

## Employee Engagement

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**Purpose:** To ensure that National Apartment Association (NAA) members understand the importance of employee engagement as a competitive advantage, and how to best plan and execute these efforts at their organizations.

**Applies to:** All NAA members who are involved in organizational strategy and employee performance, evaluation, development and retention, especially C-suite leadership, human resources professionals, and mid-to-senior-level managers.

**Overview:** Employee engagement has begun moving to the forefront of organizational strategy and focus, but there remains uncertainty on how it is defined. It is not just about employee emotions—happiness or satisfaction, as examples—employees can be perfectly happy or satisfied in their roles without being engaged. Instead, engaged employees are emotionally and mentally connected with their work, their team, and their organization. They are cognizant of their organization’s strategy and their role within it, committed to their organization’s success, and willing to go that extra mile. Employee behaviors are the ultimate focus.

Why has employee engagement become so important? Gallup has been surveying organizations worldwide on employee engagement for more than 30 years. It has found that just 31% of U.S. employees are presently engaged at their jobs. Major gains in productivity could be realized by increasing this percentage.

Statistical correlation has been proven between employee engagement and a range of organizational metrics—everything from absenteeism and turnover, to profitability and stock price. In what it describes as “the world’s largest survey,” Gallup regularly performs a meta-analysis—a study of many studies—of employee engagement surveys, covering more than 2.7 million employees. When comparing against organizations in the bottom quartile of employee engagement, organizations in the top quartile are:

- 23% higher in profitability
- 18% higher in productivity (sales)
- 14% higher in productivity (production records and evaluations)
- 18% lower in turnover for high-turnover organizations

- 43% lower in turnover for low-turnover organizations
- 81% lower in absenteeism
- 41% lower in quality (defects)
- 64% lower in safety incidents (accidents)
- 28% lower in shrinkage (theft)

Results like these are why employee engagement as a strategic focus has been rising to the attention of the C-suite.

Employee engagement can be measured and tracked over time, like the Net Promoter Score (NPS). It is not necessarily a standalone measure, but often is interrelated with other employee programs and measures, such as performance appraisal, professional development, and the like. In effect, employee engagement sits atop these other measures as an outcome, reflecting their impact.

Has the pandemic affected employee engagement? Quantum Workplace has been surveying 8,500 organizations on their employee engagement for more than 20 years. It found that declining economic and labor conditions in the early months of the pandemic—indicated by stock-market prices and unemployment claims—mirrored initial declines in employee engagement. However, employee engagement rebounded quickly and soon exceeded pre-pandemic levels. The ability for many employees to work remotely and have flexible schedules factored in this rebound. But employees also favorably credited their organizations' communication and leadership; programs promoting health, well-being and work-life balance, and responses in compensation and benefits.

These pandemic results underscore yet another benefit of highly engaged workforces. They have been shown to be more resilient and better able to overcome adversity.

The rental housing industry has a particular urgency for addressing employee engagement. It experiences an annual employee turnover rate of 32.7%, according to CEL & Associates, Inc. This rate is nearly double the average for other industries in the U.S. The highest employee turnover rates occur within onsite maintenance (39.2%), onsite leasing (31.9%), and onsite management (22.5%). All three rates are up significantly since 2010.

To help address this issue, Swift Bunny introduced the 2020 Swift Bunny Index, encompassing results of confidential employee engagement surveys conducted on behalf of rental housing employers. Its survey questions and correlation analysis are designed to “reveal drivers of employee engagement and disengagement” among high-turnover employee categories. Among the findings:

- Among all position categories, leasing professionals had the lowest overall engagement scores, followed by community managers.

- Maintenance associates' lowest-scoring topics include benefits offered meeting their needs and issues are not responded to within 24 hours.
- Leasing professionals' lowest-rated topics include not being notified of advancement opportunities and not understanding career and/or promotion paths available.
- On-site managers report the lowest scores for the ability to complete their work on time, indicating that they are overburdened and overwhelmed. This group also reports that issues are not responded to within 24 hours.
- All on-site community team members, regardless of position, express dissatisfaction with compensation and incentives.

Further findings may be viewed in the "Related Links and/or Forms" section below.

Rental housing employers are taking this issue to heart. For Wellington, Florida-based Bainbridge Companies, a 20-year-old organization that has nearly tripled in size during the past 36 months, it meant kicking-off company culture efforts by distributing its first ever employee survey. "We want to become the preferred management company for not only our clients, our partners and our investors, but also to our associates and the people we want to bring on board," says Dana Caudell, Senior Vice President. "Having a keen understanding of how our employees feel about the company and how we operate can afford us valuable metrics to better serve them."

### **Case Study:**

To view how a leading vendor measures employee engagement with its clients, Gallup evolved its own Q<sup>12</sup> Survey during the past 20 years. It has identified 12 foundational elements that predict high team performance as well as employee retention. In Gallup's words, the following proprietary questions work "because they describe the fundamental psychological requirements for unleashing human potential."

Q01. I know what is expected of me at work.

Q02. I have the materials and equipment I need to do my work right.

Q03. At work, I have the opportunity to do what I do best every day.

Q04. In the last seven days, I have received recognition or praise for doing good work.

Q05. My supervisor, or someone at work, seems to care about me as a person.

Q06. There is someone at work who encourages my development.

Q07. At work, my opinions seem to count.

Q08. The mission or purpose of my company makes me feel my job is important.

Q09. My associates or fellow employees are committed to doing quality work.

Q10. I have a best friend at work.

Q11. In the last six months, someone at work has talked to me about my progress.

Q12. This last year, I have had opportunities at work to learn and grow.

