



# Voices

Exploring employee engagement in a regulated workplace

Voices compiled by Jon Ellis

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# FORWARD

**Employee engagement is not a new concern, the benefits of an engaged workforce are clear for both the organisation and for employees. Productivity and creativity on the one hand, involving and purposeful work on the other.**

*“Accept the fact that we have to treat almost anybody as a volunteer.”*  
– **Peter Drucker**

What also seems clear is that creating and sustaining engagement is a significant challenge. Whilst the theory may be well understood, the implementation is a little more slippery. Most of us like to be engrossed in our work and to feel we are contributing and yet we still create businesses that undermine these natural motivations.

The Senior Managers and Certification Regime and the FCA’s focus on healthy cultures have brought employee engagement into sharp focus within financial services. The idea that a set of rules can be the catalyst for industry wide culture change is an interesting one. The truth is probably found through understanding how this sort of regulation affects day to day employee engagement. Do people find it helpful? Motivating? Deadening?

Modern organisations could not operate without information technology, most of us spend most of our time working through a screen. The pervasive nature of IT is not often reflected upon when analysing corporate culture and employee engagement, probably because culture is seen as the result of human activity. But does IT, in fact, play an important role in building a healthy, engaged culture?

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Jon Ellis



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# THE VOICES

I set out to explore these topics and it was my fortune to be helped by six experienced, knowledgeable and articulate interviewees who were more than generous with their time. Their combined careers cover (amongst many other things):

Front line SMCR implementation from the very start of the regulation; building innovative technology that engages employees and releases knowledge; culture change best practice from both the FCA and firm perspective; strategic HR leadership across international financial services firms; transforming culture and performance within pharmaceuticals, energy (and other sectors); training and development of leaders across the financial services industry.

So, a huge thank you to **Ruari, Olivia, Adrian, Stephen, Mike and Andrew.**



**Andrew  
Pullman**



**Adrian  
Harvey**



**Mike  
Straw**



**Olivia  
Fahy**



**Ruari  
Mackenzie**



**Stephen  
Sidebottom**



## THE PROFILE OF AN ENGAGED EMPLOYEE

**I wanted to explore the idea of employee engagement but I was concerned that my interviewees might flinch at the term, possibly seeing it as somewhat vague and meaningless. I needn't have worried, there was a consistent view that engaged employees are central to an organisation's success and that there is a common definition.**

*“An engaged employee is someone who feels that they can bring all of themselves to work.”*

Adrian was clear: “There is a definition of engagement and that definition is discretionary effort.” Did that mean employees working over lunch, staying late and possibly burning out? It turns out that discretionary effort is more of a mindset than a simple measure of hours worked. It is a mindset that might lead a customer service agent to listen to the nuance in a customer's voice leading them to ask an extra question, showing real curiosity about a customer and exploring that curiosity. This is in stark contrast to a disengaged agent who would coldly follow a process.

Ruari also subscribed to this view but expressed it in a slightly different way: “An engaged employee will think wider and apply themselves in a wider way in order to get the right outcome.” This seems to indicate that engaged employees do not see themselves as a fixed cog in an unknowable machine but rather as individuals contributing to a shared purpose.

Mike brought another angle to this: “An engaged employee is someone who feels that they can bring all of themselves to work”. He went on to say that, in his experience, a person's natural state is to be engaged and that organisations may inadvertently disengage employees through bureaucratic processes and overdone governance.

This made sense to me and tied back into Adrian's example of a customer service agent – if an organisation provides an environment where that agent is valued and respected as an individual, warts and all, then it seems likely that the agent will treat customers in a similar way.

*“The whole world of work has been thrown up into the air...”*

The truth is, of course, that engagement is not as simple as that. My ability or willingness to be engaged will fluctuate – it is inevitable that things will happen inside or outside work that will distract, worry or upset me. But in an organisation with a deep culture of engagement this natural, human reality is acknowledged. The result is that my boss will treat me like an individual and will see that I am distracted or upset and will ask that extra question. She may then decide to cover for me, applying the discretionary effort that comes naturally to an engaged employee.

There is, of course, another powerful force at play here. Andrew tells me about his experience of working with clients over the last year. “The whole

*“People will obviously talk about work to friends and family...”*

world of work has been thrown up into the air, all bets are off because we are experimenting at the moment.”

He gives me the example of a CEO he worked with who wanted everybody to return to work in the office only to be faced with several high profile resignations. Andrew’s view is that broad employee engagement is most likely to be sustained by a hybrid model of working that also recognises that people learn and grow by being around other people.

