A fresh! Look At Employee Engagement

Let's identify the elements of this topic on which there is high agreement. We think they are:

1. Organizations benefit from having a larger number of highly engaged employees. Every human resources officer that we talk with agrees with this premise.

2. The primary driving force of employee engagement is the immediate manager. It certainly is not the only one, but it is the single most powerful force. Coming second is the organization itself, its mission, its culture and how it treats people. The immediate manager, however, is the trump card.

Once you go beyond these two conclusions opinions begin to diverge. Sharp differences occur on the basic question of whether employee engagement is generally horrible or whether it is about where it should be expected to be.

What is the actual level of employee engagement?

One frequent metaphor used to describe our current situation is to imagine a rowing crew in a scull. There are 10 rowers, and if they are analogous to workers in the typical organization in the US, 5 of them would be staring at the scenery on the shore, idly talking with each other and completely resting on their oars. Three of them are rowing hard and consistently toward the finish line. Two of the crew, however, are turned backward and rowing in the opposite direction.

That breakdown of 30% engaged, 50% not engaged, and 20% actively disengaged is widely quoted and discussed. It has become the bedrock foundation of recent literature criticizing the human resources profession, and especially the leadership development industry.

We have frequently asked groups of HR leaders to indicate how many of them work for an organization that fits the description given above. No one has ever raised his or her hand! Yes, it may be embarrassing to acknowledge that in public, but in private conversations we have never had anyone indicate that their firm had that low level of employee engagement.

But what if the crew really had 6 to 8 of the 10 who were diligently rowing? Yes, we'd all prefer to have all 10 stroking their oars to the cadence of the coxswain, but we're realists. Some organizations who do extensive polling of employee engagement conclude that the better organizations have 80% engagement, and the less effective have 60%. Other polling organizations identify a very small percent of workers who are trying to counter the success of their organization.

Our own data totally confirms what these latter organizations report. We calculated engagement across four different datasets utilizing engagement indexes ranging from 5 to 7 items. The four datasets were selected to represent the vast differences between organizations. To calculate the levels of engagement we used the following algorithm.

High Engagement – gave the most positive response to all survey items.

Moderate Engagement – majority of items were responded to positively.
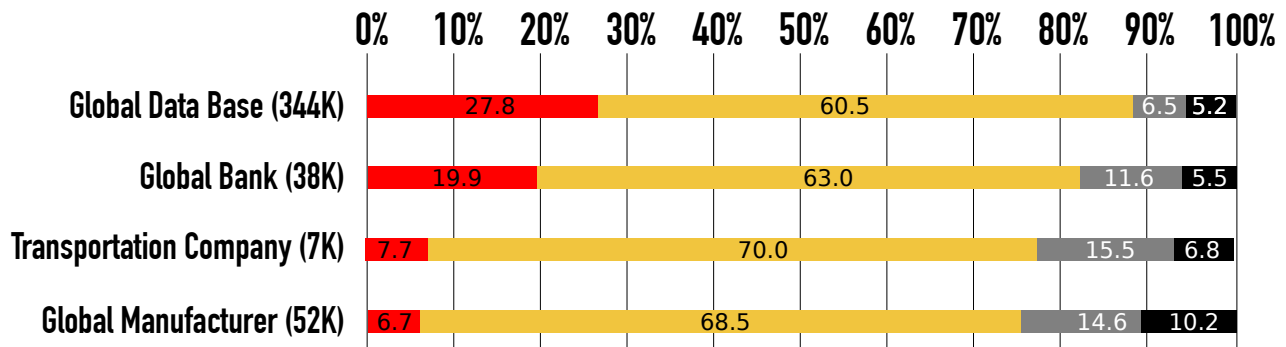
Unengaged – majority of items responded to negatively.

Strongly Disengaged – responded negatively to all survey items.

A simple categorization of these results might be to divide the data into two groups, those engaged employees (those moderate and high) and unengaged employees (strongly disengaged and unengaged). These percentages range from the engaged at 88% to 75% and the unengaged ranging from 12% to 25%.

Level of Commitment Across Four Datasets

■ High Engagement ■ Moderate Engagement ■ Unengaged ■ Strongly Disengaged

Dataset	High Engagement	Moderate Engagement	Unengaged	Strongly Disengaged
Global Data Base (344K)	27.8	60.5	6.5	5.2
Global Bank (38K)	19.9	63.0	11.6	5.5
Transportation Company (7K)	7.7	70.0	15.5	6.8
Global Manufacturer (52K)	6.7	68.5	14.6	10.2

The Key Role of Managers in Driving Employee Commitment

We noted earlier that there is general agreement on the impact of the manager on the level of employee engagement. For the reader's benefit, we'd like to reinforce the strength of that impact.

Based on a study of 66,869 Global Leaders, we depict leadership effectiveness in 20 segments with each segment encompassing 5 percentile points (see Figure 1).

