

# From Satisfaction to Strategy:

## Transforming Employee Engagement



**By Benjamin Schneider, William H. Macey, and Mark G. Ehrhart**

The authors received invaluable feedback and input from Mirian Graddick-Weir, David Rodriguez, and Nancy Tippins as this paper on strategic engagement developed.



## Introduction: Driving Business Results Through Strategic Engagement

CHROs today face growing pressure to attract talent, boost retention, and drive performance in a world where employee well-being and organizational purpose are no longer optional. But engagement as it's traditionally defined—employee satisfaction or commitment or well-being—is no longer enough.

We aim to introduce the idea of **strategic engagement**: aligning employee energy and effort with business-critical outcomes. It's not just about creating a great place to work—

it's about ensuring that engagement is intentionally directed toward strategic imperatives like innovation, safety, or customer service. This shift is essential for organizations to drive targeted performance and capture competitive advantage. A **significant body** of evidence-based research conducted in real-world companies indicates that aligning employee engagement with a company's strategic focus generates superior results.

This report is part of the *From Research to Results* series by the HR Policy Association in partnership with the Society for Industrial and Organizational Psychology Foundation. The mission of *From Research to Results* is to provide CHROs with actionable insights based on evidence-based research related to critical topics spanning human capital management and organizational effectiveness.

# Why Traditional Employee Engagement Is Not Enough

For over 100 years, companies have surveyed employee attitudes—from job satisfaction to commitment to culture to the current craze for engagement.

Although these surveys consistently predict strategies for lower turnover and better financial performance, they fall short in revealing whether employees are energized toward specific and important **strategic outcomes**. Consider the following:

- Traditional notions of engagement equate to a culture of well-being that produces engaged behavior. This engagement is meant to connote

inspiration on the part of employees to strive for company success. But the **focus** of that striving is never clear. What should be the focus of engaged employee behavior?

- Generic engagement is certainly necessary, and employee well-being is always important because it provides a foundation for more targeted energy and effort—what we call **strategically-focused engagement**. In other words, an emphasis on generic engagement tells employees the company recognizes their needs and cares about them, and in response, employees give back to the firm in the form of effort and energy towards strategically important objectives.
- Companies must do both—foster **generic** and **strategic** engagement—to optimize business outcomes.

*Strategies fall short in revealing whether employees are energized toward specific and important strategic outcomes.*







***Does strategic engagement drive results? Yes—decisively.***

## What is Strategic Engagement?

**Strategic engagement** is focused employee energy and commitment aligned to outcomes that matter most to the business. It means employees aren't just engaged—they're engaged in the *right things*. Whether that's safety, service, innovation, or productivity, the alignment between people and purpose is deliberate.

## Does strategic engagement drive results?

Yes—decisively. Academic meta-analyses and compilations of research support the validity of such conclusions. Here are three specific studies demonstrating the important relationship between strategic employee engagement and specific business results:

- **Customer Service.** Strategic employee engagement [across 44 companies](#) predicted higher customer satisfaction as measured by the American Customer Satisfaction Index

(ACSI) over three years. The ACSI is the major national indicator of customer satisfaction and is conducted and computed by the University of Michigan. The stock value of high-scoring companies outperforms the major stock indicators (such as the Dow Jones and the S&P 500).

- **Innovation.** Strategic employee engagement aligned with a company's focus on innovation is [significantly](#) related to team project performance, product quality, and team creativity, as well as innovation magnitude, quality, and novelty. Financial outcomes are impacted as well.
- **Safety.** A 2024 Sloan Management Review [article](#) (*How Workplace Safety Improves Performance*) demonstrates the benefits of a focus on safety for total organizational performance for Hasbro. The firm's success was due to the focus on safety, making production more efficient by eliminating safety hazards. Indeed, the safety objective has been so successful that Hasbro is moving additional manufacturing plants to the U.S.

# CHRO Action Plan

Five recommendations for CHROs to embed strategic engagement in the company.

1. Continue to build a foundation of generic engagement through a holistic focus on the employment experience and employee well-being.
2. Channel engagement to business imperatives by layering on strategic focus.
3. Visibly demonstrate intent.
4. Use engagement surveys as strategic diagnostics and as a basis for improvements.
5. Engage employees in co-creating success.

