

DATA-DRIVEN DECISIONS: THE IMPORTANCE OF MEASURING EMPLOYEE ENGAGEMENT

Insurance companies across the world are experiencing high turnover, which is causing disruption in the market and affecting pay equity. This can lead to several negative consequences for a company, such as low morale, high turnover, and difficulty in recruiting and retaining top talent. The high turnover rate in the insurance industry is a major concern for companies as it leads to increased costs for recruitment and training, as well as lost productivity and revenue.

Poor employee engagement is one of the key causes of high turnover in the insurance sector. Engaged employees are more likely to stay with a company and be productive, while disengaged employees are more likely to leave and cause disruptions in the market. Therefore, it is crucial for insurance companies to assess employee engagement levels and take action to improve it.

Measuring employee engagement through analytics can provide valuable insights into the attitudes and perceptions of employees towards their jobs, as well as their satisfaction level with their work environment. This information can be used to make data-driven decisions on how to improve engagement, design company policies and culture, and improve overall performance. This can include changes to



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benefits and compensation, improvements to communication and collaboration, and targeted investments in employee development and training. Moreover, engagement analytics can also help companies track the success of these initiatives and adjust policies and culture as needed.

By addressing issues that are causing low engagement, insurance companies can reduce turnover. Employee engagement is a critical component of a company's success, as engaged employees are more productive, have better relationships with their colleagues, and are more likely to stay with the company long-term.

Employee Engagement can be measured through several methods and metrics, including:

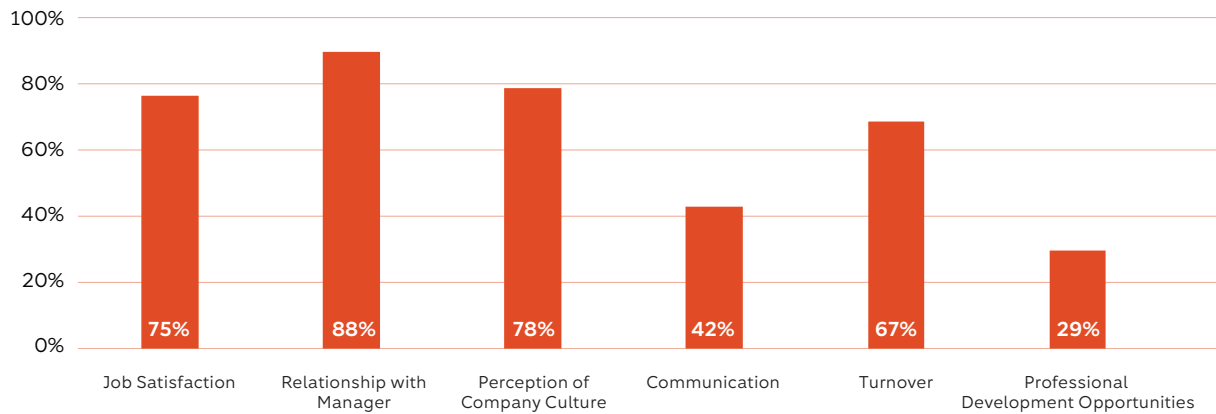
1. ENGAGEMENT SURVEYS

Engagement surveys are designed to gather information about employee attitudes, perceptions, and behaviors, and to identify areas of strength and weakness within the company. This information can be used to identify areas where employees feel they lack support or resources, or where they feel that company policies or culture are not aligned with their needs and expectations. Surveys can be done on a regular basis, such as annually or semi-annually, to track engagement over time.

Once the data has been gathered, the survey results should be analyzed to identify patterns and trends. The data can be sorted by department, job function, or other relevant factors to identify specific areas of concern.

An example from an employee engagement survey conducted at an insurance company is below:

EMPLOYEE ENGAGEMENT SURVEY RESULT



The following was deduced from the data gathered:

High Job Satisfaction: Most employees reported that they are satisfied with their job and feel that their work is meaningful and impactful.