It would appear that even the worst managers can not totally quell some employee's engagement, nor can the very best leader bring everyone into the highly engaged ranks. The overall picture, however, is totally clear. The more effective the leader, the more engaged the employee. Some people are internally wired to do their best and to work hard on any project in which they are engaged, and their manager doesn't totally control that. On the other hand, there are other people who are always on the negative side of

every ledger, or they are just plain lazy. Being engaged requires some effort.

What Actually Elevates Engagement?

We analyzed employee engagement surveys from approximately 250,000 people in six extremely different organizations. Organizations ranged from manufacturing, banking, retail, transportation, building products and forest products. We identified employees with the highest level of engagement and then looked at their satisfaction with other factors measured in the surveys. Each survey measured a number of unique factors. We were seeking common factors that had a strong influence on employee engagement.

1. Open Communication
Leaders are open and honest in communication. Employees are quickly informed about what is going on. There is confidence that if issues are raised, they

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will be addressed. Effective two-way communication e3xists

2. Career Opportunities

Employees feel that there at good career opportunities in the organization and that they go to the most qualified people. There is someone at work that cares about their development and progression.

3. Individual Development Opportunities

There are opportunities for employees to gain new skills and develop personally. The organization provides adequate training. People feel that they have had an opportunity to learn and grow over the last year.

4. Company Reputation

This organization is a good place to work. The company has a meaningful vision and purpose. This is a responsible company. I am proud to be identified with this organization.

5. Organizational Efficiency/Productivity

The company has the tools and resources that allow me to be as productive as possible. Process and systems make the work efficient. Decisions are made quickly and work does not get stalled.

6. Confidence in Top Management

Top managers are making the changes necessary for this organization to be successful in the future. People have confidence in the top management of this organization.

7. Recognition

People have confidence that if they work hard and do a good job they will be recognized. In our team we are quick to praise and careful to criticize.

8. Teamwork/Collaboration/Cooperation

There is excellent cooperation between different groups in the organization. Employees are involved in decision that affect the. Conflicts within teams are productively resolved.

9. Satisfaction with Work

Employee enjoy the work that they do. They feel that they accomplished something worthwhile.

10. Workload

Employees have control over my workload and the amount of work expected of me is reasonable.

By our estimate, seven of the above factors are strongly influenced by the immediate manager. Giving recognition to employees is predominately the manager's role. We estimate that nine of the 10 items are influenced by the broader organization. At first blush this would appear to call into question whether the manager is indeed the primary driving force behind employee involvement. Is it really more the organization?

We think not. The manager has a tangible, personal connection with the employee that far transcends the larger more impersonal institution. The manager is the window through which employees see the organization. A dirty window or an extremely small window distorts the view.

Several years ago we were analyzing some employee survey data in a sales organization. We discovered that

Figure 1
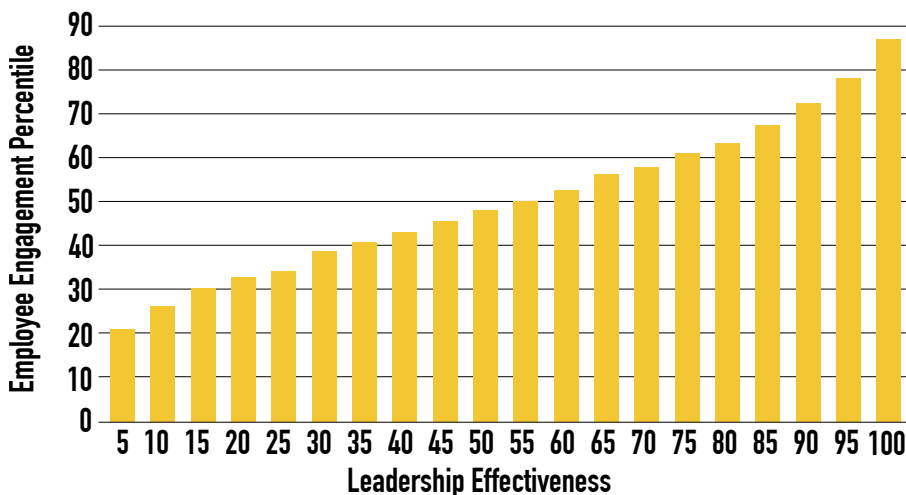
> **The manager is the window through which employees see the organization. A dirty window or an extremely small window distorts the view.**

the organization as a whole was dissatisfied with recognition and rewards. As we looked more closely at the data one region rated the recognition and rewards program as one of the most positive capabilities. We decided to call the regional manager to help us understand the data.