## 1 Continue to build a foundation of generic engagement through a holistic focus on the employment experience and employee well-being.

Employees engage when they feel valued, supported, and safe—when they believe that their employment supports their pursuit of a happy, healthy and rewarding life. There is increasing evidence that a holistic approach to employee well-being, including mental/emotional, social, and financial health, personal and professional growth, is associated with higher levels of employee engagement and business performance. This creates the foundation to apply a strategic engagement lens and further direct employee efforts to the company's highest priorities.

*Employees engage when they feel valued, supported, and safe.*



## 2 Channel engagement to business imperatives by layering on strategic focus.

An organization that has successfully built a strong foundation of generic engagement can leverage those assets with clear and consistent signaling of what's most important to success.

Is it accelerating innovation of products and services? Building customer loyalty through unparalleled customer service? While at any point in time there may be multiple priorities, an important consideration is whether there is an area that rises to the top in the current business context. If the answer is yes, there is an opportunity to strategically focus employee energy and commitment to drive performance in that area.

Here are recommendations for achieving strategic engagement:

- **Assess where the current focus lies and determine if gaps in performance exist.** What do employees say is the organization's top priority today? A lengthy or dispersed list of answers probably means that engagement is not being leveraged to its best effect. A deliberate decision should be made about raising the prominence of the top priority and reducing "noise" that detracts from its salience.
- **Determine whether communication channels are aligned to the highest priority.** This includes ensuring that leaders are mindful that every "interaction" either reinforces strategic focus or detracts from it. This includes internal and external channels (e.g., company newsletters, townhalls and staff meetings, social media, media interviews, earnings calls).

*An organization that has successfully built a strong foundation of generic engagement can leverage those assets.*





- **Ensure that performance management and other people processes reinforce the desired focus.** From goal setting to coaching to performance and potential assessment and more, each process should contribute to strategic engagement by reinforcing what's most important. This includes employee surveys because in addition to being a measurement tool, they signal to employees what is important to leadership by virtue of the questions they contain.
- **Involve employees in building strategic engagement.** Employees can be powerful advocates with their peers by leading and participating in activities to champion the company's vision, mission and strategic focus and build enthusiasm for achieving strategic priorities.
- **Periodically evaluate whether the clarity and intensity of focus is on track and adjust as necessary.** In the complex and rapidly changing environments we face, the focus on strategically important goals can dissipate rapidly as competing priorities emerge. Strategic engagement is dependent on the degree to which there is common understanding and passion for what is most important for organizational success at a point in time. In addition, employees can provide important feedback when gaps exist between a stated top priority and actual performance.

### Case Study: Employee Comments on Service Company Priorities<sup>1</sup>

**Here is an example of a service quality case study that demonstrates how employees in a "strategic engagement" environment describe what it is like to work there.**

As you read this, think about how your employees would describe what it is like to work towards your strategic objectives.

- The CEO, more than anyone, embodies the service we deliver.
- Our service engagement is the way it is because management keeps employees focused on service.
- At other companies they enforce rules by the book. Here we do what we have to do without doing it by the book. We're empowered.
- If customers do not see enough people meeting their needs, they are unhappy. That is why cross training is important; to be able to fill a lot of positions with few people.

- The older people here were taught customer service at the beginning and the younger people learn by watching the older people.
- We have monthly coaching sessions. We get ratings and we talk about them. We talk about next month and how they can be better, and everything is out in the open.
- Senior management sends each employee a note thanking them for accomplishments that make them look good.
- When we interview potential applicants, we tell them that our primary goal is customer service. Developing relationships with customers is part of the job description.
- Service is the standard on Day 1, so we hire people who believe in good service.
- The company hires good people, people who want to learn.

1. Schneider, B., Gunnarson, S. K., & Niles-Jolly, K. (1994). Creating the climate and culture of success. *Organizational Dynamics*, 23, 17-29.  
[https://doi.org/10.1016/0090-2616\(94\)90085-X](https://doi.org/10.1016/0090-2616(94)90085-X)

### 3 Visibly demonstrate intent.

Employees must see visible signs of the importance of the strategic focus. If leadership has established safety as a strategic priority, employees should see, for example, safety linked to compensation plans, hiring of more safety inspectors, and constant reminders by supervisors of the importance of being safe.

