



Employee engagement:

How common-sense principles drive uncommon business benefits

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“Employee engagement” is one of those slippery concepts that’s talked about a lot but is somewhat hard to define. The language used to describe engagement can be somewhat lofty – filled with words and phrases like passion, commitment, joy, and “purpose driven.” This focus on intense, almost unattainable zeal can make people forget that there’s a difference between emotional and rational employee engagement, and that for most jobs rational engagement usually matters most.

Emotional engagement. Many people believe that employees who are passionate, emotional, highly-inspired, and mission-driven are the key to business success. However, studies have shown that this near-fanatical level of engagement has a downside. People with the highest levels of engagement are often hard to manage, and impatient with those who they feel don’t share their sense of commitment and urgency. And just because someone is passionate does not mean that he or she is productive.¹

Rational engagement. Employees who are pragmatically engaged don’t necessarily view their jobs as a primary source of personal fulfillment. They enjoy their work, find the workplace motivating, feel fairly treated, and look for ways to contribute, but they’re not obsessive or evangelistic. And despite the fact that they don’t break into tears while singing the company anthem, they are valued because of their rationality, commitment, manageability, and ability to help the organization reach its business goals.

In many ways, the best definition of engagement is simply attitude toward work – the feelings people have about their job, their managers, their value to the organization, and whether anybody is listening to them. In particular, it reflects people’s sense of personal commitment toward their work and their organization. Employees don’t need to be fanatical about their jobs and companies to be effective, but having a negative attitude toward work significantly hurts productivity.

Does employee engagement matter?

A recent Gallup poll found that only 30% of American workers were enthusiastic about their jobs.² (The global picture is even more discouraging; another Gallup poll concludes that only 13% of the world’s wage earners define themselves as engaged.³) While cynics might suggest that companies don’t need enthusiasm so long as employees keep their noses to the grindstone, research tells a different story. Gallup estimates that actively unhappy workers cost the United States \$450 billion to \$550 billion a year. The penalty: high absenteeism, chronic turnover, quality control problems, and lost productivity.

¹ Britt, T.W. et al. (2007). Self-Engagement at Work. In Positive Organizational Behaviors, D. Nelson & C. Cooper (Eds.). Sage Publications.

² Data comes from WSJ article “The State of the American Workplace is...Meh” 6-11-2013

So instead of asking whether employees are engaged, it's even better to measure if they are productive, if they have the right goals, and if they're hitting those goals.

Flipping the coin to examine the positive aspects of high engagement, professional services firm Towers Watson found that companies with high levels of employee engagement and enablement enjoyed significantly higher profit margins than companies with low levels of these attributes.⁴ This research showing that engagement does matter should not come as a surprise to anyone. If you have worked with or received service from someone who clearly does not like their job, you have experienced the impact low engagement can have on performance. On the positive side, most of us can think of times we have benefitted from exceptional and often unexpected service delivered by employees who truly care about the quality of their work.

How do you measure engagement?

Let's assume then, as almost everyone does, that employee engagement matters. How, then, does one measure it? Surveys – although they are often viewed with a somewhat jaundiced eye by those who take and interpret them – can be useful. But in reality most companies don't have a direct interest in measuring or improving engagement per se; rather, they want to improve the things that engagement affects – productivity, loyalty, turnover, and alignment with strategic goals. So instead of asking whether employees are engaged, it's even better to measure if they are productive, if they have the right goals, and if they're hitting those goals.

In other words, don't just focus on measuring engagement; instead, ask whether your company has consistent methods of measuring the behavior and accomplishments of your people. Engagement surveys can be helpful, but they're only a leading indicator. And in the final analysis, you don't care about the leading indicator; you care about what it predicts.

What behaviors influence engagement?

Employee engagement influences whether people stay with your company, work hard while they're there, hit performance targets and proactively help the company to achieve its business goals. But what influences engagement? When the focus is on rational engagement, which is the kind of engagement most companies are concerned with, the answer is surprisingly simple:

- **Do your people feel respected?** Do you show an interest in why they are working for you? Do you take their needs into account when making decisions that affect them?
- **Do they know what they are supposed to do?** Job clarity – the simple but all-too-often overlooked concept of knowing what one is expected to do – has a big impact on both engagement and, not surprisingly, job performance. People are far more likely to do what you want them to do if they know what it is they are supposed to be doing. People also tend to feel a great sense of security, confidence and belonging when their role in the organization is clearly defined.
- **Are they recognized for their contributions?** Recognition maps tightly to accountability on one level, and this link is an important driver of productivity. But the greater value of recognizing employee contributions is that it lets people know that their company appreciates them. There is possibly no greater motivator than this relatively simple – but often overlooked – act of positively recognizing what people have done for the company and why it matters.

