

# Impact of employee engagement in banking strategic success

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The People Manager through their management functions can engage their employees and collectively contribute to Strategic Success.

Situation:

Credit Unions are “ continuously being challenged in areas of Governance, Risk and Operational capabilities”. (Central Bank of Ireland, issue 9, p. 1) Credit Union Plus comprises of what were originally five individual Credit Unions. They merged in 2016-2017 with the goal of securing its foundations for its combined members of 48, 000. Like most Credit Unions our revenue is dropping, and costs are increasing. One of Credit Union Plus key strategic objectives is to grow its loan book. Many factors including economic climate, marketing, technology etc will contribute to the success of this plan. One of our greatest assets are our staff. This assignment is based on the concept that employee engagement is key to achieving strategic success. Through employee engagement we can encourage and motivate our staff to be proactive in selling loans to our members. This will contribute significantly to the growth of our loan book. The People Manager can, through their many functions encourage employee engagement which will in turn aid the implementation of strategic goals.

Analysis:

Employee engagement has numerous definitions which encompass a workplace designed to ensure that employees are committed to their organisation goals and values. It is a topic that has been debated and no single definition has been agreed upon. Beverly Kaye of Career Systems International has stated “ We are pretending that engagement is a new

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thing, Engagement is a new word for a very old thing. Engagement is a new word for motivation, passion, and commitment". (Ketter, et al. 2008 p45) Wildermuth states that " Experts have defined engagement as a persistent state of work fulfilment" . (Wildermuth et al. 2008 p51) Liberman states that employee engagement is " the willingness of an employee to exert discretionary effort toward their work" (Liberman, 2015, p. 22). Regardless of the lack of a single definition, Employee Engagement encourages employees to work on an individual and team basis; to contribute to the implementation of strategic goals set. One would hope that as a result they would benefit from personal reward and have a sense of belonging to the organisation while adopting its views and culture.

An argument could be made that the start of employee engagement is in the recruitment and selection process. The people managers participation in the recruitment process would allow identification of the most suitable candidates. To date Credit Union Plus has used unstructured interviews for member services selection. This method has proven to be low cost but also low validity. Scientific evidence suggests that more structured interviews encourage prospective employees to utilise the SOAR (Scenario, Ownership, Action and Results) model to illustrate their experience and suitability to the position available. Greene in " Selecting Superior Sales staff" cites a four-step interview process in which step four is entitled " The weeding out process". Greene believes that this process encourages the candidate to demonstrate their commitment and " coachability". (Greene, 1992, p79). Commitment and Coachability is destined to have a positive affect on

employee engagement once in situ. Liberman argues that ideal candidates will have a feeling of “ a strong emotional bond to their credit union and caring about its future, being willing to invest extra effort, being fully involved in and enthusiastic about their work, and acting in a way that furthers their credit unions’ interests” (Liberman, 2015, p. 22)

Once the correct calibre of employee is in place the people manager can then utilise two of their core skills, namely coaching and delegation. Effective coaching and delegation will enable employees to acquire the correct skills to implement strategic goals on an individual and team basis. Coaching yields positive outcomes as staff may feel they have a choice in how something is done. This results in commitment to the organisation and its goals, enhancing employee engagement. The people manager must ensure they respect the employee and acknowledge their abilities and skills.

Engaging managers facilitate and empower rather than control and restrict staff. In doing so they enable employee engagement. Credit Union Plus has recently commenced Personal Development Plans. This will contribute greatly to the alignment of personal goals with the strategic plan. In addition to this the GROW Model could be utilised to create a superior coaching structure. A study into executive coaches by Contractor identifies how some businesses are engaging the services of expertise coaches to “ practise the art of empowerment through delegation”. (Contractor, 2013, p. 13). Although executive coaches would not be viable in Credit Union Plus it is apparent that delegation of tasks by the people manager will motivate staff and encourage them to promote and support organisation goals. A feeling of shared purpose

and encouragement through their personal development plan can be a key enabler for employee engagement.

Credit Union Plus is a dynamic institution that acknowledges the positive affect which Personal Development Plans can have on strategic success. However, the people manager must also be equipped to manage those employees who underperform. The Equity theory supports the principal that if underperformers are not addressed a perception of disparity can arise. If this occurs, it can result in ordinarily good performers dropping their pace as they see there are no repercussions for underperformance. The effectiveness of employee engagement is lost if this were to occur. Therefore, it is imperative that the people manager is equipped with skills to challenge those employees regarding underperformers. Effective objective setting will be extremely important and should eliminate any gaps between expectations and performance. Absence management is another sector that the people manager will need to develop prowess in. The absence of employees can have monumental affects on customer service which in turn impedes employee engagement. Staff may feel that they are under pressure due to an increased work load and do not have the time to provide superior customer service. In a service driven environment, time is of the essence. If the company is suffering from absenteeism an individual employee may feel that they do not have the time to go the extra mile in delivering superior service. In the case of Credit Union Plus this could result in the loss of secured loans as the member service representative is under time pressure and releases shares rather than encouraging the member to take a secured

loan. It is evident that absence management is of critical importance and that the lack of a policy and or control can have a negative effect on strategic implementation. There are many other areas surrounding employment legislation that may need addressing. Knowing when to refer a matter to HR is of utmost importance and can eliminate any possibility of the people manager dealing with an issue ineffectively.

