

## Employee Engagement: Will the Marriage Last?

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### The Business Case for Engagement

Is re-kindling a relationship the start of a beautiful thing?

The term “engagement” is used today to describe the extent to which the employee is passionate, enthusiastic and motivated to excel on the job. Metrics of engagement are multi-faceted and include turnover, morale indicators and performance evaluation. More troubling indicators of disengagement are the frequency and severity of employee problems that require assistance from counseling and related professions typically via the Employee Assistance Program (EAP).

The idea that a workforce interested in what they are doing will outperform workers that are disinterested in their work is not hard to swallow. Gallup estimated that disengaged workers cost U.S. business nearly \$300 billion a year<sup>i</sup> and Towers Perrin key global findings indicate that engagement levels are a cause for concern in every country surveyed.

### Why Be Concerned?

Recently McKinsey summarized business concern for employee morale. *“Employee motivation is sagging throughout the world – morale has fallen at almost all companies, at a time when businesses need engaged leaders and other employees willing to go above and beyond expectation.”*<sup>ii</sup> The Corporate Executive Board found that 21% of employees today identify themselves as highly disengaged, a threefold increase over 2007.<sup>iii</sup> If business metrics are the only means to startle organizations out of a morale slumber party, Towers Perrin informs us that highly engaged firms experience EPS (earnings per share) growth rate of 28% compared to an 11.2% decline in EPS for low engagement firms.<sup>iii</sup>

Watson Wyatt linked levels of engagement to stock price. Companies that work to engage their employees yield better financial results than those that do not. Interestingly, how people are treated was a stronger predictor of future financial performance than tracking past financials alone. These results were based and replicated using companies in the U.S., Canada and the European Union. In addition, they found that high performance firms offer more credible performance management practices in comparison to low performance firms.<sup>iv</sup>

Companies that focus on employee engagement are also more likely to keep key talent. Engaged employees are less likely to leave their jobs than disengaged employees. This

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becomes particularly important at a time when 25% of employer-identified, high potential employees plan to leave their current jobs, as compared to only 10% in 2006.<sup>vi</sup>

“Man does not live by bread alone.” Towers Watson demonstrated that employee engagement alone will not reduce turnover risk. To reduce the loss of talent, the total person needs attention. The employee’s overall wellbeing requires tender care. In short, those who are highly engaged but also highly stressed tend to burn out.<sup>v</sup> So, if retention is your thing—you need to not only challenge but also nourish your employees.

*Ignore workforce revitalization at your business peril.*

## **How to Spark a Long-term Relationship**

Engaging employees is not a novel concept, *how* this is done, however is taking on new twists. What works and what doesn’t work over time is going to depend on knowing your workforce, communicating effectively with your employees and making certain you maintain alignment between your human resources strategy (and practice) and your business model. Even the most innovative human resource practices will fail if they conflict with the business needs/wants.

Here are a few, straight-forward guidelines for engagement:

- ***Relationships work when everyone wants the same thing!***
  - Articulate the ethics, values and product benefits to all stakeholders, including employees
  - Product value (brand) and organizational value are inextricably linked so connect employees, customers and shareholders using this common thread
- ***Try and try again: Don’t date with a diamond in your pocket!***
  - Don’t commit before you’re ready. It’s fair and legitimate to improve by trial and error. Experimentation is a valuable way to make progress. When you are not sure if a practice will in fact “work”—just say so and commit to a trial run
  - Trial is not the same as a bona fide operating plan; communicate to employees the truth about a new management practice or policy that “might” work—share how you will measure success
- ***Don’t say it, if you don’t mean it: Once you can fake being authentic you’ve got it made!***
  - Employees want to know how they are measured

- Measure the little things that mean so much (doing whatever is necessary, whenever it is needed with a smile on your face, for instance); these are the intangibles that make your organization a great place to work

Design authentic performance management programs. Authentic programs offer legitimacy because they measure what matters, and they do so with integrity. When performance measures lose credibility, it sends a shockwave into the organization that infects the culture with concerns about due process. This impact hurts integrity and leads to disengagement. The key is to pay attention to not only “what” you measure but also “how” you do so and to structure a dialogue about the process so that everyone ends up with a level of agreement about the employee’s performance. When this is done in the context of all elements that promote engagement, the outcome is genuine performance improvement. <sup>vi</sup>

### **You Don’t Appreciate Me Anymore!**

The term “engagement” implies a level of on-going care, concern or involvement. This involvement is best started during orientation and sustained by virtue of the work itself, including the purpose or mission connected to their work. Employees are more likely to be “engaged” in what they do when the mission of the employer resonates with their values and interests. However, organizational missteps can cause disengagement even among normally engaged employees.

