

## ‘Inside Out or Outside In? Integrating Reputation with Employee Engagement’

### SUMMARY REPORT

*On 22 November 2011, ReputationInc hosted a breakfast seminar on ‘Inside Out or Outside In? Integrating Reputation with Employee Engagement’. The key speaker was Katharina Auer, Head of Internal Comms, Rio Tinto. ReputationInc presented its latest thinking on internal reputation: a mix of employee engagement, external reputation and internal communications research and strategy. The event was well attended, with over 30 participants from a variety of sectors ranging from finance to energy extractives. The presentation and subsequent discussion was focused on a number of key points that form part of ReputationInc’s approach to internal reputation:*



### Key Points in the Discussion

#### 1. External reputation impacts on internal motivation

External reputation has a critical role to play in driving internal reputation and employee motivation and pride. When conducting employee research, it is important to integrate employees’ views on the company’s external reputation with traditional areas like job conditions, teams, management and internal culture.

#### 2. Employees must be involved in creating the corporate story

Senior management must involve employees in the development of the corporate narrative and overall story, rather than just building it themselves and communicating it to employees as a finished product. Co-creation is often talked about as an engaging way of building a narrative. Certainly, it is critical to manage the process in a way which promotes listening and dialogue.

#### 3. Leaders must communicate core vision and purpose

Sharing core vision and purpose is a critical role for senior leaders. They must explain to employees, at every level, the organisation’s goals and strategy and indicate in broad terms how employees can contribute to this process. Our recent research shows that employee contribution is the single strongest driver of employee engagement.

#### 4. **The communications cascade does not work**

The classic communications 'cascade' is no longer effective, not only because corporate messaging is diluted as it come down the organisational hierarchy but also because employees lose the connection to the corporate vision and purpose which is so essential for their engagement. Senior managers must therefore communicate directly with all employees, in as many ways as possible and preferably face-to-face. In turn, line managers should be empowered to interpret the vision with their direct reports locally (with both line managers and employees having been party to the same communication from the top team). This allows line managers to have a more 'communication and coaching' type of relationship with their staff.

#### 5. **Digital media offers new opportunities for engaging with staff**

Internal communication is increasingly delivered through new technologies, especially social media applications in which employees and managers can share their views. These digital channels are now transforming how employees communicate within and with the organisation. The impact on employee involvement and engagement is still being quantified and understood but is potentially huge.

### **Selected quotes from the key speaker, Katharina Auer, Head of Internal Communications, Rio Tinto:**

"Everything that is internal is potentially external and vice versa, which is why employees are important stakeholders and we need to include them in reputation research."

"External reputation influences whether someone wants to come and work for you – because brand is a promise – and the employee experience (i.e. the delivery on the promise) will influence engagement and what people say about the organisation. This can influence the communities where you operate. Employees have a choice – whether they recommend their company, be it as employer or the company's products and services."

"Employees are stakeholders. Often, they are shareholders. Sometimes they are the community."

"Some managers think that they control the message – we never did, and we don't control the message now. Now everything is instant, so you need to make sure that you have helped shape the message."

"Employee engagement in my view is the outcome. It is the outcome of my needs at work being met (if you look at the pyramid). It's rational and emotional commitment: Do I like this company? Am I happy working here? Emotional commitment is four times more valuable than rational commitment (i.e. fair pay and rewards) when it comes to real effort and going that extra mile."

"56% of willingness to go the extra mile is driven by my current work/employee experience. The rest is fairly evenly divided between past experience and future expectations."

"Employee engagement is a key driver of performance. We found that in areas of high employee engagement safety performance is better, and operational performance is better as well. Strongly

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engaged employees will be advocates of the company, and that can give you a cushion of goodwill with employees if something negative happens. Less engaged organisations will suffer performance losses, safety losses, if not high employee turnover.”

“Employee engagement is an indicator of financial performance, and effective internal communication is essential to engagement.”

“The internal communications cascade does not work. Internal communication is a process, enabled by the Internal Communication function, but there comes a point where leaders and managers have to be the communicators and to play their part in this. Senior leaders communicate strategy, vision – the big picture. This needs to have relevance at every level, and research shows that employees want to hear information that relates to them/their job from their line manager.”

“Effective communication is about employee input, connecting to business strategy, focusing on continued improvement and driving behaviours. Employees are stakeholders, engagement is an outcome. Organisational reputation influences emotional commitment and this in turn influences performance.”

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