³ Info comes from WSJ article "Excited About your Job? If So, You're in a Global Minority" 10-9-13

⁴ The Power of Three; Taking Engagement to New Heights, Towers Watson, 2013

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- **Is their work tied to a broad corporate mission they care strongly about?** Aligning people's work to higher-level, far reaching company goals and missions is important for creating high performance work environments. And it can also help move employees beyond rational engagement to emotional engagement. But as mentioned earlier, employees do not need to have a strong emotional attachment to their company to be effective. They do need to be committed to their quality of work and have a general understanding of how it fits into the company strategy. It is important that employees perceive their efforts as important and valuable to the organization. However, employees do not need to be in love with their company's mission to support it. Remember, many employees do not need, expect, or even want their work to serve as the primary source of personal fulfillment in their lives. This is akin to the difference between pragmatically oriented employees who work to live as opposed to fanatical employees who live to work. The world needs and benefits from both kinds of people.

How to increase engagement

Companies must utilize a full portfolio of talent management processes to achieve high levels of engagement. If you don't recruit the right employees to begin with, they won't be engaged. If you put people in the wrong jobs, they will falter. If you don't on-board, train, compensate, and measure performance correctly, you won't have a motivated and productive workforce. All that said, the primary driver of employee engagement is manager behavior. Increasing employee engagement really means improving management fundamentals. In a simplistic but very powerful sense, it all boils down to treating people right.

How does a manager treat people right? By following some basic but often overlooked activities and principles that have been identified by more than 100 years of research in industrial/organizational psychology and other fields. Listed roughly in order of importance, these principles have been given the acronym ROAD (respect, objectives, awareness, dialogue) because they represent the "road" to a fully engaged and productive workforce.

Show respect

Respecting employees involves being sensitive to their interests, needs, and goals. People are unlikely to put energy into supporting a company unless they feel that it respects their welfare and well-being.⁶ Alas, the opposite is more often the case. It is not uncommon to hear employees make statements like "this company doesn't even know I exist," or "this company doesn't care about their employees."

Showing respect for employees requires acknowledging their existence as individuals whose concerns are important. The best way to do this is to ask them how the company can support their goals and then respond in some way to their answers.

Somewhat counter-intuitively, showing respect for employees does not necessarily require taking action in response to suggestions. Simply listening and acknowledging concerns is often enough to give employees a sense of being respected. Most people understand that there are limits to what an organization can do to make their lives better. What's important is that employees feel the organization cares about their needs and is willing to help out to the degree it is able.⁸

⁶ Conway, E., & Monks, K. (2008). HR practices and commitment to change: an employee-level analysis. *Human Resource Management Journal*, 18, 72-89.

⁷ Maertz, C.P., Jr., Campion, M.A. (2004). Profiles in quitting: integrating process and content turnover theory. *Academy of Management Journal*, 47, 566-582.

⁸ Spencer, D.G. (1986). Employee voice and employee retention. *Academy of Management Journal*, 29, 488-502.

There is a right way and a wrong way to set goals. Most people don't like to simply be told what to do.

Old-fashioned listening remains perhaps the most effective means of improving and sustaining employee engagement. The easiest way to ensure that employees feel respected is to make sure that managers talk with them regularly about their jobs and what the company could do to help them achieve their goals.

Set clear objectives

To clarify objectives, companies must clearly define and communicate the goals employees are expected to achieve. One of the most effective ways to maximize workforce productivity is to tell employees exactly what it is you want them to do.⁹ This may sound like a blinding glimpse of the obvious, but many employees report that they don't understand what they're supposed to be doing in their jobs.

But remember: There is a right way and wrong way to set goals. Most people don't like to simply be told what to do. They want to be involved in determining goals that make the most sense for them given the company's strategic objectives and their personal needs and capabilities.¹⁰ This involves giving employees some sense of participation in the goal-setting process.

There are many ways to establish and communicate goals. One technique is to use "cascading goals" software that allows organizational leaders to set strategic objectives and then communicate them to people throughout the organization. Employees set their initial goals based on reviewing their managers' goals, and then send them to their managers for review and approval. This approach makes it possible effectively communicate, revise, establish, and track goals on an ongoing basis. Another method is to create norms or habits in the organization centered on key goals. For example, some companies begin every workday with a review on progress toward critical goals and post goals and associated performance metrics in highly visible areas throughout the workplace.

Increase awareness

Learning from experience – which probably ranks as the most important method of career development – doesn't occur unless employees understand how their behavior affects their performance. Performance feedback helps close this loop because it helps people become aware of what they need to change and why it's important to do so. Effective feedback impacts engagement by recognizing and acknowledging people's contributions and giving them clarity on how they can advance their careers. However, providing effective performance feedback is one of the most difficult aspects of talent management.

Feedback can actually lower performance levels if it's delivered improperly.¹¹ Rather than telling people what they are doing wrong, managers should provide information that increases employee awareness of what needs to be changed while also increasing confidence in their ability to change. Effective feedback, rather than simply telling people how to improve, inspires them to become more productive.

