CHAPTER

1

What Is Engagement Anyway?

When the engagement you want isn't there, you don't need a survey to tell you that. You can feel it when you walk into the room.

—Keith Rodwell, group executive, BOQ Finance (a 137-year-old Australian financial institution)

Critical but Elusive

Most people have experienced periods of full engagement at work. Yet as we have interviewed hundreds of executives and worked on engagement initiatives around the world, the lack of a common definition is striking. Ask one executive how she defines employee engagement, and you will get a vague statement about discretionary effort and motivation. Another might say it's about being in the zone or being married to the company. It is one of those experiences that is more easily described by engaged employees than defined by observers.

Ask those observers what engagement is, and you will still get disparate definitions. A problem with solving the mystery of employee engagement is that it's both critical to business success and elusive in its definition. But if we're going to move forward to discuss *increasing* engagement, we need to set up a common framework. First, let's consider some of the most popular definitions that don't quite work for our purposes.

Engagement Is Not. . .

Satisfaction Alone

In the early days of employee surveys, the primary focus was on satisfaction. Organizations wanted to know what kept their employees happy. For many this pertained to preventing union mobilization. As the Western economies shifted from industrial to knowledge economies, the emphasis of organizational practices shifted away from satisfaction alone.

Yet many of the research firms stuck with that initial definition, rebranding early satisfaction surveys as *engagement* surveys. The result, sadly, is that today many people still equate engagement solely with job satisfaction. This early misnomer gave engagement a bad rap in boardrooms as a soft concept, far removed from any business drivers. Some believed it created a workforce of happy, entitled, and potentially unproductive employees. Why would any fiscally responsible businessperson want that?

Common measurements of satisfaction that are restricted to benefits, work environment, and compensation (essentially a customer satisfaction survey for HR policies) set organizations up for failure. They reflect a transactional employer-employee relationship that is only as good as your organization's last round of perks or bonuses and cannot be sustained through market dips and organizational change. Psychologist Frederick Herzberg called these benefits *hygiene factors* that help prevent *dis*satisfaction, but do not necessarily *build* satisfaction. For example, increased compensation may not *increase* satisfaction, but unfair or inadequate compensation will cause *dis*satisfaction.[1]

Clearly, satisfaction alone is *not* engagement. If measured correctly, satisfaction *is* a critical ingredient.

Motivation

Some researchers point to theories of *intrinsic motivation* and encourage organizations to simply hire engaged (read, highly motivated) employees. This focus recognizes that engagement is not something your organization can do to its workforce. Having intrinsic motivation is a step in the right direction, because everyone in your workforce shows up every day with individual motivators, values, interests, and goals.

Still, employee engagement reflects a *relationship* between employees and employers, and as a result, *people cannot be engaged outside of the context of their job.*[2]

Commitment

Another mistake is to confuse the terms *engagement* and *retention* (even though they are closely linked). Most studies suggest that engaged employees are more likely than their disengaged colleagues to stay with the organization. However, many disengaged employees actually plan to remain—and do so for all the wrong reasons!

Engaged employees stay because they like their work—which is what they give to your organization in their engagement equation. The disengaged stay because of what they can get, such as financial rewards, career opportunities, job security, or comfortable working conditions. Intent to stay at a company, therefore, is not necessarily an accurate indicator of engagement. And retention of the wrong employees is simply bad business.[3] Being disengaged by no means indicates a total lack of commitment, but a commitment to the wrong things.

Let's move on to the definition of engagement that we'll be using throughout this book.

$$EE = MS^i + MC^0$$

Full employee engagement represents an alignment of maximum satisfaction for the individual with maximum contribution for the organization.

To understand this definition *and help make it actionable for you as a leader trying to increase engagement levels*, we need to explore the relationship between employees and employers.

The Playing Field: The Job

Jobs represent the intersection of employees' personal pursuits and your organization's interests.

MC° = Maximum Contribution

As a leader, you are no doubt aware of your organization's strategy for achieving success. That definition of success should be shaped by your organization's

- Goals, which reflect its mission (sometimes called a purpose or reason for being) and long-term vision (e.g., increased market share or specific financial targets)
- Core values or principles, which guide the decisions and behaviors of your workforce in pursuit of the organization's goals

In order for your organization's strategy to become reality, your employees must be willing and able to perform mission-critical tasks successfully. We call that *maximum contribution*. Jobs exist to drive your organization forward, to fulfill its mission, and to achieve its goals. In an ideal world, all employees deliver maximum contribution, but the reality is that on any given day, employees are, for multiple reasons, at different levels of job contribution.

