

Employee Engagement in the UK Third Sector
Latest Research Findings
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Introduction

The Third Sector is a major sector in the UK and employs over 2.3m people¹. Third Sector organisations work in a variety of areas and as people intensive organisations, it is critical to understand how to develop and maintain high levels of employee engagement.

Aims and Approach

The aims of our research were to understand:

- How best to measure employee engagement in the Third Sector; and
- Which factors have a strong impact on engagement

To carry out the research, we created a database comprising the employee engagement survey results from 50 Third Sector organisations that we have worked with between 2012 and 2015, and involving over 9,100 respondents in aggregate.

Getting a handle on Engagement

David McLeod and Nita Clarke, joint authors of *Engaging For Success - Enhancing Performance Through Employee Engagement*², contend that:

- Engagement goes to the heart of the relationship between the employee and their organisation
- That when employees are engaged there is a powerful win-win
 - Employees feel trusted and valued
 - There are a number of business benefits for organisations, including lower absence and turnover, higher levels of customer service and greater innovation.

There is no nationally agreed definition of employee engagement. At Agenda Consulting we commonly use 3 employee engagement questions in our survey work:

- **Extra Effort:** I would willingly put in extra effort in order to help the organisation
- **Proud:** I am proud to tell people that I work for this organisation
- **Good Place to Work:** I would wholeheartedly recommend this organisation to others as a good place to work.

We have used these questions with a 5 point Likert scale – Strongly Agree, Agree, Neither Agree nor Disagree, Disagree, Strongly Disagree. In this note, by positivity we mean the percentage of employees who strongly agree or agree with each question.

¹ David Kane, Joe Heywood and Pete Bass, 2014, *The UK Civil Society Almanac*

² David McLeod and Nita Clarke, 2009, *Engage for Success – Enhancing Performance Through Employee Engagement*, A report to Government

Figure 1: Percentage of employees who are positive for each question (Lower Quartile, Median, Upper Quartile)

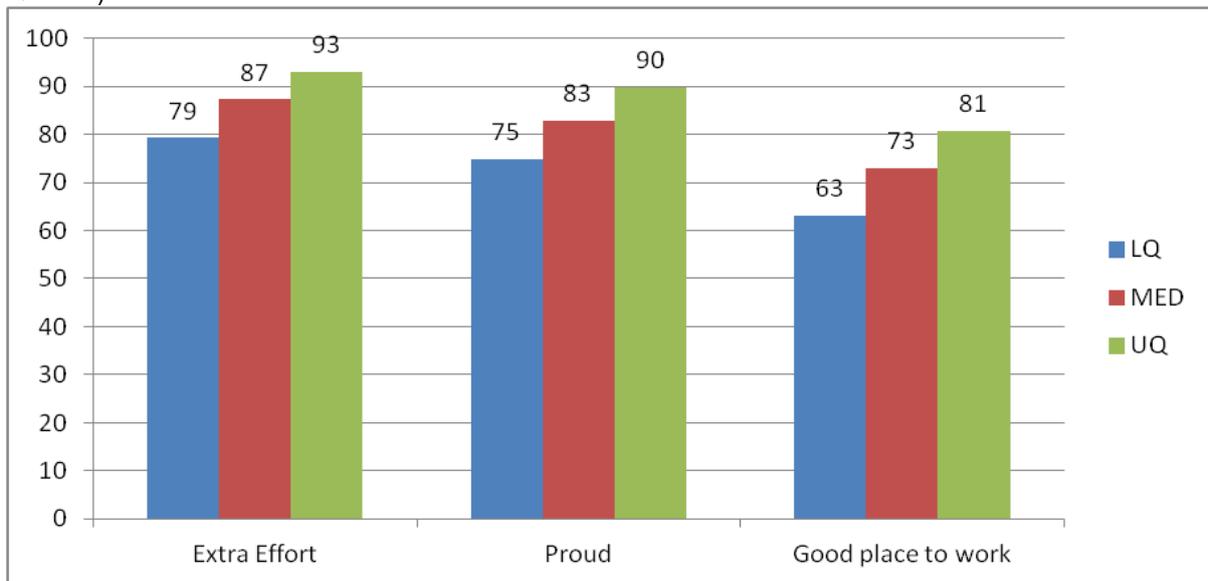


Figure 2: Percentage of employees who are positive on Good Place to Work and Extra Effort for each organisation