The rule is that employees respond when leadership communicates strategic imperatives and investments in them are visible, such as in the [Hasbro study](#).

*The rule is that employees respond when leadership communicates strategic imperatives and investments in them are visible.*

#### The Role of Leadership and Culture

**Culture sends strong signals.** If your workplace emphasizes holistic well-being (e.g., physical, mental, emotional) but fails to point out and reward performance aligned with top business priorities, you may have engaged employees who don't focus their effort and energy on what matters most.

**Case in point:** In the era of AI, if employees believe adoption of such technology is about cost-cutting, engagement will suffer. But if leaders frame AI as an opportunity for upskilling and growth—backed by real investments in training and development—engagement in the adoption of AI can flourish.

**Strategic engagement demands that leaders not only communicate priorities but also listen.** Employees are your best diagnosticians—ask them how the company is focusing them on strategically important outcomes and what support they need to contribute effectively.





## 4 Use engagement surveys as strategic diagnostics and as a basis for improvements.

Ask about what matters: Are we training for innovation? Do we reward safety? Are performance reviews aligned with strategic priorities? Use the survey data as diagnostic evidence for where attention is needed to focus energy and competence on strategic objectives.

Surveys remain powerful when designed to focus on strategy, not just generic engagement. Done right, they tell employees what the organization values—and gather actionable insights to fuel improvement.

CHROs are familiar with the kinds of generic engagement survey items shown above. But contrast these with the strategically focused survey on service and safety. These offer targeted diagnostics on whether the organization's practices are aligning behavior with strategic

*Surveys remain powerful when designed to focus on strategy, not just generic engagement.*

objectives. Note that we provide safety items for both top management and direct supervisors to highlight the importance of leadership alignment across levels for strategic engagement initiatives.

### **Using employee feedback as a basis for change.**

Check out this *Harvard Business Review* (November-December 2024: [Turn Employee Feedback into Action](#)) piece on how companies can use employee feedback as a basis for change.



Example Generic Engagement Survey Questions	Example Strategic Engagement Survey (Service and Safety Focus) <sup>2</sup> Questions
<ul style="list-style-type: none"> <li>• Senior leadership effectively communicates how the company is performing in our market.</li> <li>• My immediate supervisor takes an active interest in my growth and development</li> <li>• My job makes good use of my skills and abilities.</li> <li>• I would recommend this company as a great place to work.</li> <li>• To what extent do you feel your work is meaningful and contributes to the company's goals?</li> <li>• My manager promotes an open and constructive way to deal with problems and challenging issues.</li> <li>• I have the opportunity to learn new skills that will help me succeed.</li> </ul>	<p><b>The Service Engagement</b></p> <ul style="list-style-type: none"> <li>• How would you rate the job knowledge and skills of employees in your business <i>to deliver superior quality service?</i></li> <li>• How would you rate the recognition and rewards employees receive <i>for the delivery of superior service?</i></li> <li>• How would you rate the leadership shown by management in your business <i>in supporting the service quality effort?</i></li> </ul> <p><b>Safety Engagement Practices by Top Management</b></p> <ul style="list-style-type: none"> <li>• Top management in this company reacts quickly <i>to solve the problem when told about safety hazards.</i></li> <li>• Top management considers a person's <i>safety record</i> when promoting people.</li> <li>• Top management is strict about <i>working safely</i> even when production falls behind schedule.</li> </ul> <p><b>Safety Engagement Practices by Direct Supervisor</b></p> <ul style="list-style-type: none"> <li>• Our supervisor recognizes workers who pay special attention to safety.</li> <li>• Our supervisor emphasizes working safely even when we are under production pressure.</li> <li>• Our supervisor ensures we get all the safety equipment we are supposed to have to work safely.</li> </ul>

2. Service engagement items modeled after Schneider, White and Paul (1998), "Linking service climate and customer perceptions of service quality: Test of a causal model. *Journal of Applied Psychology*, Vol. 83, pp. 150-163. Safety engagement items modeled after items in Zohar and Luria (2005), "A multi-level model of safety climate: Cross-level relationships between organization and group level climates." *Journal of Applied Psychology*, Vol. 89. Pp. 322-333.