Further explanation may be found in the “Related Links and/or Forms” section below.

As one can see, these questions are not merely about employee emotions; instead, they get to the heart of organizational and managerial effectiveness in such critical areas as goal setting, resources, recognition, empathy, professional development, communications and listening, relevance and purpose, and growth, among other processes. For employers to significantly improve their employee-engagement results for this survey, for example, they would have to make significant changes in how they manage their employees.

**Guidance:**

**1. Employer Goals:**

Employers must begin their employee engagement efforts by identifying their ultimate goals. Do they wish to reduce employee turnover, improve productivity, and/or increase enthusiasm? They need to define engagement within their organizations toward these goals, as well as what success looks like. Ideally, these employee engagement efforts and measures would be aligned with the strategic mission, goals, and KPIs of the organization.

**2. Surveys:**

Employer must plan how they will survey employees on their engagement. At minimum, employee engagement surveys are conducted once per year. Core elements must be kept consistent, so that benchmarks may be established, and progress may be accurately measured over time. However, a best practice is for employers to also be in regular communications with employees throughout the year, to capture feedback, issues and changes in real time. The Society for Human Resource Management has identified the additional methods and channels of pulse surveys, focus groups, internal social media platforms, leader accessibility, one-on-one interviews, and stay interviews. Onboarding new employees also affords ideal opportunities for capturing their motivations and expectations, while establishing meaningful career paths.

**3. Program ROI:**

A recent study conducted by Harvard Business Review Analytic Services found that 92% of respondents agreed that highly engaged employees perform better

and are more productive than employees with average or low engagement. Similar agreement followed that organizations with engaged employees have satisfied customers. However, only 56% agree that their organization had achieved return of investment (ROI) in employee engagement. Organizations must have a firm grasp on their key performance indicators to make these ROI connections. Quantum Workplace suggests three primary actions in employee engagement for achieving material impacts: Aligning jobs with strategic priorities; ensuring employees understand and align with business outcomes; and making engagement results part of strategic priorities.

For further best practice, RewardGateway has prepared online guidance, "[Building the Business Case for Employee Engagement](#)."

#### **4. Program Advocates:**

Employers should consider who they wish to be the public face of their employee-engagement efforts. It is always important to communicate the priority from executive leadership, as well as to acknowledge the critical role of Human Resources. However, employee engagement is most directly affected by managers; therefore, employers should have their managers administer employee-engagement interactions wherever possible. One-on-one interviews, plus their participation on internal communications platforms, are two effective channels for managers to seek and provide employee feedback.

To reinforce their primary importance, Gallup explains, "Managers account for 70% of the variance in team engagement. They are responsible for ensuring that employees know what work needs to be done, supporting and advocating for them when necessary, and explaining how their work connects to organizational success. If leaders could prioritize one action, it should be equipping their managers to become coaches. This means putting [employee] engagement front and center as a primary role responsibility."

#### **5. Software Solutions:**

Many employers opt to use software solutions to execute their employee engagement surveys and channels, and to accumulate and analyze their results. Such software can be a subset of existing human-resources software, or act as a standalone package. Typical features include pulse surveys, survey customization and segmentation, goals, recognition, survey templates, long-term progress, dashboard and reports, notifications, and mobile access. Suppliers providing employee engagement software may be readily identified via internet search.

#### **Related Links and/or Forms:**

"Report identifies the greatest threats to on-site apartment community employee retention," Swift Bunny, 3 Mar 2021, <<<https://swiftbunny.com/press/15>>>

“Q12 Survey,” Gallup, <<<https://www.gallup.com/access/323333/q12-employee-engagement-survey.aspx>>>

**Acknowledgements:**

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“[The Impact of COVID-19 on Employee Engagement](#),” Quantum Workplace, report.

“Multifamily Employee Turnover Rates: 2010-2019,” units Magazine, National Apartment Association, Jul 2019, <<<https://www.naahq.org/news-publications/units/july-2019/article/multifamily-employee-turnover-rates-2010-2019>>>

“Investing in company culture and employee engagement is paying dividends for many apartment operators,” by Paul Willis, LTM, units Magazine, National Apartment Association, Apr 2019, <<<https://www.naahq.org/news-publications/units/april-2019/article/roi-investing-company-culture>>>

Tyler, Kathryn. “Measuring Employee Engagement During a Crisis.” HR Magazine, Society of Human Resource Management, Winter 2020, <<<https://www.shrm.org/hr-today/news/hr-magazine/winter2020/pages/measuring-employee-engagement-during-covid-19.aspx>>>

“[7 Employee Engagement Strategies Backed by Research](#),” Quantum Workplace, report.

“[2020 Employee Engagement Trends Report: How America’s Best Places to Work Engage & Retain Top Talent](#),” Quantum Workplace, report.

“[Building the Business Case for Employee Engagement](#),” RewardGateway, guidance.

“TechnologyAdvice Guide to Employee Engagement,” TechnologyAdvice, June 4 2021, <<<https://technologyadvice.com/employee-engagement-solutions>>>

**About NAA:**

*The National Apartment Association (NAA) serves as the leading voice and preeminent resource through advocacy, education, and collaboration on behalf of the rental housing industry. As a federation of 149 state and local affiliates, NAA encompasses over 93,000 members representing more than 10.5 million apartment homes globally. NAA believes that rental housing is a valuable partner in every community that emphasizes integrity, accountability, collaboration, community responsibility, inclusivity, and innovation. To learn more, visit [www.naahq.org](http://www.naahq.org). NAA thanks its strategic partners Lowe’s Pro Supply and Yardi.*

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