It seems clear that organisations that understand these forces and create and sustain strong employee engagement are in possession of an incredibly valuable asset. Customers are delighted, there is fertile ground for innovation and operational risk is reduced.

As Ruari pointed out, an engaged employee will be an ambassador for the business both inside and outside the workplace: “People will obviously talk about their work to friends and family and what they espouse about their employer tends to stick in your mind”.





## THE FORCES OF ENGAGEMENT

**If an engaged employee is such a valuable asset and the natural human state is to be engaged why do organisations still struggle? A consistent theme across interviewees was the direct link between a “healthy culture” and employee engagement.**

This is certainly something that has been caught in the spotlight of the regulator. During her time at the FCA, Olivia was involved in developing and leading their transforming culture initiative, this focused on identifying the key elements of a healthy culture to try and nudge firms in the right direction.

*“The idea that you can have a positive culture in a firm where the leadership don’t care is preposterous.”*

Olivia told me: “There are some critical components that do seem to make a difference when it comes to healthy cultures and the two that really come through strongly are that healthy cultures are purposeful and they are safe”.

It seems the focus on purpose has been relatively recent, five years ago the FCA saw firm culture more as a function of remuneration, governance and leadership or “tone from the top”. These elements still matter but purpose is now seen as a heavyweight factor. Olivia believes that this change has a lot to do with broad cultural developments outside the workplace. “When you ask grad populations why they picked one job over another it is now less about financial factors and much more about working for a business that has a purpose greater than the bottom line”.

Adrian also makes the strong link between culture and employee engagement and went on to underline the vital role that leadership plays in creating a positive culture. “The idea that you can have a positive culture in a firm where the leadership don’t care is preposterous”. If you want a motivated and engaged workforce then the leadership team must make this a priority and it must be reflected in their behaviour and their decision making.

As a real world example, he added: “If you lead a large business and decide to start to charge employees for tea and coffee on the basis that it saves you £250,000 a year, don’t be surprised if the level of discretionary effort withdrawn by those same employees is worth hundreds of millions of pounds.”

Stephen was clear about the need to focus on behaviour first. “The way that you change culture is to change behaviour and that, in itself, then changes thinking. You then have a combination of how people act and how people think and that starts to change culture. You can’t teach people to think differently and then their behaviour changes nearly as

easily as you can teach them to change behaviour and then their thinking changes.”

Debt management seems an unlikely sector to worry about organisational culture. “When somebody first spoke to me about Lowell and mentioned that they might have a job that I’d be interested in, I said I’ve never heard of them, what do they do?” Ruari then discovered that they were debt collectors. “I imagined men in dark suits coming to your front door to take your television away”.

His first contact with the firm changed that view. The interview process felt like it was wrapped around Ruari’s needs as much as Lowell’s. They treated him as an individual, they were honest and straightforward and responded quickly to his requests for additional meetings and information. Ruari felt respected and valued even before joining the business.

Unsurprisingly, he joined and has since discovered that this culture of respect for the individual and genuine interest in their needs extends throughout the firm and, importantly, into the way that they build relationships with customers who are often facing real difficulty.

*“...you can plant seeds in the mud but if the mud doesn’t have all the nutrients, the seeds won’t grow.”*

It seems that the role of the leaders is central to building an engaged workforce but it is also becoming clear that engagement can never be a top-down directive. You can’t force employees to be engaged, leaders cannot make their workforce adopt this sort of mindset. Rather, leaders need to be consistent in their behaviour and their communication so that employees have the environment to decide to be engaged.

As Adrian put it: “Like a gardener, you can plant seeds in the mud but if the mud doesn’t have all the nutrients in it, the seeds won’t grow. Your job as a leader is to create that lovely environment where your employees can flourish”.

Andrew’s time at Sandurst Military Academy taught him about the importance of leadership. “When leaders change, the culture changes.” He added that a leader’s most important task is to create a culture of trust, trust in the leaders themselves, but also trust in each other. “You need to make trust the foundation of your team so that people want to deliver to support the team as a whole.”

I was interested to understand whether recognition and reward might have an important role in creating a culture of positive engagement. Everybody agreed that remuneration was way down the list of factors that creates and sustains engagement. As Adrian put it: “It doesn’t matter how much you pay me or how much you hit me with a stick, I choose to be engaged”.