The People Managers own ability to plan and organise their own time can impact on strategic success. Poor organisation at work will affect performance, it illustrates poor control which employees will pick up on. Evidently if the people manager cannot manage their own time and stress levels this will impede on performance of direct reports. Being familiar with time management tools and being somewhat resilient to stress, benefits the people manager in their own role and in supporting their direct reports. The environment in Credit Union Plus demands the people manager to be an excellent time manager. Staff will constantly look for time to accomplish individual tasks. It is of vital importance to ensure that workflow is managed, ensuring timely completion while guaranteeing adequate services cover always. If employees feel stressed, they will not give due diligence to members which will result in loss of engagement. Time management on behalf of the people manager should help reduce the possibility of employees being stressed.

Being conscious of staff's levels of stress can be a clear indicator of the people managers emotional intelligence. Weiss, reviews the article “ Promoting Emotional intelligence in Organizations: Making Training in

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Emotional Intelligence Effective” by Cherniss et al. They define emotional intelligence as “ the ability to accurately identify and understand one’s own emotional reactions and those of others”. It also involves the ability to regulate one’s emotions, to use them to make good decisions, and to act effectively. (Cherniss et al, 2000, p. 67-68). It is argued that emotional intelligence has become as important as intellectual intelligence. Daniel Goleman’s and others model of emotional intelligence breaks down emotional intelligence into awareness of ourselves and others and management of ourselves and others. The people managers ability to communicate with direct reports can have a positive impact on them and in turn on strategic success. The awareness of their own strengths and weaknesses, their openness to feedback and their willingness to learn from others, will help them manage emotions, follow through on commitments and adapt to changing circumstances. This will positively impact on staff and will inevitably enhance the relationship between the organisations culture and values and employee’s motivation and engagement. Senior management having a sincere interest in staffs wellbeing is a key driver for employee engagement. Having a high level of emotional intelligence will enable the people managers ability to enhance employee co-operation. It will also enable successful motivation towards achievement of organisational goals. Many research theories such as Maslow’s Hierarchy of Needs and Alderder’s Existence, Relatedness and Growth theory link motivation with performance and if the needs of the employee are not being acceded then motivation may decrease. Alderder argues that all categories of needs can become more important as they are satisfied, and individuals place greater

emphasis on any single category as opposed to simply moving from one need to the next. It is apparent to the people manager in Credit Union Plus that when needs of staff are not achieved, motivation drops, and employee engagement reduces. Although it is not always possible to meet employee expectations e. g. grant annual leave that is oversubscribed, it is important that the people manager continuously communicates and attempts to increase morale in staff. Other barriers exist also. The lack of knowledge about engagement or the lack of worth placed on engagement can be an obstruction to employee engagement. A change in culture is sometimes required. Credit Union Plus recently introduced a staff forum where by staff could bring operational issues or other to the forum through a representative. This facilitated an increase in communication and in turn allowed for employee engagement to increase.

#### Conclusion / Recommendation:

It is evident from various bodies of research that employee engagement has a monumental effect on strategic results. The people manager must utilise all their skills and management functions to facilitate employee engagement. An in-depth study on the people managers functions identified numerous ways in which successful management can contribute to employee engagement. Due to issues beyond their control it may not always be possible. An example was given where the staff member became disgruntled as they did not get the annual leave they required. It is not feasible to give employees everything they want just to maximise employee engagement. Lack of resources will be another barrier to engagement. The



area of absence management was studied, and this was identified as a significant area that can impact on service in Credit Union Plus. The lack of a policy can result in the loss of employee engagement due to stress being placed on staff. One could argue that although a significant emphasis should be placed on employee engagement by the people manager it is a cultural aspect that needs to be endorsed from the Board of Directors down. This is what would truly create an environment of employee engagement. Shared purpose, engaging managers, employee voice and integrity will assist in adopting a culture that is required for employee engagement. A culture of communication will engage employees, and this is an area that has been identified as requiring improvement in Credit Union Plus. Liberman concurs when he states “ Sharing important credit union information with staff, as well as holding formal and informal regular meetings with staff “ would improve engagement. (Liberman, 2015, p. 22)

#### References:

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