News flash: what your organization needs for success is only half of the story and just half of the engagement equation.

MS^i = Maximum Satisfaction

Individual employees are on separate paths toward their own highly personal definitions of success. Sure, they need a paycheck. But they, too, have values, career aspirations, talents, development goal, and a need to fit their work into the broader context of their lives.

Unlike your organization's definition of success, there is no single definition of success shared by all employees. Individuals are all looking for work that works for them personally. We classify all those individualized interests under the label of *maximum satisfaction* at work.

Of course, employees, like your organization, don't always get exactly what they're looking for. They are achieving different levels of job satisfaction on any given day.

Engagement Happens at the Apex

Organizations are seeking maximum contribution from each individual toward corporate imperatives and metrics of success. Individual employees need to find purpose and satisfaction in their immediate work and have long-term visibility on a future with the organization.

The two are far from mutually exclusive and, in fact, feed off each other. The challenge for you is making sure that the mutually beneficial relationship is not left to chance, but managed skillfully to create sustainable levels of high performance. This is your engagement strategy.

At the apex of this model—(A) in Figure 1.1—*fully engaged employees are getting and giving the maximum*. Engaged employees

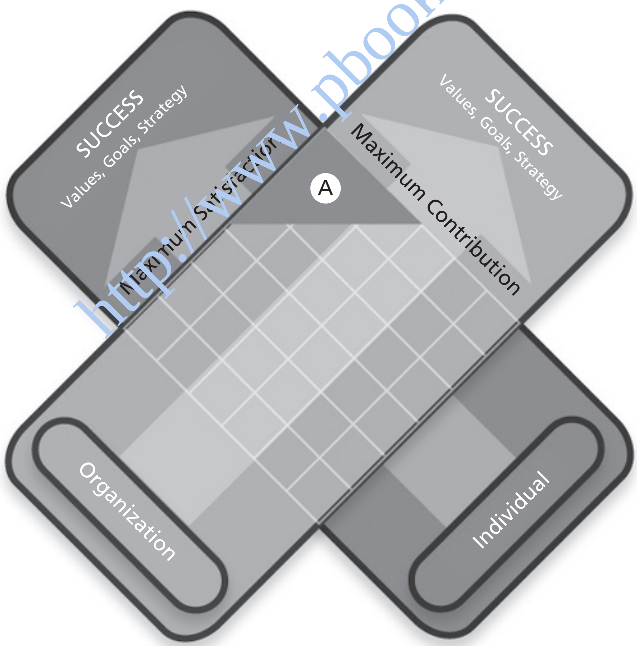

FIGURE 1.1 The Employee Equation. The top of the diamond is the apex. Full engagement occurs at the alignment of maximum job satisfaction and maximum job contribution (A).

are not just committed. Nor are they just passionate and proud. They have line-of-sight on their own future and a clear understanding of the organization's mission and goals. They are *enthused and in gear*, using their talents and discretionary effort to make a difference in the organization's quest for sustainable success.

We want to emphasize the word *sustainable*. Most organizations can generate bursts of contribution in the short term using approaches other than engagement, but these will be short-lived. Building a culture of engagement takes effort, but once established it will sustain high performance in your organization over time.

For an animated description of this engagement model, go to www.TheEngagementEquation.com/theX.

I Know It When I See It

Here are some of the ways leaders worldwide described this equation:

- "Employee engagement is about mutual effort: The company must work to engage the employees, but the employees must repay with contribution. We have a saying in China that you must dedicate yourself first before you expect dedication in return. That's a big part of our culture." —Ann Huang, senior HR manager, Red Star Macalline, China's largest furniture retailer, speaking about the win-win aspect of engagement
- "Having people stay with you is not a sign of engagement. There is always a risk of complacency in middle manager and senior manager roles. We see relatively

(*Continued*)

little turnover, and Indian companies can't face the idea of firing anybody after 10 years of service. In many ways it's a hangover of the caste system in the corporate world. What is needed at this level is a resetting of expectations, a recalibration." —Judhajit Das, chief human resources at ICICI Prudential, one of India's largest private insurance companies, describing the need for alignment and contribution, not just satisfied employees