There is also the risk of undermining engagement with ill-conceived recognition and reward schemes. Mike told me: “One organisation I know of has an employee rating system where every year they have to force rank people with a quota of 15% nominated as high achievers against

*“The younger the workforce, the more that they demand that they have a say...”*

*“...engagement is the result of treating and respecting employees as individuals...”*

some measures dreamt up by senior management. They do this and then spend the rest of the year trying to re-engage the remaining 85%”.

Olivia was not alone in mentioning the idea of safety as a building block for engagement, this was a recurrent theme. Everyone felt that employees need to feel that they can contribute, that their opinions are valued and that they will be treated with respect.

Olivia also made the point that psychological safety is not the same thing as whistleblowing. Safety creates an environment where mutual respect is woven into every workplace interaction, people feel free to express their thoughts and opinions in the knowledge that they will be listened to and respected. Whistleblowing is more specific, it provides a safe channel for people to raise the alarm where otherwise they might see it as too much of a personal risk.

Finally, it seems that there might also be a generational dimension to culture and engagement. Olivia mentioned that graduates now attach more importance to working in an environment that has purpose beyond the bottom line. Mike gave me a slightly different angle on generational differences: “The younger the workforce, the more that they demand that they have a say and the more that they feel that they have knowledge”.

Andrew has been involved in graduate recruitment for many years and has also noticed a marked change. “The younger generation coming into work are much more inquisitive, job interviews are proper two way conversations”. He has run breakfast meetings for Heads of HR who have talked about graduates accepting jobs and then turning them down a month before starting – this is something that rarely happened in the past.

Every new generation feels that they break the mould but it seems to me that there is now a fundamental change in mindset based on the removal of barriers to information and knowledge. You can Google anything and develop a well informed point of view on any subject. This presents a huge opportunity to businesses who create cultures that nurture and release this information gathering potential, and a substantial threat to those still clinging to a command and control model where seniority is the trump card.

If there is one common theme that seems to emerge from these discussions it is that engagement is the result of treating and respecting employees as individuals and allowing them to bring all of themselves into work. It is a leader’s responsibility to create the environment that engenders this mindset and those leaders can only achieve this through their actions and behaviour - simply saying the right words is not enough.



## REGULATION AND ENGAGEMENT

**In his various roles Stephen has had first hand experience of how financial services firms have implemented the Senior Managers and Certification Regime. He is in no doubt that regulation of this nature was needed as a response to the series of actions within the sector that led to the financial crisis of 2008.**

“I think that it (SMCR) has made and will continue to make a difference to how financial services businesses are run and the attention that they give to issues that were otherwise not front and centre of their short term commercial objectives”.

*“...it is the pressures of short term objectives that can take people’s eye off the ball.”*

Stephen is clear that he sees little mismatch between the objectives of SMCR around healthy cultures and the commercial aims of a firm over a long term time horizon. Rather, it is the pressures of short term commercial objectives that can take people’s eyes off the ball.

I do wonder, though, whether wave after wave of regulation might have a demotivating effect on employees who have to work by these rules. Adrian draws this back to leadership “If your employees are saying that they’ve seen all these rules before and what is the point then that is called disengagement. The failure is on behalf of the leadership of that organisation, they have failed to help all of those employees to understand why those rules are in place, why they are so important and how they impact the employee and the customer”.

The picture that emerges is that the issues are less to do with the nature or detail of any regulation but rather the way that business interpret and then implement that regulation. With regard to SMCR, Stephen’s experience is that “A lot of organisations have done what organisations do – they have produced bureaucratic responses to regulation”. The problem with this approach is that it removes agency, it disempowers an employee and leads to over engineered processes and a tick box mentality.

Mike provides me with an example of this sort of response in action. He has a client in the energy sector who had to move 6000 call centre employees to work from home because of the pandemic. The organisation did a phenomenal job of making this happen but were still very concerned about the impact this change might have on customer service.

To their surprise, performance improved across all metrics – time to answer reduced, a substantial increase in the number of customer issues dealt with on first contact, customer satisfaction improved.

Their analysis put much of this down to an enforced change in the style of supervision and management. Previously, employees were closely monitored in the call centre environment to ensure that they took every customer through every question on a compliance checklist given to them by their supervisors.

That degree of monitoring and control was no longer viable with employees working from home so employees learnt to use their common sense. They might handle a call with an older person differently, they exercised their judgement and did not rigidly use the long list of compliance generated questions. Mike adds that, “Interestingly, when the business actually reviewed the fine print of the regulation it never said that you need to read out all of these paragraphs to every customer, it just got translated in that way”.