- **Strong Relationship with Manager:** Most employees reported that they have a positive relationship with their manager and feel that their manager is supportive and responsive to their needs.
- **Positive Perception of Company Culture:** Most employees reported that they feel the company culture is positive and that they feel a sense of belonging within the organization.
- **Low Communication:** A significant number of employees reported that they feel there is a lack of communication within the company and that they are not kept informed about company developments and changes.
- **High Turnover:** A high percentage of employees reported that they have considered leaving the company or have seen colleagues leaving the company.
- **Lack of Professional Development Opportunities:** A significant number of employees reported that they feel there are not enough opportunities for professional development within the company.

Based on these results, the insurance company can conclude that they have a generally positive work environment, but they should improve communication and provide professional

development opportunities to retain top talent and reduce turnover. Moreover, they may also want to investigate why a high percentage of employees have considered leaving the company or have seen colleagues leaving the company as high turnover can lead to a lack of stability within the company and can negatively impact the overall productivity and morale of the remaining employees.

Once results have been analyzed and interpreted, they need to be communicated to employees as well as plans for addressing the issues that have been identified. Action must be taken on the results, which can include developing new policies, providing additional resources, or training, or making changes to the work environment.

The company should monitor progress over time by conducting follow-up surveys and measuring engagement metrics such as retention rate, productivity, and eNPS (Employee Net Promoter Score). This will allow the company to track the effectiveness of the actions taken and adjust as needed.

By conducting engagement surveys, insurance companies can gain a better understanding of the needs and expectations of their employees and act improve overall performance and employee satisfaction. Additionally, engagement surveys can also be used to track the progress of company initiatives aimed at improving engagement and adjust as needed. They can also be used to benchmark engagement levels against industry standards and compare with other companies.

2. RETENTION RATE

Retention rate is a metric that measures the rate at which employees are staying with a company over a certain period. An example of how an insurance company might calculate its retention rate is as follows:

DEPARTMENT	EMPLOYEES @ JAN 1	EMPLOYEES @ DEC 31
Claims	55	50
Underwriting	23	21
Medical	65	62
Actuarial	3	2
Customer Care	19	18
POS	59	56
Support Functions	35	34
TOTAL	259	243

- Identify the period you want to measure retention rate for. In the table above, a year is chosen.
- Calculate the retention rate by calculating the number of employees at the end of the period (in this case 243 employees), and then dividing that number by the number of employees at the beginning of the period (in this case 259 employees). The retention rate here is, $(243 \div 259) = 0.938$, or 93.8%, which means that 93.8% of employees who were employed at the beginning of the year stayed with the company until the end of the year.

to make changes to their policies, culture, and compensation structure to improve retention. Additionally, the company can also calculate the retention rate by department, or by different groups of employees (i.e., by gender, age, or ethnicity) to identify specific areas that need attention.

It's important to note that a retention rate of 100% is not always desirable, because it could mean that the company is not attracting new talent or it could mean that the company is not providing opportunities for career development, that's why is important to measure it in conjunction with other metrics.

The insurance company can use this information to identify areas that need improvement, and

3. EMPLOYEE NET PROMOTER SCORE (ENPS)

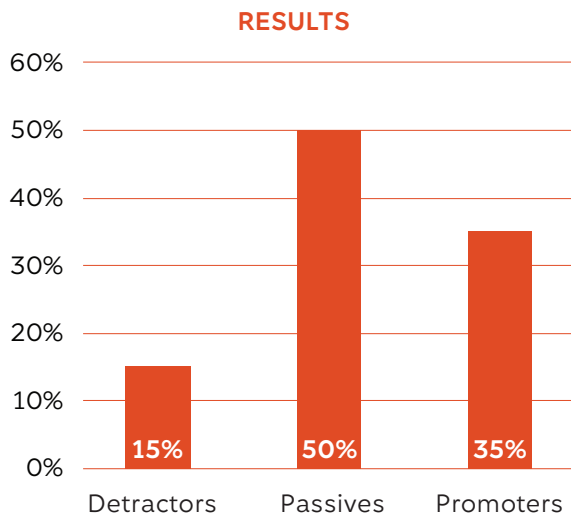
Employee Net Promoter Score (eNPS) is a metric used to measure employee satisfaction and engagement.