- "People need to be compensated well but it is only one tool. At certain levels, as you progress in your career, compensation will not do it. Responsibility, new projects, and opportunities are more important." —David Norton, former company group chairman, global pharmaceutical giant Johnson & Johnson, on the importance of intangible motivators

Short-Term versus Long-Term Engagement

Engagement can fluctuate day to day based on the task at hand and events in the work environment. If it's a moving target, how can we refer to and act upon engagement? For the purpose of organizational engagement, we are talking about a mid- to long-term level of engagement: one that does not pertain to motivation around a specific task, but more in terms of an employee's relationship to his overall job. Each job will include enjoyable and productive tasks. It will also include less satisfying and less productive activities.

What we are interested in here is the balance for the longer term. Certainly when employees sit down to discuss career development or job satisfaction, they may have recent events top of mind. But with some encouragement, they will look back at the sum total of their contribution, their satisfaction, their working conditions, and their relationships. Employees will put up with specific less-captivating tasks if on balance their overall job is a fit for them.

Factors That Influence the Engagement Equation

There is a long list of variables that can influence any one person's ability to reach and sustain full engagement. Some can be controlled or influenced more easily than others because, as we described earlier, engagement is a complex, *individualized* equation. As a leader, you need to do your part, but always keep in mind that when we speak of an engaged workforce, it is really the sum of *each employee's* engagement.

If you want to learn more about why people are engaged—or not—you can spend days sifting through and comparing academic papers and the dozens of consulting firm studies.

You can also slice and dice your own organization's engagement data, conduct endless focus groups, and speculate in closed-door leadership sessions. You would only be contributing to today's engagement problem: too much analysis and too little focus on the practical tactics for *increasing* engagement.

In that spirit, we have chosen to highlight the most common factors that influence engagement as a foundation for taking action. The list is not meant to be exhaustive, but is in line with the common factors identified in most research in this area. According to one industry analysis, when it comes to engagement studies, "nearly all (89 percent) ask about career advancement, goal-setting and feedback, recognition and non-monetary rewards, and training and development in their surveys, suggesting that these aspects of work are the most common drivers of engagement."[4]

Given our definition of engagement as the alignment of maximum satisfaction for the individual and maximum contribution for the organization, we've grouped the factors into the two broad categories associated with those axes of the model—plus a third *other* category. This approach is useful but is by no means rigid. As you will see, some things drive both satisfaction and contribution. (Alignment with organizational strategy and mission, for example, supports satisfaction through a sense of belonging and meaning and contribution through clearly defined work priorities and expectations.)

Satisfaction

Compensation

You will quickly realize that we spend little time in this book discussing the role of compensation in engagement. There are a couple of reasons for this, but that is not to say compensation is not part of the picture. In a nutshell, compensation is an effective tool for *attracting* talent to the organization. It is also effective in helping *retain* people. Top talent will leave if, over time, their pay falls out of parity as their skills and experience develop.

When it comes to engagement, many studies have demonstrated that compensation alone (beyond a certain income level and as long as it is seen as fair) matters little. Nonfinancial engagement levers yield bigger long-term rewards at a much lower cost.

Career

Career development is often at the top of the list when employees are asked what will most improve their satisfaction. Yet items such as "I have career opportunities here" are often the lowest scoring of all in engagement surveys.[5] In response, many leaders think, "We have to create more jobs or provide clear-cut career paths," but it's not such a straightforward fix. When employees want support for their career, they may be looking for

- New challenges or experiences
- The acquisition of knowledge and skills
- Confidence that there is a future at your organization
- The next step in their long-term career aspirations (which may not be a promotion)
- Support in sorting through the many opportunities that they might actually have at your organization
- Someone to tap them on their shoulder and tell them what to do next

The last bullet highlights your challenge as a leader: everyone wants a career, but employees don't necessarily know what they—or their employer—mean by the term. And if employees are not clear on their personal definition of success, they will not be able to achieve it in your organization or any other. This is such a complex dilemma that Chapter 9 is devoted to it.

Job Fit

Job fit can be broken down into the work itself and the conditions under which the work is accomplished. Engaged employees like the work that they do because

- It satisfies their values and interests.
- It allows them to use their unique talents (and, therefore, they are successful).