Andrew reflects on similar bureaucratic challenges he encountered when he was involved in setting up the Business Growth Fund in 2011, working alongside the high street banks and PwC. His remit was to put in place all HR policies and procedures from a standing start. The project was led by one of the banks so Andrew thought that adopting their policies might be a good place to start. He was somewhat taken aback by the 780 pages of detailed policies and procedures he was given.

*“...what do they think she’s been doing, robbing a bank with a baby in her arms?”*

He acknowledges that an organisation the size of a high street bank is extraordinarily complex but adds: “I’m not sure who actually reads these policies, apart from the people who have written them.” His approach was to put together a usable staff handbook. “I wanted people to engage with it so we focused on the “why” as well as the “what”.”

Fitness and propriety assessments are an important part of SMCR – these tests are applied to senior managers and anybody working in a role where they could cause significant harm. The scope of these assessments can include areas such as criminal records checks, financial probity, competencies and personal characteristics.

The value of these fit and proper assessments is not in doubt for my interviewees, the problem is, again, the tendency to use a sledgehammer to crack a nut. Ruari speaks from experience when he says: “It does not seem sensible that a firm would make a woman returning from maternity leave go through the same detailed fitness and propriety assessment as a new starter. I mean, what do they think she’s been doing, robbing a bank with a baby in her arms?”

This begs the question of why some firms might have a default position of defensive box ticking in response to regulation. My sense is that fear plays a large role and that this is where a firm’s perception of the regulator becomes a significant motivator.

Olivia has worked for the FCA and understands the problem from both sides. “I have heard that if you were to print out all the regulations that affect financial services firms the pile of paper would be over 6 foot tall”. She adds that a large institution is likely to have many dealings with the

regulator and have a level of familiarity that helps to dispel some of this fear.

A small or medium sized firm faced with this complexity and limited contact with the regulator will probably be more uncertain and fearful. The message around building healthy cultures may feel like a “nice to have” compared with hard reality of ticking the regulatory boxes that keep the firm safe. And, of course, a smaller firm is also unlikely to have the specialist resources to pursue a major culture change programme.

These are significant challenges but does this mean that all hope is lost, that a fearful response to regulation is always more likely than a hopeful one? Adrian thinks that this characterisation misses the point and he is both pragmatic and optimistic. He draws a comparison with the construction industry “If you walk past a building site now and look closely you will notice certain things, every employee will be wearing a hardhat, a high viz jacket, gloves, goggles, all the appropriate protective equipment. 30 years ago that was not the case”.

*“Who’s the boss? Right, anybody else dies on your site you are going to prison.”*

He is clear about what drove this change in safety practices in UK construction “Who’s the boss? Right, if anybody else dies on your site you are going to prison”. The spotlight was aimed at individual accountability and leadership – the same overriding objectives as SMCR.

I was interested to understand how this might play out in practice, as a leader in the construction industry needing to shift their organisation towards this culture of employee safety. Adrian is clear that the leadership team need to decide that this is their number one priority and act on it. He gives me an example of a heavy engineering business who have built a culture of employee safety at the heart of their business. “The first item on the agenda of any meeting, anywhere in the world is safety. It doesn’t matter if they are having a conversation about sales and marketing, the first agenda item is still safety”.

Ruari has seen this approach in financial services, an approach that weaves the regulation into the processes and working practices that shape everybody’s jobs. Done well, this leads to what Ruari calls unconscious compliance – people are working to the rules without realising it. “The regulator is concerned about detriment to the customer so your staff training and your processes all need to ensure that the journey you take a customer down does not present any risk of detriment to that customer. You need to empower your employees to do their work in the right way so that it becomes second nature.”

Training is an essential part of creating this culture of unconscious compliance, but it needs to be done in the right way. Andrew is clear that this sort of training cannot be abstract and generic, instead it needs to be placed in the context of people’s everyday work. “We all have fairly short attention spans and we are driven by the what’s in it for me. The right approach is to create scenarios that reflect a range of work situations that make the training feel realistic and important”.

*“...regulation in the workplace should feel more like a trampoline than a strait jacket.”*

As I pull together all this knowledge and experience, the best analogy that I can come up with is that regulation in the workplace should feel more like a trampoline than a strait jacket. As an employee, you know that the regulation is there for a reason and you don't feel that it constrains you, rather that it brings logical, natural limits and delivers a clarity that releases and empowers you.

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## TECHNOLOGY, CULTURE AND ENGAGEMENT

**The reason I wanted to explore information technology as a part of the engagement puzzle is that I think that we might underestimate the influence that the IT we use every day has on our workplace culture. After all, increasing numbers of us live our working lives through a screen, a trend that has been accelerated by the pandemic.**

We tend to think of organisational culture as centred on human behaviour, a healthy and engaged culture is the result of a workforce with a shared sense of purpose, mutual respect and openness. But as we now use IT to enable, mediate and replace many of those human interactions, how might these solutions and tools affect a company culture?

