 2003, it embarked on a transformation programme in response to a government drive to reduce pensioner poverty through changes to the pension credit and a focus on increasing uptake. The Pension Service set about improving the customer focus of the organisation in order to achieve these goals.

The transformation involved changes in roles and structures within the organisation, including creating 20 customer contact centres. They knew that in order to sustain performance throughout the changes they would have to get employees onside. The transformation team therefore undertook a programme of work on the organisational culture and employee engagement.

This was important given that from the outset it was clear some of the new contact centres would only be needed for an initial period, making it likely that some employees would be redeployed or made redundant. Engagement was therefore important to sustain performance even when the future was uncertain. To support this work Penna were appointed as 'People Partners' to the Transformation Directorate.

Penna worked with The Pension Service to help them articulate the aims, objectives and purpose of the organisation, developing a strategic narrative that would engage employees. The Pension Service created a survey that could measure engagement and allowed them to monitor levels at each site and carry out a series of employee workshops to find out how the workforce understood the culture and what aspirations they had for the organisation.

The survey enabled The Pension Service to understand how the changes were being received by the workforce. It also identified areas of further work. For example, the survey highlighted the importance of leadership for engagement and the need to adapt existing leadership and management styles in the new contact centre environment. It also showed the importance of taking local approaches to engagement and addressing issues particular to each site.

The working groups provided insight on the way in which the workforce responded to communications. They showed that employees engaged more with performance and objectives when they were discussed in terms of the impact on customers, for example how many people had been brought out of poverty, than at a more abstract level. This insight was used to inform the site by site communication on the transformation programme.

Outcomes:

- The transformation programme achieved the targets set by government, and prepared the organisation for its next major challenge, a merger with the Disability and Carers Service
- Survey data revealed correlations between engagement and performance, productivity, customer take-up and satisfaction. This encouraged a continued focus on employee engagement

Employees must be informed and given voice

Having the opportunity to feed views upwards and feeling that they are listened to affects the extent to which employees feel valued, committed and engaged.[4] Employee surveys, online communications, team meetings, joint consultative committees or employee forums all provide opportunities for employees to have their say and be involved in discussing issues of concern and interest to them. By acting on employee surveys and communicating action plans, or giving progress reports on past suggestions to union representatives or team meetings, managers can also show that employees are being listened to.

It is unsurprising that feeling listened to also makes us feel valued, and that employees who feel valued may be prepared to give more of their energy and ideas to their employer. But the link between voice and transformation doesn't end there. For voice to really support service transformation, it must be an informed voice. Employees need access to good quality information that explains not only what decisions are taken, but why and how. This might be through all workforce meetings, regular email briefings or team cascades and meetings. Only then will they be able to really become involved in the service transformation. At Norse, managers share financial information with trade union representatives each quarter so that they can understand company performance.

Many employees are comfortable using their line manager to feed views upwards and will also use suggestion schemes, surveys or team meetings. But others will feel more confident going through their union or employee forum representative. Representatives' first interest will be in protecting the interests of their members, but they also have a valuable role in gathering the views of the workforce and relaying this to managers. They can also ask questions to better understand managers' decisions and relay this back to the workforce, helping to build confidence in the leadership.

Managers value having a variety of ways to engage employees. This can be flagging issues directly with managers or line managers. In other cases they might want to talk to someone they see as completely independent of line management, for example staff councils or through their trade union representatives. What managers are really concerned about is what employees are worried about.

Good communication with the workforce is one of the most important factors in maintaining engagement, and managers understand that an anxious workforce is less likely to be engaged. Finding out about and addressing employee concerns is therefore the first step to improving engagement.

Well trained representatives can play an important part in managing change, reassuring the workforce that the basics of the employment relationship such as pay, pensions and holiday are being dealt with fairly, freeing them up to engage constructively in the transformation.

As public service managers come under pressure to deliver change quickly, they must maintain sufficient time to consult with the workforce, to allow, either through representatives or direct communication, employees to feed their views up through the organisation, and for managers to acknowledge and address those concerns. Time spent at this stage could well ensure more effective implementation later on.

"For voice to really support service transformation, it must be an informed voice. Employees need access to good quality information that explains not only what decisions are taken, but why and how."

4 See for example, *Sunday Times Best Companies to Work For;* C. Truss, E. Soane, C. Edwards, Croll and J. Burnett, *Working Life: Employee attitudes and engagement,* (CIPD, 2006)

Case study 5: Employees at Circle work together to devise strategy and solutions

Circle is a social enterprise delivering healthcare through a number of hospitals and independent sector treatment centres in the UK. It is co-owned by its workforce forming a partnership of clinicians and professionals.