## 5 Engage employees in co-creating success.

Strategic engagement surveys are powerful diagnostic tools. Listening to employees about how to achieve strategic goals enhances buy-in and improves attaining outcomes. The use of strategic surveys for diagnostic purposes takes the practice of employee engagement from a tactical backwater (conduct survey, report results, do it again next year) to a strategic business tool. Engagement increases when survey results are shared with employees and they see action taking place. Sharing and communicating survey results is not enough—involve employees in identifying solutions to enhance the strategic focus of their work. Such involvement will not only produce success, but it will also enhance engagement!

*Sharing and communicating survey results is not enough—involve employees in identifying solutions to enhance the strategic focus of their work.*

### **Leveraging Employee Resource Groups to Build Strategic Engagement**

Employee Resource Groups can be useful in applying a strategic lens to the employee engagement process, reinforcing the connection to company priorities and involving employees in continuous improvement. See [“ERG 2.0: A CHRO Guide on Effective Practices for Employee Resource Groups”](#) by HR Policy Association in partnership with the Society for Industrial and Organizational Psychology Foundation.







## Conclusion

Strategic engagement is a leadership imperative. It begins with the creation of an engagement culture of well-being but can mature into a culture of strategically aligned purpose and performance. CHROs design systems that unlock this potential—from surveys to training to performance management and specifically to visible signs of leadership investments.

***The lesson is clear: When people are in strategically-focused environments they are engaged in what matters most—and extraordinary business outcomes follow.***

---

# Rigorous Studies on the Benefits of Strategically-Focused Engagement

A growing body of research provides robust evidence that strategically-focused leadership at all levels of the organization and strategically-focused HR practices of all kinds yield measurable business benefits. Below are studies on the three key topics emphasized in the paper: service, innovation, and safety.

Adventurous readers seeking additional evidence can find it in [\*Organizational climate and culture: An introduction to theory, research and practice\*](#) by Ehrhart, Schneider and Macey.

## 1. Strategic Service Engagement

As far back as 1980, [studies](#) by Schneider and colleagues revealed that service engagement practices were significantly reflected in customer service quality experiences across the branches of a bank. Interestingly, employee satisfaction was NOT significantly related to customer experiences.

There are now so many studies of service engagement that a recent [meta-analysis](#) was able to reveal how consistently the same results are found. 58 samples of employees studied in diverse settings (supermarkets, hotels, banks, health-care settings, and so forth) yield similar significant findings: When employees in a unit or organization experience a service focus in their HR practices and have leadership that recognizes and rewards service excellence, customers they serve are more satisfied and experience higher levels of service quality—and those units and companies also produce superior financial results.

## 2. Strategic Safety Engagement

Safety engagement research also began in 1980, with Dov Zohar's [study](#) revealing that a new measure of safety engagement significantly predicted independent safety ratings by safety

inspectors of 20 factories in various industries. As with service engagement there is now extensive research-based [evidence](#) for the following conclusion: HR practices focusing on safety (training, performance reviews, on-boarding, and so forth) are reflected in safety-related company consequences (reportable accidents, health-care costs related to safety, and so forth).

Employee safety engagement emerges from local supervisory as well as senior leadership focus. A 2014 [field experiment](#) by Zohar and Polachek demonstrated the effects of supervisors on safety behavior and outcomes. Supervisors in the experimental group were told that each meeting they had with subordinates should include a comment about how important safety was to the unit. Supervisors in the control group were told nothing about what to say differently from what they usually said. Safety records for supervisors who merely *mentioned* the importance of behaving safely had significantly lower accident rates than those in the control group.

## 3. Strategic Innovation Engagement

Begun in the 1990s, research on innovation engagement has become quite an industry! A recent [meta-analysis](#) based on 78 research studies indicates that innovation engagement is significantly reflected in team and organizational indices of actual innovation (e.g., development of new production procedures and increased efficiency). Indeed, some of the studies also show that team-level strategic innovation gets reflected in team and organizational general performance, customer satisfaction, and even patient outcomes in hospitals (e.g., speed of surgery recovery, patient satisfaction).