

Engagement - Lessons for Leaders

DOM MELI

Engaged workers are ones who are enthusiastic about their work and committed to their organisations. Engaged employees have a profound connection with their companies - they put in extra effort, what's known as discretionary effort, because they have a psychological commitment to their organisations.

We believe our society needs business leaders who know how to cultivate engagement and discretionary effort among their workers. There is a direct correlation between effort and performance and huge productivity, performance and profitability gains to be made for those organisations who know how to build a deep connection with their people.

Gallup's latest **State of the Global Workplace** report finds only 13% of employees worldwide are engaged or emotionally invested in their work. While Australia fares a little better it is estimated that poor engagement costs the Australian economy over \$54 billion a year. In Germany it is over 100 billion Euros per year. What this means is that most workers are simply 'turning-up' and not doing all they can to provide great service, reduce errors, help colleagues, reduce costs, improve their work or innovate on the road to new products and services. In short, most workers display all the hallmarks of low discretionary effort.

Low workplace engagement is hardly surprising when you consider the **Australian Institute of Management** has found that a significant proportion of managers do not have the skills they need to be successful in their roles. In fact, many leaders struggle with basic responsibilities, especially lifting the performance of their teams. There is no doubt that these capability gaps contribute to Australia's sluggish productivity and competitiveness.

Business leaders need to communicate more, and more effectively with their people. Leaders need to understand what drives and motivates their staff, discover their strengths and the areas where they can do better. Leaders must help workers develop skills and perform at their best. Such areas are the basis for a meaningful and productive relationship between workers and leaders.

Globally:

13% of workers are engaged; 63% are not considered to be engaged; 24% are actively disengaged.

Australia:

24% of workers are engaged; 60% are not considered to be engaged; 16% are actively disengaged. Among professionals and managers the level of engagement is lower. In fact, only 19% of leaders are



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engaged in their roles. The 81% of people who are not engaged in their roles represents a huge opportunity for Australian businesses.

Engagement impacts the bottom line. Gallup has found direct correlations between the level of engagement and productivity, profitability, customer ratings, turnover, absenteeism, safety, quality, defects, shrinkage (theft) and job creation. Therefore, engagement is an important predictor of organisational performance. Engagement also leads to higher earnings per share and a faster rebound after recession or tough times. In other words, engaged workplaces are far more resilient.

Engaged workers move the organisation forward because they drive:

- Innovation
- Growth
- Revenue
- Creation of new products and services
- New ideas
- Creation of new customers

In fact, research by the Corporate Leadership Council of more than 50 000 workers from 27 countries around the world found that engaged workers perform some 20% better than workers who are not engaged and are some 87% less likely to leave.

The indicators that you have engaged workers are as follows:

- They speak positively about your organisation because they have an emotional connection to it; they are the true believers
- They want to stay with your organisation; they are more committed
- They go the extra-mile for your organisation, that is, they display greater discretionary effort – volunteer more, help colleagues more and constantly look for better ways to do their job

On the other hand, workers who are considered to be ‘not engaged’ are emotionally disconnected, less productive, frustrated and unfulfilled with their work and they are usually less safe. These workers put in time but not energy and passion into their work – they do not have the psychological commitment to maximise their efforts on behalf of their organisations - they will just do enough to fulfil their job requirements.

Actively ‘disengaged’ workers are not just unhappy they are busy acting out their unhappiness and undermining organisational success. Low engagement doesn’t just hinder economic productivity but also life quality. To paraphrase Gallup: *Given the levels of disengagement worldwide, the result is that work is a negative experience for most people. No wonder our economies are not flourishing and that they are sluggish. No wonder there is so much social unrest.*



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While simply turning up to work each day is important for workplace success, by far the main contributor to success is what people do once they have turned up - their effort is paramount. For this reason it is critical that leaders increase the number of engaged workers.

Engaged workers become brand advocates for the organisation and go a long way to increasing sales. As Gallup states, every worker is crucial for engaging customers; their work is vital to the customer experience or they wouldn't be employed. Great managers help employees understand how their role is vital to the customer experience and the success of the organisation.

Gallup: Increasing the level of engagement among workers is not pie in the sky fancy. There are companies that have engagement levels over 60% (compared to the global average of 13%). The best organisations integrate engagement into all they do and provide a clear vision for how engagement connects to the company's purpose, goals and strategies. These companies integrate engagement into performance reviews so that people are held accountable for how engaged the workforce is. More than this, engagement is part of their culture and is talked about constantly; its impact, the cost of poor engagement and the organisations commitment to it. These organisations also integrate engagement into leadership programs to continually reinforce the importance of engagement. Employee engagement is fundamental to the organisation's people strategy.