Ali Parsa, Managing Partner says:

"Circle's ambition is to deliver high quality healthcare centred around the patient. We believe that involving and engaging the workforce are central to this task. Our employees are closest to the patients, are best placed to understand their needs, and how to innovate and improve services to meet them. Circle has capitalised on the insight and problem solving potential of the healthcare professionals by creating an operating system that on the one hand gives power to those closest to the patients, and on the other expects them to pursue excellence and be uncompromising in achieving the best clinical results and patient experience."

While each site adopts slightly different practices to suit their circumstances, the strong relationships between line managers and employees form a common means of communication throughout the organisation. Managers are encouraged to develop a collaborative approach, regularly involving and consulting their teams.

Sites hold all-workforce briefings, and general managers use weekly email updates to keep employees informed about organisation and site performance. All employees were given the opportunity to join in a weekly telephone conference with the Chief Executive and other leaders.

A varied workforce and working patterns however, means that methods of communication have to be flexible. Following feedback from an employee survey, a communications working group led by employees was established at one site to find more effective ways to communicate with the workforce. It found that theatre staff rarely had the opportunity to access emails, so notice boards were established to cater for this group.

Top down communication is matched by opportunities for the workforce to communicate up and across the organisation. Continuous improvement and innovation relies on employees being able to feed ideas up and being empowered to lead change. Small group communication, for example team huddles and service improvement groups, creates opportunities for employees to discuss service improvement, which when matched with a devolved decision-making structure, enables employees to lead transformation.

Staff meetings are used extensively to ensure good communication across the organisation, bringing together different specialties and staff groups. These are used to share strategic information, but also allow early discussion of how decisions might affect patients, drawing on the expertise of the workforce. Employees report feeling that they are really 'given a voice' in the meetings and their views are listened to.

Outcomes:

- Employees report feeling valued and that their voice counts
- There is a line of sight between employee's efforts and the team, site and organisation's strategy, enabling employees to contribute more effectively and gain reward
- Employees are identifying opportunities for improvement and leading on the implementation of solutions

Case study 6: Employee voice helps ensure continuous improvement at Kier Group

Kier Group Plc is a leading construction, development and services group specialising in building and civil engineering, support services, private and affordable residential development, commercial property development and infrastructure project investment. The Group employs 11,600 people worldwide with annual revenue of £2.1 billion.

In July 2010 Kier introduced Formula for Success, a programme to create a single culture throughout building maintenance services and to engage all employees in continuous improvement. This was particularly important in Kier Sheffield LLP, a joint venture with Sheffield City Council to maintain the city's council housing and other public buildings. Approximately 1,200 employees had transferred from the Council to the new venture and Kier was keen to involve them in the company's culture and engage them in improving and growing the business.

Employees were involved in developing 22 icons depicting different aspects of the organisational culture. For example there are icons to represent Can Do Attitude, Inspiring Leadership, Us & Them and Poor Communication. These icons are displayed in each office and on computer screens to raise awareness among employees. Each quarter, employees give feedback through a survey on how they think the business is performing and what they would like to see changed, using the icon system. Improvement groups act on the feedback given by the employees. The company encourages employees to see Kier as their own business and to participate to shape its future direction.

Since the Formula for Success was introduced, Kier has reported above average employee engagement scores at almost 90%. According to Partnership and Business Development Director, Dan Maher:

"Much of this success can be explained by having a workforce who are genuinely committed to continuous improvement and driving their business forward."

Kier also has strong relationships with the trade unions and views them as a key partner within the business. Around 80 per cent of the workforce are members of a union. Kier has a National Trade Union Forum with representatives from UCATT, Unite, UNISON and GMB, as well as Joint Shop Steward Committees (JSSC) in each business. The JSSC also acts as a valuable sounding board for new ideas and developments.

Finally, to further enhance employee involvement the company has a National Communications Group with representatives from all of the businesses and communication groups. The Group is tasked with improving two-way communication throughout the company.

Outcomes:

- A culture of continuous improvement which helps to improve customer satisfaction and grow the business built on a sound bedrock with regular opportunities for employee feedback
- Improvement groups ensure that feedback is acted on and progress is reported back to employees
- Trade unions are a key partner within the business, helping to facilitate change and acting as a valuable sounding board

Organisations must embed integrity at the heart of what they do

More and more organisations have established a set of values for employees and customers that describe who they are and what they are trying to achieve. This is an important attraction for employees looking to work in an organisation that echoes their own values. When there is a mismatch between the values espoused by the organisation and the behaviour of leaders or corporate policies however, employees can become disillusioned and disengaged.