The missteps that lead to disengagement are often linked to management basics that fail to get attention. Typically, this lack of attention is due to harsh external competitive issues or organizational change that disrupt the “natural focus” of management. Organizations can avoid creating or contributing to disengagement by refocusing management attention on the workforce.

*When it comes to engagement, one size ring does not fit all.*

Strict “meat and potatoes” eaters probably won’t do well with a partner that wants to eat at restaurants with adventurous menus. It is not a good fit. Likewise, employees that prefer stability or structure may have difficulty in a fast-paced, change-oriented work environment. Similarly, the achievement-oriented who thrive in ambiguous, challenging situations will feel thwarted or frustrated by job tasks that demand structure, routine and tedious detail. Engagement tactics need to fit the nature of the workforce.

### **Recognize, Reward and Rally the Workforce**

Professional development is not a fad, it’s a thank you and an investment. Many employees prefer organizations that invest in the development of knowledge and skills. Mentoring, coaching and development programs demonstrate that an organization values its employees. Actions speak louder than words. Implement career-enhancing, work-life

balancing and professional-skill developing programs that enable employees to feel good about the support and guidance available at work.

Recent reviews indicate that effective leadership or developmental programs create experiences that enable people to “reevaluate” what they think they know about themselves, their organizations and their interpersonal relationships. When aligned with business direction, such programs generate growth that might otherwise not happen. In addition, information or experiences that fuel development absent strategic “pruning” through business alignment, might very well lead to growth in the wrong direction.<sup>vii</sup>

### **Recognize Your Employees for a Job Well Done**

Failure to appreciate the value added by employees hurts morale and productivity. This value requires attention and care. Never, ever take that relationship for granted. Appreciate the people that appreciate, and produce, the products and services you deliver.

Recognition can come from the work itself. While rights to the parking space closest to the door are always nice, internal or intrinsic features of the work itself are far better sources of motivation. For instance, jobs that require people to use a vast array of skills are often engaging. Tasks that provide the opportunity for the worker to “place a mark” on the final deliverable gives people a sense of task identity: “this is mine.” Creating opportunities for people to influence outcomes or “have a say” brings a sense of autonomy. These are all highly engaging elements of work—for those that want it. However, not everyone wants these elements; sometimes other work features require attention instead.

### **Reward Your Employees in Ways That Are Meaningful to Them**

Realize that compensation and benefits are only part of the story. Work-life balance matters to most employees. Alternative work strategies and benefits deserve attention. Job-sharing, use of teleconferencing, weekend travel tickets home for those on the road, compelling learning programs, financial guidance and retirement planning services, health club benefits and of course, stock options or profit-sharing strategies all are useful retention mechanisms. Be clever about making your organization distinctive so that your retention tactics attract and retain great people.

Escargot is not for everyone, and impressing the neighbors can have limits. Take time to know the character of your workforce. Think “total rewards.” View “compensation” for a job well done in terms larger than dollars. Consider benefits such as working remotely, sabbaticals, time-off for charitable work, job sharing and flextime. Incorporate the key cultural ingredients that can make or break how employees feel about their relationship with their employer. Know how job characteristics link to people characteristics to optimize productivity and engagement.

## **Rally the Workforce by Communicating Effectively**

Employees want to know that leadership understands the business situation and has a plan for moving the organization to the next level. Two-way communication plans engage employees in dialogue. These dialogues are also strategic ways to address the past while paving the way for the future. Being forthright with your workforce fortifies a sense of fairness, due diligence and confidence in your culture. Demonstrate integrity in all that you do, for customers, employees and all your stakeholders. This cultural element yields dividends as it prompts employees to “go the extra mile” without being asked, and the nature of the workplace becomes a magnet for retention.

## **Tell Me That You Love Me**

It’s been rough. Decisions had to get made. Lives were changed. The nature of your business changed. How you do business changed. You’re not the same anymore. And neither are your employees.

Don’t let change drive you apart. It’s time to re-ignite. Get back to the basics that brought you together. Yes, it’s been difficult, and things happened. Feelings got hurt. So, “talk it out.” Provide the business rationale for your decisions so that employees can get a sense of what happened and why. Show thoughtfulness. Be forthright. Express your commitment—to your employees and your business. Above all, offer a business plan—“and here, is how we will get better together.”

Where possible, get specific about business metrics. How are customer/consumer ratings these days? Why? Engage employees in collaborative problem solving around these critical matters—involve, engage and challenge—there’s plenty to do. Organizations with a sense of their futures are more likely to see it evolve. Share that sense with your employees and make sure they understand how they contribute to the greater good. We are better together. We know what makes development work, so implement compelling, thought-provoking experiences that enable people to grow toward the sun (aka profit).