We first asked if they used the standard recognition program. The regional manager indicated that the kinds and size of rewards were dictated by corporate and they strictly adhered to that program. When asked to explain why employees in that region viewed recognition and rewards so much more positively the regional manager explained, "It's not how much to give people, it how you give it!" The regional manager went on to describe awards banquets which were designed to be like the Academy Awards. One employee cried when she won the salesperson of the year award. Praise and recognition were given often and sincere appreciation occurred every day. It was the same program with the same rewards, but a totally different outcome because of how the manager orchestrated it.

The important message, we think, is that both the organization and the individual manager impact employee engagement scores. The organization must recognize its powerful role in creating the environment for either high or low levels of employee engagement. Top managers need to understand that they set the tone. Lack of confidence in their abilities cause employees to consider leaving. Organizational

efficiency is a critical factor in engagement. Work that gets stalled, bureaucracy and lack of decisiveness significantly impacts how people feel about the organization and their jobs. Few want to work for an evil, polluting, out of date or marginally contributing organization. The company's reputation affects employee engagement.

What Choices Do Organizations Have To Obtain Leaders Who Do That?

Now comes the big question, "How do organizations insure that they have leaders who elevate employee engagement?" It is in this arena that opinion is also sharply divided.

There are at least two approaches. These two appear to parallel the Carol Dweck theory described in her book, *Mindset.* In it she makes the distinction between organizations with fixed or growth mindsets. This mindset has dramatic impact on policy and practice. Talent management philosophy and practices differ widely based on the mindset they have.

1. **Selection**. Organizations who emphasize selection as the solution believe that through the use of predictive test analytics, they can identify that small group of people, around 10% some would argue, who have the natural talent to manage in a way that engages their subordinates. The assumption is that people have the talent or they don't. The most effective way to obtaining effective managers is to improve the selection process; because left

to their own devices, according to some observers, organizations have been making the wrong choices more than 80% of the time.

**2.	Development**. This is a contrary viewpoint. These organizations elect to work with the existing group of leaders, and give them new skills that in turn change their behavior. They emphasize that leaders are not born, but are mostly "made" by their desire to put into practice effective leadership techniques.

Which is the correct approach?

The best answer is obviously not to ignore one and bet entirely on the other. What intelligent leadership team would not do their best to select people who show signs of being good leaders? Who would deliberately not choose people who are good communicators, who care about the growth and development of others, and who are quick to give praise and pass on recognition?

However, as Dweck points out, companies who have a strong "we only select top talent" orientation suffer negative side effects. Turf wars are more common. People hide information because they are trying to prove to people above that they are effective.

Organizations will succeed best by paying reasonable attention to selection, but also strongly support the idea that leaders can grow and develop. None of the behaviors noted earlier that describe the best leaders are impossible to learn or practice.

What happens to employee engagement when leaders change their behavior?

We have strong evidence that managers can improve. When they do, it has a positive effect on the level of engagement of the people who report to them. We gathered data from 882 leaders in five different organizations that went through a development experience. All the leaders were given 360 degree feedback on their effectiveness as a leader and an employee commitment score from their direct reports. The data gave each person a view of their leadership skills and a perspective on an outcome that is significantly influence by leadership (e.g., engagement of employees).

If leaders had a serious deficiency (we called this a fatal flaw) they were encouraged to focus on that weakness for improvement. If people did not have a fatal flaw then we encouraged them to build a strength and provided them with tools to help them create a plan for improvement. After 18 months to 2 years the survey was repeated. We were able to measure the degree of improvement between the pre- and post-test results. The results showed that 51% of the leaders were able to make a significant positive change. Of those that made a positive change we identified 120 leaders who had "Fatal Flaws." The graph below shows the difference between the pre- and post- test results. These leaders on average were able to improve by 31 percentile points.

281 leaders did not have any fatal flaws so they focused on building their strengths. The challenge here is can we take good leaders and help them to improve. We taught leaders a new approach to development called non-linear development. This approach helped them to learn what the best leaders were doing on a particular competency to build a strength. The following graph shows the results from this analysis. Note that leaders moved on average from the 60th percentile to the 82nd percentile.

We stated in the beginning of this article that the effectiveness of a manager had a substantial influence over the engagement employees. So increasing leaders effectiveness should therefore increase engagement. The graph below shows the pre and post measures of engagement across the five different organizations. Note that engagement went up 13 percentile points.

Conclusion

Given that managers play the most important role in creating employee engagement, we are puzzled that many organizations measure engagement at a division, plant or organizational level, and don't provide data to each individual manager. It is definitely more complex and creates more work to report the data by manager, but that is where the variance occurs and where the single best solution lies. Building a mini-engagement survey into 360 degree feedback instruments guarantees that managers get personal, confidential data on which they can then take action.

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Joe Folkman, Ph.D., is a frequent keynote speaker and conference presenter, a consultant to some of the world's most successful Business Employment Weekly, Training and Development, and Executive Excellence.

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