To drive performance in your organisation, we recommend that you focus on the following 5 areas. We call these the '**5 Pillars of Great Engagement**':

- Give staff the chance to share their views with you – ensure people know their opinions count.
- Communicate the future direction & goals of the organisation – ensure people know where your company is going.
- Provide honest feedback on performance & set expectations for future work – ensure people know what you want them to do.
- Explain the link between the work people do & the success for your organisation – ensure people know why their job matters.
- Talk about your organisation's value proposition and differentiators – ensure people know what the company stands for and how it is different to your competitors. If employees do not understand the value proposition of their company, it is unlikely that customers will. Engaged employees extol the virtues of their companies.

Overlaid on these 5 pillars is the **need for belonging**. People need to feel that they belong to a common undertaking and are part of a shared effort and endeavour. Overlaid on top of all this is the **need that people have to feel supported and trusted** in their endeavours – they need to feel that you are in their corner.

Breaking down the 100-plus pages of the Gallup report, and aggregating much of the latest research we have compiled the following 10 recommendations:



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1. Talk about engagement every day and have as much communication from the organisation's leaders as possible. In talking about engagement, ensure that it is defined – what does it look like – is it workers delivering better quality, or is it quicker response times rework, new clients and customers, improved care for patients, more innovative products, or is it something else. Remember, engagement in and of itself is not the goal, better performance is the goal.
2. Measure engagement levels and take action to improve them.
3. Leaders need to be aware of the factors that drive engagement within their teams. They need to understand their people and what is important to them - what drives and motivates them.
4. Leaders should ensure that managers set engagement goals for their teams and then make sure that managers are assessed on how engaged their teams are, that is, hold managers accountable for their team's engagement. Coach your managers so they can build engagement plans and drive initiatives to increase engagement.

Managers play the most important role in engaging teams. Managers need to let workers know that their opinions count and that they are supported; they need to take a collaborative approach so as to build a positive atmosphere. Managers need to cultivate respect, positive relationships and develop their people as these areas define workers perceptions of their own value. **How employees perceive their boss influences about 70% of their engagement.**

Managers need to be able to set performance expectations in critical areas and find ways to help staff strive to meet those expectations.

5. **Workers who are engaged in their roles feel that they have the opportunity to do what they do best every day.** Ensure workers use their strengths daily. Those who do so are 6-times more likely to be engaged in their job compared to those who do not have the opportunity to utilise their strengths daily. It is crucial that managers are able to identify people's strengths (or help staff actually discover what they are), develop them and position them into roles so that they utilise these strengths daily.

Set goals so employees can build their strengths. This dramatically enhances employees' feelings of self-efficacy and engagement. Workers want to know how to improve and to feel that they can do their jobs well. Self-efficacy is critical to peoples' perceptions of themselves and their value. Using strengths daily is a powerful source of motivation for people. Being able to use strengths at work, leads to dramatically higher performance.



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6. Select the right employees. Highly engaged employees influence others around them with their commitment and enthusiasm and energy. Ensure you select employees who are a good motivational fit for the role and the organisation.
7. Deal with internal conflict as poor cooperation amongst co-workers significantly decreases engagement levels. Be on guard for bullying and take seriously any disharmony.
8. Give workers greater clarity around their careers and then provide opportunities for growth, career development and training. The lack of these is among the main reasons for poor morale and resignations. As much as possible, provide more flexible work arrangements.
9. Allow employees a degree of autonomy over certain aspects of their work environment. Research presented in The Gallup Management Journal by Jerry Krueger and Emily Killham finds that the less satisfied workers are with the physical work environment - acoustics, ventilation, visual surroundings - the more likely they are to be dissatisfied with their job. Gallup also found workers wanted to be able to see the outdoors and if they could not, they were 86% more likely to be actively disengaged than those who were able to view the outside world from their workspace. Temperature has a similar impact, with workers who are not comfortable only half as likely to be engaged. When it comes to noise, one in three employees indicated that noise in their workplace frequently disturbs their work and these employees were about half as likely to be engaged compared to workers in more comfortable surroundings.
10. Enhance employees' well-being. Investing in programs to boost employees' overall well-being can boost engagement levels and give companies a distinct competitive advantage. For this reason, it is vitally important that managers find ways to improve their employees' lives - Leaders must monitor employees' psychological safety. Depression alone costs the Australian economy \$8 billion a year. For this reason, we recommend that Leaders demonstrate a commitment to the health and well-being of their people and embed well-being goals into employees' development plans. Further, we recommend that well-being becomes an organisational goal just like any other goal.