The overriding response from my interviewees was pragmatic and positive, they were clear that technology has a critical role to play in creating and sustaining engagement and in delivering unconscious compliance.

Four broad themes emerged from our discussions; these are areas where there was a general feeling that technology can bring real, specific value.



### Simulation and gamification

***“There is a huge difference between telling someone that they need to behave with integrity and putting them in a real world, highly pressurised situation where they have to apply that behaviour whilst making complex decisions”.***

People learn best through practice and practice is most effective when it replicates the complexity of real-life scenarios. The military have known this for a long time, repetitive practice of this nature develops an automatic pilot response that releases people to make difficult decisions in the face of enormous pressure.

Simulation technology can bring increasing value to areas such as conduct rules training where it can quickly serve up scenarios that truly test an individual’s practical understanding of a broad behavioural requirement. Gamification can then be the secret sauce that makes those simulations an even more engaging and memorable experience.



## Personalisation

***“I would say that this is so fundamental to the employer employee relationship as to be the number one test of a leader. What are you doing in your organisation to recognise, respect and assist every employee as an individual?”***

Outside of work we are used to being treated as a unique individual by our technology. Our experience of the digital world is wrapped around our needs and wants - this level of personalised service is something we now expect.

This is also happening in the workplace – smart employers can see that the right technology can help to engage every employee by treating them as an individual. This means technology that helps firms to understand what every employee is capable of contributing to the business and what every employee needs in order to flourish.



## Measurement

***“Technology is an accelerator and enabler in gathering and analysing information that can be of use when it comes to putting that whole jigsaw puzzle of culture together”.***

Measuring and assessing culture has become a matter of concern for firms. They are aware that the regulator is taking an interest in the whole area of culture and they want to know what they should be measuring and what they should be reporting.

Technology can play an important role in assessing culture by gathering real time data about how people interact and get work done. This can help firms to understand the cultural and behavioural dynamics of their organisation that may otherwise remain hidden behind formal hierarchies and org charts.



## Collaboration

***“If employees are a firm’s greatest asset and they know the answers then collaborative technology is a means for them to share that knowledge”.***

Good collaborative technology can provide the wiring for a safe, inclusive culture where knowledge flows freely. But in the wrong hands, collaboration tools can also do the opposite – this is no fault of the technology itself but rather the way that it is being used.

Collaborative solutions can deliver enormous benefits but they are also a fairly malleable type of technology that will reflect and amplify the cultural

norms of an organisation. The message here is that if you want a safe, inclusive and healthy culture, don't expect collaborative technology to do the work for you.





# CONCLUSION

**I have spoken to six people who have been extremely generous with their time and their knowledge and have given me a lot of content to work with. As the person who initiated this dialogue, I decided that the best way to wrap up the report would be to put myself on the spot.**

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*Given these discussions and my own experience, what three pieces of advice would I give to the leaders of a financial services firm who want to create and sustain a culture of employee engagement?*

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I feel guilty at attempting to reduce all this knowledge and experience to three short pieces of advice but hope that these reflect what I have been told.

Firstly, I would advise the leaders of that firm to look to themselves, everybody I spoke to emphasised the importance of leadership. Decide what you want the culture to look like and make it your number one priority. Model the behaviour you want to see in everything that you do and do not underestimate the power of a negative story.

Next, focus on nurturing an organisation that treats every employee as an individual, strengths and weaknesses, good days and bad days. Build a business where people can bring all of themselves to work and where compliance is woven into every process so that it simply becomes the way that things are done. Treat this as a long term project.

Finally, acknowledge human nature, we are all fallible and it is almost guaranteed that people will do things that they shouldn't, no matter how healthy the culture. I would recommend that the firm invest in an effective whistleblowing process so that every employee knows that they can safely raise the alarm and possibly stop one bad act becoming a much larger problem.

*"...focus on nurturing an organization that treats every employee as an individual, strengths and weaknesses, good days and bad days."*

# THE CUTTING ROOM

*"Can you give me two minutes, Jon?  
My builder's at the door."*

*"He doesn't normally bark like that."*

*"I should stop talking, my tea's gone  
cold."*



*"Is it your broadband or mine?"*

*"Probably best you don't quote me  
on that."*

*"It's been fun, let's do it again soon."*