The eNPS is calculated by asking employees one question: "On a scale of 0-10, how likely are you to recommend this company as a great place to work to a friend or colleague?" Employees are then categorized into three groups: detractors (0-6), passives (7-8) and promoters (9-10).

An insurance company recently calculated its eNPS, and found that 15% of its employees are detractors, 50% are passives, and 35% are promoters.



The eNPS is a simple and effective way to measure employee satisfaction and engagement as it provides a quick snapshot of how employees feel about their company as an employer.



The percentage of promoters minus the percentage of detractors is calculated to give the eNPS, in this example the eNPS score is $35\% - 15\% = 20\%$, which means that only 20% of employees are likely to recommend the company as a great place to work. The eNPS is a simple and effective way to measure employee satisfaction and engagement as it provides a quick snapshot of how employees feel about their company as an employer. Companies with high eNPS scores generally have engaged and satisfied employees, while companies with low eNPS scores may have disengaged employees.

4. EMPLOYEE ENGAGEMENT INDEX

An employee engagement index is a composite metric that combines multiple engagement metrics to provide a holistic view of employee engagement within a company. It is a way of measuring the engagement, satisfaction, commitment, and motivation of employees towards their work and the organization. The employee engagement index is typically calculated by analyzing data from employee surveys, focus groups, and other engagement metrics.

The index can be calculated using different methods, but usually it involves weighting different engagement metrics based on their importance, and then combining them into a single score. In the example above, the engagement index is 46.01. It is important to have a previous score that it can be compared with or benchmarked within the industry to understand how engaged the workforce is. Corrective actions can then be taken after analyzing what the problem areas are.

FACTOR / METRIC	SCORE	WEIGHT	WEIGHTED SCORE
Job Satisfaction	3.7	15%	0.56
Motivation	3.9	15%	0.59
Commitment	4.1	15%	0.62
eNPS	45%	10%	4.50
Attendance Rate	96%	10%	9.60
Productivity	85%	15%	12.75
Retention Rate	87%	20%	17.40

5. BEHAVIORAL METRICS

Measuring employee engagement through behaviors such as attendance, participation, and productivity can provide insight into how engaged employees are with their work and the company.

- Attendance can be an indicator of how committed employees are to their work and the company. Consistently high attendance rates may indicate that employees are engaged and motivated to be at work.
- Participation in company events, meetings and other activities can also be an indication of employee engagement. Employees who are engaged in the company's culture and values are more likely to participate in these activities.
- Productivity can be a measure of how much an employee is doing and how well they are doing it. Productive employees are likely to be engaged in their work and motivated to meet their goals and objectives.
- Measuring these behaviours together can provide a comprehensive view of employee engagement and help to identify areas that need improvement.



Employee feedback can also help management to understand how employees perceive their work and the company culture.

This can also help in creating a more open and transparent environment where employees feel comfortable in providing their honest feedback. Additionally, employees may have unique insights and ideas that management may not have considered.

Employee feedback can also help management to understand how employees perceive their work and the company culture. It can also provide a benchmark to track progress over time and measure the effectiveness of any changes made to improve engagement.

In conclusion, measuring employee engagement is essential for any organization that wants to improve performance, reduce turnover, and retain top talent. By collecting and analyzing data on employee attitudes, perceptions, and behaviors, insurance companies can gain a deeper understanding of what drives engagement and satisfaction within their organization.

This information can then be used to shape company policies and culture in a way that aligns with the needs and expectations of employees. Additionally, measuring employee engagement can help companies track the progress of their initiatives aimed at improving engagement and adjust as needed. By implementing a data-driven approach to employee engagement, companies can make informed decisions that lead to improved performance, increased productivity, and a more positive work environment for their employees.

6. ONE-ON-ONE CONVERSATIONS OR FOCUS GROUPS.

Directly talking to employees to get their feedback on their engagement level and what they think can be done to improve it is a valuable way to assess employee engagement. It can provide management with a firsthand understanding of employee's perceptions and experiences. By obtaining direct feedback from employees through one-on-one conversations or focus groups, management can identify specific areas that need improvement and take action to address them.



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