- It is stimulating and provides opportunities to grow.
- It matters—to other parts of the organization, to customers, or to the larger community.

One way to describe this aspect of fit is *meaningful work*. Meaningful work is not an external definition of do-good jobs that save the world. It happens when employees find satisfaction and fulfillment in what they do every day. Do not overlook employees' relationship with their work because if someone hates what he does every day, no amount of inspirational leadership or recognition will make up for it for long.

A job's *conditions* determine how the work gets done. They reflect the organization's work environment and the particular requirements of a role, such as

- Control over how results are achieved
- Involvement in decision making
- Need for collaboration with colleagues
- Degree of formality (in dress code and office behavior)
- Hours of operations
- Manager involvement and style

Engaged employees have found roles or created situations that satisfy their personal values, work style, and current life outside of work. Their work *works* for them.

Of course, when we talk about *meaning*, *involvement*, *recognition*, *work/life balance*, and even *career*, keep in mind that these are intangible terms, like *beauty*. They are highly subjective and open to individual interpretation. For example,

- A project that would bore one person to tears might captivate another.

- A role that would meet one person's need for freedom, challenge, and growth might not fit someone else's need for a more structured, predictable work setting.
- A work environment that one person would find brutal might be exciting and stimulating to another.

So despite what you see depicted on television or in movies, there are very few truly bad jobs. The way employees feel about their jobs depends on their personal values, goals, and overall definitions of success at work. As your mother might have said when as a teenager you expressed disbelief at an unlikely couple walking down the street ("I don't know what she sees in him!"), "Every pot has a lid."

The implication for you as you build a more engaged workforce: the perfect match that fuels engagement requires the continuous efforts of employees, managers, your HR systems and practices—and it will change as organizational priorities shift and employee needs evolve. How many employees on your team are doing the exact same job they were doing three years ago?

Recognition and Rewards

If you have been in the workforce a while, you probably have a story of rewards or recognition gone bad—where an incentive program used as a short-term driver of behavior resulted in employees gaming the system or in the creation of unwanted side effects. Yet Derek Irvine, vice president of client strategy and consulting for strategic recognition firm Globoforce, explains, "Done right, recognition communicates the right behaviors, rewards and reinforces those behaviors, and gives a sense that the organization values employee contributions. Done right, recognition creates engagement."

Recognition helps employees feel valued and appreciated. Like career and job fit, it is highly personalized. Some people crave it. Others have a high tolerance for none—until they feel underappreciated. There also is a wide range of employee preferences for the kind of recognition demonstrated. For example, well-intentioned public praise for an employee who prefers to avoid the spotlight could be traumatic instead of a boost to satisfaction. As a result, recognition is most effective at the local level—planned by leaders who understand their employees.

Commitment to the Customer

Many employees spend years working in companies hearing about these mysterious customers whose expectations they aspire to exceed, but rarely, if ever, do they actually interact with one. All organizations are familiar with this disconnect, even those that have customer focus as part of their core values.

Yet exposure to external customers is a strong driver of engagement. It allows employees to see firsthand the value their own work creates, the purpose of the enterprise in action. Departments that are closer to the customer—such as sales, customer service, or consulting—tend to have higher levels of engagement than their peers, and when they do not, it is highly damaging to the business. The challenge for you: to find opportunities to expose back-office staff to end-users or customers to tap into this driver.

Contribution

Clarity of Priorities and Alignment with Overall Strategy

No new news here: employees need to understand what is expected of them so they can apply their talents and get the results your organization needs. When they have the added understanding of how their job fits into the organization's overall strategy, they are better able to take initiative, make timely decisions, and be innovative. This connection to the bigger picture also helps fuel satisfaction through increased feelings of belonging and meaning.

The news flash, perhaps, is that most organizations fall short in aligning the daily priorities of employees with organizational strategy. Despite investments in scorecards and performance management processes and systems, employees end up working on the wrong things or find themselves out of the loop—and become less engaged. That means that if you think you have goal alignment and performance management covered, think again, and check out Chapter 7.