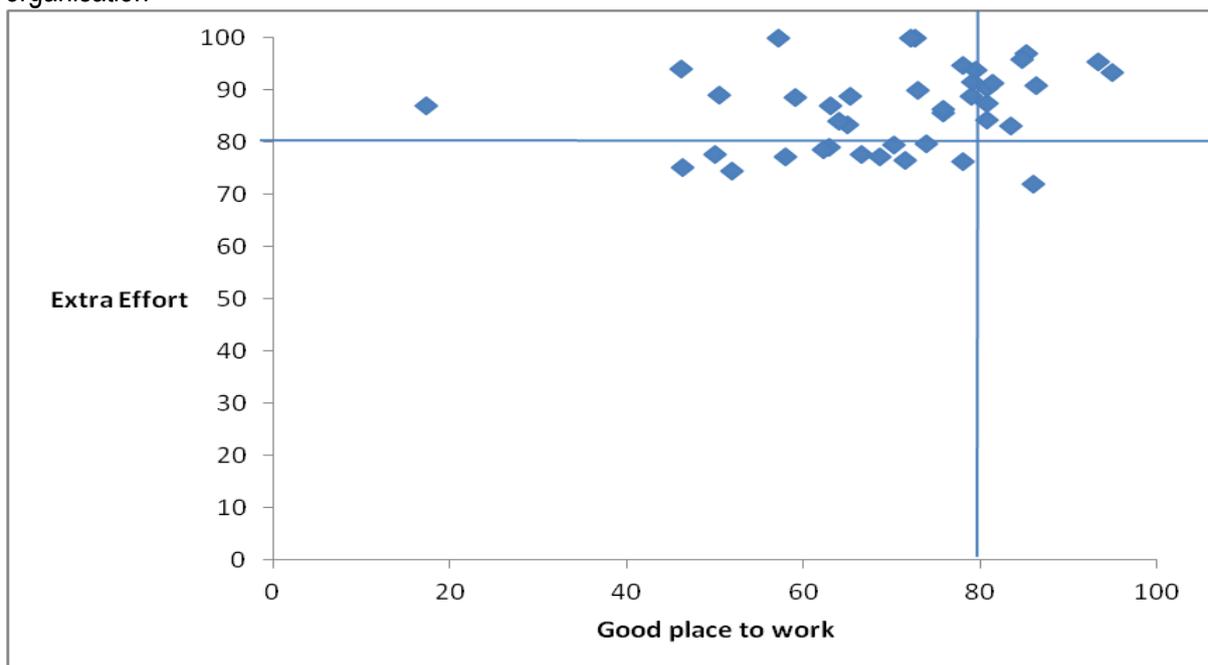


Figure 1 shows that levels of positivity vary by question. These are very high for Extra Effort (median 87%), high for Proud (median 83%) and more modest for Good Place To Work (median 73%).

Figure 2 shows that Extra Effort is generally high for all organisations – perhaps driven by the nature of the work undertaken and/or the organisation’s mission – whilst the results for Good Place to Work are much more variable.

We then built 3 statistical models to explore the relationships between a number of aspects of the employee experience and each of the 3 engagement questions. A key finding was that the Good Place to Work question was more highly influenced by organisational factors than the other two.

Our conclusion from this analysis is that Good Place to Work is the best question to measure engagement in social care because it is the most discriminating of the 3 questions and is the most highly influenced by organisational factors – a key tenet of employee engagement.

What drives engagement in the Third Sector?

The second part of our research focussed on understanding the relationship between 10 key employee experience factors and engagement as measured by Good Place To Work. The factors were drawn from our research database and are set out in Figure 3.