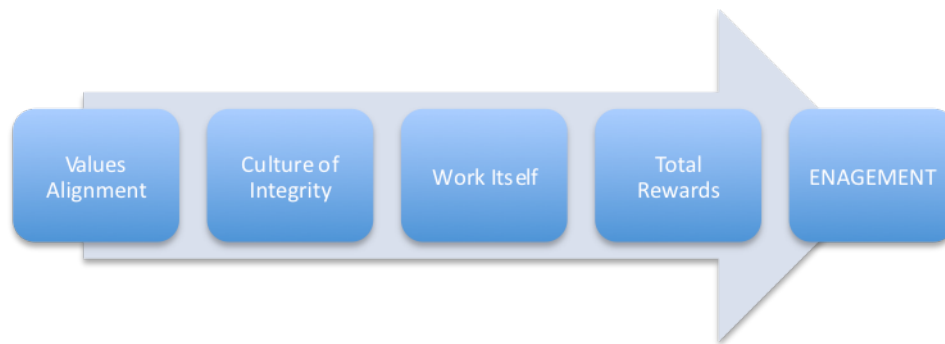
Make sure supervisors are good at basic managing. Do your supervisors know how to motivate employees? Can your managers reduce performance problems that end up in legal? Does your management team use teams effectively? Does your remote workforce feel disconnected to their career path? Are there resources available to assist managers with vexing human relations problems?

Watson Wyatt’s U.S. findings reinforce our notion that stress levels matter to employees. Employees reporting less stress demonstrate higher retention and report greater overall satisfaction with their employers in surveys. Employees who feel supported or find it possible to balance work-life demands are less inclined to leave their current relationship for another.

## Making It Last

Drinks with umbrellas in them, a weekend in the Hamptons or a trip to Barney's for some pricey trinkets are nice—but don't count on them for sustaining the relationship. Be authentic in your communications. Do what you say. Measure performance in a credible manner.

### *CCA Engagement Model*



## What Works

Let your employees know the good works that the company performs. Do you have executives working on charitable causes? If so, let the employees know! This is part of the fabric of the organization. Tell your customers too, for that matter. If employees volunteer for a good cause—reward them, somehow. Let your employees know your business values and demonstrate fairness and respect in all matters: with customers, employees and all stakeholders. Your products and services will be enhanced by your culture. Your profits will thank you.

Let the work itself manage productivity. There is no need for a carrot or a stick if people are doing what they love! Imagine the work itself being its own reward!

Do the simple things right:

1. Keep the people that love what they do
2. Invest in the people that develop themselves
3. Use the work itself as the prime motivator
4. Be authentic in performance management
5. Implement compelling, business-relevant developmental experiences

*Do the organization and the individual contribute to each other's well-being?*

To make engagement ring true in the workplace, a systemic perspective is advised. No single management tactic will alter the path of a relationship if it is going bad and no single management tactic will sustain a good relationship. In the end, relationships “stick” because each party contributes to the making of something “together” that cannot be done apart.

## To Learn More

For research and advisory services on employee engagement please feel free to Corporate Counseling Associates at 212.686.6827 or [info@corporatecounseling.com](mailto:info@corporatecounseling.com).

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<sup>i</sup> Rath, T. & Conchie, B. (2009). *Strength-based Leadership: Great leaders, teams and why people follow*. New York: Gallup Press

<sup>ii</sup> McKinsey (2009). *Global Survey Result*.

<sup>iii</sup> Towers Perrin (2007). *The Global Workforce Study*

<sup>iv</sup> Watson Wyatt Worldwide (2002, 2003, 2004) *Human Capital Index: A lead indicator of shareholder value; Connecting communication to financial performance; Secrets of top performers*(white papers). Wash., DC; Watson Wyatt Worldwide (2007/2008). *Playing to Win in a Global Economy. Global Strategic Rewards Report, U.S. Findings*.

<sup>v</sup> Towers Watson (2010) *Viewpoints: Well-being: Engagement and performance to the next level*. [www.towerswatson.com](http://www.towerswatson.com)

<sup>vi</sup> Diamante (2009). *Authentic Performance* (book chapter). In Smither & London (Eds.) *Performance Management*, Jossey-Bass a Wiley publication.

<sup>vii</sup> Diamante (2011, in press). *Leadership Development Programs that Work: Individual Transformation by Design*. In London (Ed.), *Oxford University Press Handbook for Lifelong Learning*.