Three of the most critical elements to providing effective feedback are:

- Providing non-evaluative information about an employee's behavior.
- Clarifying how certain behaviors contribute to or hinder an employee's ability to achieve job and career goals.
- Giving suggestions on how people can modify their behavior to improve their performance.

⁹ Locke, E.A., & Latham, G.P. (2002). Building a Practically Useful Theory of Goal Setting and Task Motivation: A 35-Year Odyssey. *American Psychologist* 57, 705-717.

¹⁰ Locke, E.A., & Latham, G.P. (1990). *A Theory of Goal Setting and Task Performance*. Englewood Cliffs, NJ: Prentice Hall.

¹¹ Kluger, A.N., & DeNisi, A. (1996). The effects of feedback interventions on performance: a historical review, a meta-analysis, and a preliminary intervention theory. *Psychological Bulletin*, 119, 254-284.

Leading companies often use performance and goal management technology to support these three activities. Software applications allow employees to get ongoing information from managers, colleagues, and customers about their behaviors – and how those behaviors are affecting progress toward personal goals. Many talent management applications also provide development tips that help people take action based on the feedback they receive.

Also remember that praise is an important part of feedback. Acknowledgement of good performance makes people feel appreciated for what they've done, encourages them to continue performing effectively, and reinforces accountability for fulfilling commitments. To be really effective, praise has to be tailored to each person so they know their unique contributions have been noticed. Generic statements like “good job” or “way to go” probably don't hurt engagement, but employees won't really sit up and take notice unless praise is clearly tied to specific things they've done.

Create a dialogue

The most beneficial talent management transformations tend to occur when employees and managers communicate about issues that impact employee performance.¹² These discussions create the “Aha!” moments wherein people realize what behaviors they need to change and what resources they can rely on to bring about these changes. Conversations like these also lead to stronger employee-manager relationships, which, in turn, generate greater employee commitment to the organization and its goals.

Despite the clear value of dialogue, most organizations struggle to maintain effective communication between managers and employees.¹³ Technology can help meet this challenge by providing managers and employees with tools to exchange information about job roles, goals, and performance. It can also reinforce talent management processes that help ensure managers and employees meet regularly to discuss job performance and career growth as part of quarterly performance reviews or other feedback sessions.

A caveat: Use of technology poses a risk because many organizations use it as a substitute for face-to-face meetings. However, when used properly, technology tools (such as dashboards, scorecards, alerts, and access to performance data) create substantial efficiencies that reduce administrative chores and provide managers and employees with more time for face-to-face meetings.

The role of technology

In summary, creating a better climate for employee engagement depends on setting clear goals with employees, understanding where they want to go with their careers, and giving them meaningful feedback on their performance. No manager would disagree with this, yet far too many managers need to improve the way they handle these all-important tasks. Some set a low priority (or simply forget) how important engagement-related activities can be. Others may lack the skills to do them well. And many are so busy they simply don't have the time. Technology provides tools for addressing each of the following manager challenges.

- **“I forget to engage my employees and nobody's reminding me.”** Technology can help by providing visibility, awareness, and acting as a reminder.

To be really effective, praise has to be tailored to each person so they know their unique contributions have been noticed.

¹² Hallowell, E.M. (1999). The human moment at work. Harvard Business Review, January-February, 58-66.

¹³ David Nadler, (1998). Champions of change. San Francisco, CA: Jossey-Bass.

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- **“I’m not very good at engagement-related tasks.”** For those who find it hard to help employees set clear goals and give them meaningful feedback, technology can help lay out the steps and trigger action items. Talent management applications also provide key suggestions while giving guidance on how to set goals – including examples of best practices-based goals used by similar organizations.
- **“I’m too busy; I don’t have time.”** The key, for those with too much on their plate and too many people to manage, is to leverage automation to improve efficiency. Talent management solutions can make it much easier for managers to learn about employee interests, communicate and track employee goals, and reward accomplishments with meaningful acknowledgment. These solutions can also raise red flags if managers fail to do these engagement-boosting activities.

Conclusion

Improving employee engagement is mission-critical because high levels of engagement map to high levels of business performance. While there are many drivers of engagement, the single biggest influence is manager behavior. Technology can play an active role in modifying or improving this behavior, but the key lies in adapting these common-sense fundamentals:

- Show your people that they’re respected.
- Show them what they need to do.
- Recognize them for their contributions.

Companies who fail to build these fundamentals into their talent management practices do so at their peril. Those who succeed will see a steady and lasting improvement in workforce productivity.

About the Author

Dr. Steven Hunt is Vice President of Customer Research at SuccessFactors where he guides development and implementation of technology-enabled solutions to maximize workforce engagement and productivity. A recognized expert on strategic human resources, Dr. Hunt has played a pivotal role in the implementation of systems that have improved productivity and engagement of millions of employees working for hundreds of companies across the globe. Dr. Hunt has new book coming out in 2014 called “Common sense talent management: Using strategic HR to improve company performance.”

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v. 01 2014