We have done this with a mid-tier professional services firm where leaders are evaluated on their own and employees' well-being in the same way as they are evaluated in commercial thinking, decision making, quality standards and so on. In this way leaders are held accountable for the health and well-being of their people. In our work with this firm we developed the following behaviours and evaluate Partner performance against them:

- a. Initiates specific activities which create an enjoyable work environment
- b. Actively tries to recognise when they or staff are experiencing negative stress and attempts to deal with it effectively and compassionately
- c. Seeks out personal activities, interventions and strategies that help generate positive moods, creative ideas and the ability to think more expansively and strategically
- d. Makes genuine attempts to maintain their health and well-being



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A few years ago we wrote extensively about how to enhance workplace well-being and help people and organisations flourish. We wrote: *It is our ability to deal with stress that determines its effect on our work, our home-lives and our physical, emotional and mental well-being. Given that most governments spend more than 95% of healthcare budgets on the treatment of ill health, we need to take responsibility for our preventative health care and well-being. Luckily, there is much that we can do to become more creative, innovative and successful and dramatically improve our lives.*

Here are **10 initiatives** that leaders can try to improve the well-being of staff and in turn enhance workplace engagement:

- i. **Encourage staff to get physical and be active and ensure no one is sitting all day. Role model healthy eating and make it easy for people to choose healthy alternatives.**
- ii. **Stress the importance of good sleep and be mindful of people who are fatigued.**
- iii. **Help workers detox their minds through work habits which promote quality** - encourage staff to only check email at allocated times during the day; ensure people get out of the office daily; redefine expectations of afterhours work - BMW forces employees to switch off from their computers periodically and this has led to greater wellbeing and greater productivity while Volkswagen is blocking after-hour access to emails to protect employees from information overload. If you want quality work then you need to regulate the information, work and availability of your people. The Sydney Morning Herald recently reported that the benefits of smartphone use may be negated because people do not get the chance to replenish their cognitive resources. Moreover, it was reported that worker engagement suffers as a result.
- iv. **Run classes that help workers learn to breathe effectively** and encourage them to take a few minutes for deep breathing – this creates space for expansive thoughts.
- v. **Forget multitasking and extol the benefits of monotasking** - Energy can be quickly depleted by trying to multitask and neuroscientists now conclude that while we may be able to do one or two simple tasks simultaneously we are not wired to multitask. In fact, multitasking results in deteriorated performance because the executive part of brain, the neocortex, becomes exhausted from having to pull forward vast amounts of new information each time you commence a different task. Doing one task at a time is much better for performance and stress reduction with some experts believing that interruptions can increase the time to finish the primary task by 25%. Dedicate uninterrupted time for complex thinking.
- vi. **Define your vision for your team** - There is a strong business case for helping workers to feel good. A Kansas State University study found that staff with high well-being made better decisions, showed superior interpersonal skills and were less inclined to quit. Harvard Business School also found that workers in a good mood are more likely to have creative ideas along with flexible, fluent and original thinking. Research also suggests that people are happiest when working towards a goal. So define your vision and goals for your team and communicate these with your people.



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- vii. **Make the workplace beautiful** - Do not underestimate the need to create a nourishing environment at work. Many will recall the study where baby rats were placed in a sensory deprived environment and suffered stunted brain development while also becoming aggressive and violent. Sensory rich rodents, on the other hand, developed larger, better connected brains, learnt complex mazes quickly and played happily together - so put up art, bring in fresh flowers and ensure there are plants in the office.
- viii. **Do all you can to help your employees find meaning and purpose in their work** - tell people how their work contributes to the success of the business, in other words, why their work is important; find ways for them to use their strengths daily and help them to build their skills. Spending time each day working in an area that draws on our signature strengths plays an important role in building confidence and happiness.
- ix. **Run emotional intelligence training for your staff** - People with higher levels of emotional intelligence typically experience less stress and report fewer symptoms of psychological ill health such as anxiety and depression. Research also finds that employees who have higher levels of EI are more satisfied with their job and more committed to their organisation.
- x. **Help staff find calm** - To significantly enhance your workplace performance, try offering meditation classes. As we know people experiencing positive moods generate more ideas, think strategically and see the bigger picture. Meditation also results in more energy and output and helps us steady ourselves in situations that normally make us anxious, like difficult discussions or important presentations. Meditation also helps develop optimism - one of the greatest qualities workers can have.

The **Harvard Business Review** recently highlighted workplace engagement. The elements of engagement reported in the HBR sound familiar: *When employees know what is expected of them, have what they need to do their jobs, are a good fit for their roles and feel their managers have their backs, they will commit to almost anything the company is trying to accomplish. Conversely, if these basic needs are not met, even the most exalted mission may not engage them. Companies in our study with the highest engagement levels also know how to use recognition as a powerful incentive. Indeed, a hallmark of these great workplaces is that they are filled with recognition junkies. These companies see recognition as a powerful means to develop and stretch employees to new levels of capability. The exemplary companies we studied have figured out how to establish emotional connections with their staff.*

Leaders have a responsibility and a huge opportunity to help employees thrive. In the end this will lead to more productive workers and better performing organisations.



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