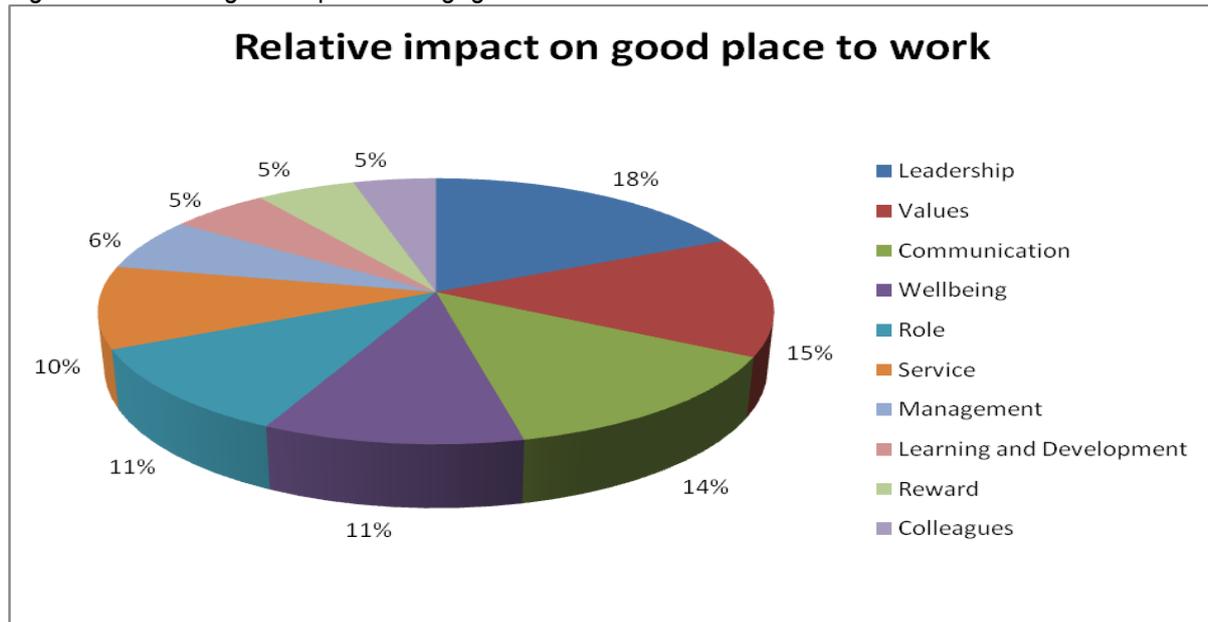
Figure 3: Key Factors Explored

- **Colleagues:** I work with skilled, competent people who are good at their jobs
- **Communications:** This organisation practises open, honest communication and shares information
- **Leadership:** I trust and respect the leadership group in this organisation
- **Learning and Development:** This organisation helps me acquire skills and knowledge that will benefit my future career
- **Management:** I trust and respect my immediate manager
- **Reward:** I am rewarded fairly for the contribution I make in my particular job
- **Role:** The work that I do gives me a feeling of personal achievement
- **Service:** I believe that this organisation delivers a high quality service to its external customers
- **Values:** This organisation has strong values and operates to high ethical standards
- **Wellbeing:** I am badly treated or bullied at work.

We used regression modelling techniques applied to our research database to explore the relationships between these factors and engagement. The results were:

- All factors had a statistically significant impact on engagement
- Figure 4 sets out the percentage of impact on engagement due to each factor.

Figure 4: Percentage of impact on engagement due to each factor



The findings are that **Perceptions of Leadership, Values and Communication** account for half the impact that can be explained by the model.

This implies that perceptions of the trustworthiness of the leadership group, the strength of values and ethics in practice, and how an organisation communicates with its staff strongly influence the engagement of Third Sector employees.

Achieving high levels of positivity on Leadership, Values, and Communication will therefore be important for a Third Sector organisation that wishes to increase levels of engagement.

Perceptions of **Wellbeing, Role, and Service** appear to have a moderate impact on engagement and taken together account for 32% of the impact.

This suggests that the sense of wellbeing, the level of service delivered, as well as a feeling of personal achievement are important but less so than Leadership, Values, and Communications.