Resources and Tools

Engaged employees understand which of the 10 to-dos on their list take priority, *and* they have what they need to get their job done. Many believe that if they had even more resources, they would be able to increase their contribution.[6]

And whereas more resources will not necessarily increase satisfaction, insufficient resources will erode satisfaction, as this anonymous write-in comment from a survey illustrates: "We desperately need more resources. I enjoy my job 'in theory,' and I'm good at it. But I am BURNED OUT." In today's do-more-with-less work environment, it is even more important to be strategic with resource allocation.

Feedback and Development

This is another no-brainer driver of high performance. To achieve higher levels of contribution, employees need to

- Understand how they are doing in the tasks assigned
- Be conscious of the strengths they should leverage and the weaknesses that are liabilities (and therefore important enough to address)
- Find opportunities (through formal learning or assignments) to build the knowledge and skills that the organization needs now and in the future

But this is yet another basic human capital practice that needs improvement in many organizations. Well-intentioned managers know they should be coaching, but it is often at the bottom of their to-dos, or they are waiting for the right moment. And the once- or even twice-a-year performance management discussions are not enough to dictate the course corrections required for maximum contribution.

In addition, if you work in a high-tech firm or lead a group of engineers, scientists, highly technical professionals or creative ones, take note: expert employees exhibit a higher need for keeping current than the workforce at large, which places personal development high on the list of their drivers of satisfaction.[7]

Other

Immediate Manager

A lot has been written about people joining companies and leaving managers. Take a closer look, and you will find that employees flee *bad* managers. Despite popular viral videos of badly behaved managers, there is no epidemic. The majority of employees worldwide trust their immediate supervisors and have a decent working relationship with them.

Because of the way they are sandwiched between organizational imperatives and the people doing the work, managers are perfectly positioned to influence engagement by

- Helping employees clarify and then satisfy their personal drivers and aspirations at work
- Aligning the organization's goals with each employee's interests and talents
- Coaching and developing their teams
- Creating a team environment that supports maximum satisfaction and contribution

So all they need to do is find out where each individual on their team currently is, meet them there, and coach them to higher levels of engagement. This is easier said than done, so we will return to the critical role that managers need to play in the engagement equation throughout the book.

Senior Executives

Even though most employees can make it through a day, month, or even years without seeing senior leaders in person, top executives have a wide-reaching impact on engagement.

Executives set the overall tone of the work environment and the parameters under which the organization operates—not just in terms of processes, but most importantly in terms of organizational values. Their own behaviors are, of course, under a microscope, and a failure to walk the talk or hold themselves to the standards they set for the workforce at large will erode trust and deflate engagement levels. And ultimately, engagement drivers such as company reputation, brand integrity, and organizational culture, are shaped by executive decisions.

Organizational Change

As organizations respond to changing market conditions and customer needs, they reorganize, regroup, change direction, merge, or downsize. These changes, even if executed flawlessly, have an impact on employee satisfaction and contribution. For example,

- Reorganizations can alter reporting structures and manager-employee relationships.
- Shifts in strategy take time to communicate, which can cause confusion about the organization's directions and priorities.
- A merger may cast a shadow on career opportunities, require collaboration with new colleagues, or introduce new policies that alter job conditions and the work environment.
- New technology may redefine job requirements and the organization's definition of maximum contribution as well as employees' experience in getting the work done.

The World Outside

There are plenty of things happening outside the walls of your organization that are beyond your control, such as the global economy, broad industry trends, government regulations, local or national politics, and the behavior of competitors. These fall into that category of "Not being judged by what life throws at you, but by how you respond."

Although you can't change them, you need to acknowledge their existence and determine ways to minimize their impact. Whatever you do, do not fall into the trap of dismissing low engagement as a result of external forces. During the recession of 2008–2010 in North America and Europe, plenty of leaders rallied their workforce to higher levels of engagement and heroic performances despite the difficult economy.

Takeaways

- For engagement to be purposeful it needs to be defined in the context of a relationship between each employee and the organization. Only then can it be an integral part of your business strategy.
- We define *engagement* as maximum satisfaction and maximum contribution—the outcomes that both parties are respectively seeking out of this relationship we call the job.
- It is useful to understand the most common drivers of engagement as you consider how to create a more engaged workforce. Career development, job fit, recognition and rewards, customer commitment, clarity of priorities, alignment with the bigger picture, resource allocation, feedback and development, immediate managers, senior executives, organizational change, and forces outside your organization have an impact on how individuals feel about their work and how they contribute to your organization.