The consistency between organisational values and the behaviour of managers and employees directly impacts on levels of trust. Trust is a crucial feature of high performing workplaces and is associated with open and honest communications, confidence in the fairness of the decision-making process, management competence and a culture of respect. Prolonged uncertainty and insecurity can have damaging effects on performance, morale and wellbeing, but if good levels of trust are preserved through communication, transparency, fairness and respect, employees are more likely to positively engage in the transformation process.

As services undergo change, the integrity of the organisation will become even more important. Although managers will be under considerable pressure, if employees are to engage in service transformation they need to feel the processes through which change are achieved, as well as the end result, is in keeping with the organisation's values. This may mean, for example, making sure that employees still feel able to deliver excellent care to patients, or put customers first.

In spite of the pressures on organisations in the coming months and years, maintaining their commitment to improving equality and diversity will be important in reassuring employees of their integrity and of procedural fairness.

The experience of the private sector during the recession shows that some practices, such as flexible working, can allow organisations to adapt during difficult times as well as meet employee needs and make wider participation possible. As demonstrated at Norse, recognising that employees are people with personal lives and commitments outside the workplace can play an important role in making them feel they are valued and respected.

Steria found that engaging employees from the start of a new joint venture made them feel part of it and enhanced their commitment to its success.

Organisations such as Eaga and Circle have embedded values within the organisation, using them to structure the performance management framework to encourage consistency between values and behaviours. In these organisations a clear set of values, understood by all, have enabled employees to take decisions that are consistent with organisational objectives.

"When there is a mismatch between the values espoused by the organisation and the behaviour of leaders or corporate policies, employees can become disillusioned and disengaged."

Case study 7: A culture of participation is driving efficiency at Eaga

Eaga is one of Europe's fastest growing green support services companies. Established as an employee owned company in 1990, Eaga continued its commitment to employee ownership when the business floated in 2007. Today, 36% of Eaga's share capital is held in Trust for its employees (still referred to as "Partners") by the Eaga Partnership Trust.

Eaga has expanded rapidly over the last four years, growing from 400 to over 4,000 Partners and at the same time diversifying and expanding its services. To adjust to the change in the size of the workforce, Director of Partner Engagement, Trevor Lincoln, initiated a programme to define the organisation's values and relate them to behaviours creating a new set of competencies and a performance management framework. This was part of a programme called Eaga Cares which was designed to ensure that the values of the business continued to shape day to day decisions and behaviour. Groups of Eaga partners were brought together from across the organisation to work on the project, which helped increase employee ownership of the framework, and also made sure that it would be suitable for all sections of the business. The result has been a clearer performance framework and greater prominence for the organisation's values.

Eaga uses sub-contractors to deliver some services. Often these sub-contractors will have direct contact with customers under Eaga branding. As a provider of services to vulnerable people, Eaga felt it had a responsibility to ensure sub-contractors met its service standards so it rolled out its values based training to the sub-contractor workforce.

The Eaga Partnership Trust plays a prominent role in promoting partnership and participation throughout the organisation. Through its substantial cash resources the Trust enables Eaga Partners to participate in a range of initiatives focused upon their personal growth and development.

For Eaga, creating a real sense of ownership amongst employees is essential. They strive for a culture of participation throughout aspects of the organisation, with employees being involved in creating initiatives to deliver continuous service improvement.

For example, the company is introducing a Six Sigma programme to improve efficiency across the organisation following the rapid expansion.

Employees are being trained to lead this process as black belts and green belts, but unusually, Eaga has decided to go further and give all employees training on the system in the belief that frontline workers often have valuable insights and they should participate too.

Outcomes:

- Eaga uses a clear set of values to create an engagement culture
- Values are used to create a new performance management system, ensuring consistency between what the company says and what it does
- Employees who understand the company's values and objectives are leading transformation projects to redesign processes and drive efficiency

Case study 8: Steria developed a shared vision by engaging employees before taking on NHS services

Steria established a joint venture with the Department of Health in 2005 to offer back office services to the NHS, including finance, payroll and family healthcare administration. This function had previously been run within the Department of Health, but there was a desire to grow the business and so they looked for an external partner who could offer support and expertise.

From the outset the Department of Health encouraged employees to participate in the process of establishing the joint venture. Even before preferred providers had been identified, bidders, including Steria, were invited to give presentations to the workforce, while employees were given information on the bids. All employees were then given a vote on who they preferred as a potential partner. The vote accounted for a percentage of the final evaluation criteria.