Management, Learning and Development, Reward, and Colleagues appear to have the weakest influence. These findings suggest that it is possible for employees to be happy about their reward, their learning, their manager and their colleagues but not to be engaged. This might happen, for example, when employees identify with their local service, department or region rather than the organisation as a whole.

It should be noted that the results do not indicate that these factors are unimportant, simply that getting these factors right on their own is unlikely to improve engagement.

We've also done some analysis on how engagement changes for different groups, for instance the sub-sector within the Third Sector, seniority, and length of service (Figure 5).

Figure 5: Variation in levels of engagement by different groups

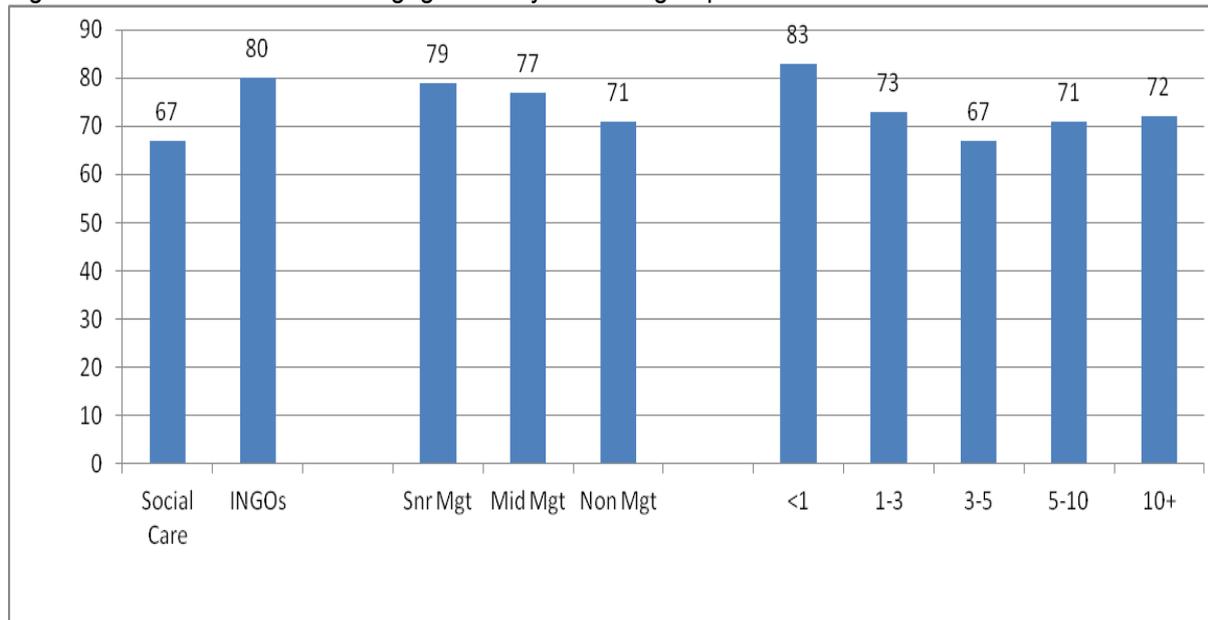


Figure 5 shows that levels of engagement are generally higher in INGOs than within Social Care organisations. Engagement is also higher for managers and senior managers than it is for non-management staff. Length of service also has a high bearing on engagement as those with less than one year's service feel more positively toward the organisation than those who have been there between 3 and 5 years.

Recommendations

- 1 We recommend that Third Sector organisations include Good Place to Work as one of their engagement questions. Responses to this question tend to be more varied and discriminating than other questions and provide the greatest insight.
- 2 Pay particular attention to Leadership, Values and Communications. Any organisation wishing to improve engagement should consider making improvements on these factors.
- 3 We recommend that when Third Sector organisations undertake employee engagement surveys, they explore the relative impact of the different factors in their own organisation and prioritise accordingly.

Roger Parry is Director of Agenda Consulting, a research consultancy which helps not-for-profit organisations achieve their mission through a deep understanding of their people. (www.agendaconsulting.co.uk)