Giving the workforce a strong voice in the procurement process encouraged Steria to consider how their bid would be received by the workforce. In their bid and presentations to employees, Steria explained how they would grow the business and make it successful. They emphasised that successful growth would provide the best guarantee of employment security, as well as offering career development opportunities. They set out how growth would be achieved and what would need to change in order to achieve that objective. Steria also looked at the important details which matter to employees on a day-to-day basis such as share schemes, transport arrangements, flexible working, union recognition and NHS Agenda for Change terms and conditions.

From Steria's perspective, as Solutions Director Debbie Brockbank explains:

"Engaging the workforce and gaining their trust and buy-in was important in order to retain the knowledge base necessary to continue delivering the service and prepare for growth. Engaging employees at an early stage, and giving them a voice in the selection of the partner, made them active participants in the change. Before the transfer even occurred, employees knew what changes would occur and had an opportunity to consider whether they offered the best opportunity for the service. This meant the venture started on a sure footing."

Steria was keen to maintain the NHS identity of the service, and saw this as an extra tool in engaging the employees. The workforce had considerable knowledge of the NHS and the shared understanding between employees and customers was seen as a valuable attribute in delivering good customer service.

The joint venture added a number of service lines, undertook a management restructure and reorganisation and gained a number of new customers within a short period. The early engagement with the workforce however, helped to build a shared vision of the business that facilitated change.

Outcomes:

- Giving employees a voice in the choice of partner engaged employees in the change process making them active participants which helped to strengthen buy-in
- Making employees part of the bidding process ensured potential partners considered the attractiveness of their bid from the employee perspective. Steria emphasised a mutual gains agenda, explaining how change would benefit employees
- Steria believed the workforce held knowledge that was a valuable asset for the business. They put in place processes to use employee knowledge to understand customer needs, which informed their growth strategy

Conclusions

The case studies throughout this report show how organisations have engaged their workforce to achieve change. Some have involved employees in changing their own culture and ways of working to improve efficiency or customer service. Others have used employees' knowledge, insight and leadership to redesign the services they deliver. All believe that involving the workforce is the best way to achieve lasting change that improves services while improving efficiency.

All the case study organisations understand that engaging employees in service transformation requires good workforce practice. Engaging management, a clear strategic narrative, opportunities for employee voice and organisational integrity are factors that have been shown to support engagement.

"Engaging management, a clear strategic narrative, opportunities for employee voice and organisational integrity are factors that have been shown to support engagement."

Many of these organisations have worked with unions and workforce representatives to achieve change. They have shown that involving representatives more, not less, has improved employment relations. Companies such as Norse regularly share information with their recognised trade unions to make sure that discussions and negotiations are based on a shared understanding of the company's performance.

The government is committed not just to reducing public spending, but to improving public services. If this is to be achieved then leaders and managers throughout the public services must drive through radical reform. This report has shown that there is a real opportunity and incentive to make sure reform is something done with public service professionals, not to them. Engaging employees in service transformation is not just achievable, but essential.

Tools for you
Engaging your employees

This set of questions is designed for leaders and managers – to help you think about the process of transformation in your organisation and how to engage employees through it.

Empowering managers to engage employees

1. Do your managers give members of their team clear information on what is expected of them? Do they offer regular feedback on performance and show appreciation of good performance?
2. Do managers act as coaches and enablers, removing obstacles preventing employees from doing their job, and offering support and training?
3. Do managers in your organisation have the soft skills they need? Do they listen to employees, treat them fairly and with respect and know and understand them?

Showing strong strategic leadership

1. Do you have a clear story about the challenges facing your organisation and its strategic response?
2. Are you able to clearly communicate your organisation's strategy and the decisions behind the new approach being taken?
3. Have you provided opportunities for the workforce to ask questions and provide feedback?

Informing employees and giving them voice

1. Do employees have access to regular information on the challenges facing the organisation and how the organisation is responding? Is this information shared consistently and in a variety of ways, for example, email bulletins, notice boards, team briefings?
2. Are employees and their representatives regularly asked for their opinion on decisions being made, and are they able to offer suggestions?
3. Is information provided by employees listened to and acted upon? Are suggestions responded to and explanations given on why they are adopted or not?

Embedding integrity at the heart of what you do

1. Does your organisation have a clear set of values that are understood by managers and employees?
2. Do managers and employees know how the values translate into how they behave?
3. Are the changes in your organisation taking place in a way that is consistent with the organisation's values?

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CBI

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