

Employee Engagement: New Rules for Leaders

Employee-engagement is a topic that has been receiving a lot of buzz in recent years, which is not surprising considering the research proving its positive correlation with high-organisational performance. However, research also shows that most employees are disengaged and, as a result, performance suffers.

According to a 2013 global survey done by Harvard Business Review Analytic Services¹, only 24% of the 568 executives surveyed believed that employees in their organisations were highly engaged. An unmotivated, apathetic group of employees is more likely to expend only the minimum necessary effort on their job or in the workplace, produce sub-quality work and exit the organisation if given the opportunity. Gallup estimates that in the United States alone, the cost of lost productivity from a disengaged workforce is between US\$450 to US\$550 each year.

In the Harvard study, 71% of respondents ranked employee engagement as very important to achieving overall organisational success; and 72% ranked recognition given for high performers as having a significant impact on employee engagement. An engaged and motivated workforce is more likely to do what is necessary for the good of the organisation, because they can see first-hand what their contributions mean to its success.

Today, some of the best-in-class organisations are making it a point to incorporate employee engagement as part of doing business and are even establishing metrics and practices to

effectively quantify and improve the impact of their engagement initiatives on overall performance.

These organisations, referred to as “high prioritisers”², recognise that in addition to increasing innovation, productivity, and bottom-line performance, an engaged workforce also lowers the cost of doing business, thanks to lower turnover rates. They save the organisation the time and money it would take to fix mistakes and recruit and train their replacements.

Connecting engagement to business performance requires considerable commitment on the part of leaders. To a very large extent, it is about how it is done. The following are some truths for leaders to bear in mind, as they are practices of companies that have gotten it right and as a result, have secured competitive advantage.

Not all about the perks

One of the most influential studies on employee motivation is probably that of psychologist, Frederick Herzberg, who in the 1960s produced the Motivation-Hygiene theory or worker satisfaction and dissatisfaction. According to Herzberg, hygiene factors such as salary, benefits, company policies and physical working conditions (extrinsic factors) operate primarily to satisfy workers enough to accept a job (if they are sufficient, of course), but they do not motivate the worker. On the other hand, factors that do serve to motivate include the nature of the work itself,

¹ Harvard Business Review Analytic Services, *The Impact of Employee Engagement on Performance*, (Harvard Business School Publishing, 2013).

² Ibid.

achievement, recognition, responsibility, advancement and growth (intrinsic factors).³

It is thus a false notion that offering enough perks can keep employees happy. It could instead create a culture of entitlement. And if employees are already disgruntled, it will either make them trudge through each day lackadaisically, or reap as much as they can before throwing in the towel.

If Herzberg's theory was true in the 1960s, it is even truer today. Automation and offshoring has eliminated a lot of repetitive jobs, and knowledge-based work has produced flatter, more responsive organizations that require employees to use judgment and initiative to a much greater extent. Carrot and stick type motivators are particularly ineffective with the Gen-Y and the Millennial generation, which will constitute the critical mass of the work force by the next decade. Studies show that this group come into organizations with different expectations than their parents and will work for a significantly lower salary if they truly believe in what they are doing and see a prospect for advancement and growth.

The inside out approach

At the fundamental level of creating a highly engaged workforce, organisations have to commit to a meaningful purpose, which in turn has to be authentic and well articulated. This is the first thing that employees buy in to and, hence, is the starting point in attracting the best talent into the organisation – those whose own values resonate strongly with that of the organisation.

Zappos, the online retailer and a best practice organisation, has declared its purpose as delivering high customer satisfaction. Interestingly, Zappos believes that to have happy customers, they must also have happy employees and to have happy employees, they

must have a company culture where people feel heard, valued and respected for their abilities, ideas and autonomy. In the Zappos case, employee engagement was fundamental to the organisational ethos.

When business objectives and strategy are embraced with a positive attitude; are clearly and consistently communicated via multiple channels; and are reinforced by line managers; employees feel a strong sense of purpose and affiliation to the organisation and will thus be inclined to do their best to support its objectives.

Trust, open communication and feedback

One of the best ways to make people more involved in the success of the organization is to allow them to make more decisions, exercise judgment and to offer their input. When the best people feel that their talents, ideas and contributions are valued, they are more likely to remain motivated.

Leaders can encourage more contribution from their teams by focusing discussions on basic questions such as:

- What can we do that is most meaningful?
- What creative choices can we think of to accomplish this competently?
- How can we make sure we actually accomplish what we intend to?

Such questions bring employees' ideas to the foreground and highlight intrinsic motivators. The same can be achieved with feedback. Feedback tells employees how well they are doing and what they can do differently. Feedback should happen often, with enabling forums, should be as informal as possible and should be very specific. Feedback must address a specific situation, the person's behaviour in that situation and its impact. It is also important for feedback to be multi-directional – superior to subordinate,

³ Frederick Herzberg, Bernard Mausner, Barbara B. Snyderman, *The Motivation to Work (2nd ed.)*, (New York: John Wiley, 1959).

subordinate to superior, peer to peer, etc. – as long as it is sincere and targeted.

This will create a climate of trust, where everyone, especially management, is looking for opportunities to support progress and nurture the people who are making it.

Performance-based reward and recognition

To correspond with a culture of openness, it is imperative that there is a fair and transparent performance measurement system in place, with open conversations as a significant component of it.

One such conversation is that of career management. Leaders need to accept that, as people-managers, they are responsible for understanding the professional goals of their team members. This allows the opportunity to determine if employees' goals are aligned with the organisation's. It also allows the opportunity to discuss additional responsibilities an employee might take on, or how they can grow within the organisation in the future. Employee goal-setting should be a collaborative effort, and annual performance reviews are a perfect opportunity to have this discussion, but it should not be limited to a once-a-year topic.

In addition to career planning, there must also exist the general sense that consistent good performance will lead to growth and advancement within the organisation. Likewise, it should be felt that growth and advancement are due only to those with demonstrable performance, not tenure. If employees believe that their efforts are not earning them the advancement that is deserved, morale suffers and the best talent is lost – either lost to an organisation that appreciates good talent, or lost in dispassionate and minimal effort.

Recognition need not be in the form of promotions alone. Feedback, awards of merit and sending high performing employees for further training and development also sends the signal that the organisation truly discerns and

values good performance, and that it supports those who show potential for taking on greater responsibility.

Conclusion

For any organisation, the only way to have consistently really high levels of performance is to have a workforce that is so enthusiastic, creative, and energetic that it can outperform its competitors in product and service delivery, execution and organisational growth.

For this to happen, leaders need to put their people at front and centre, and in a position where they can be successful in creating high value and high customer satisfaction, and where they get the pride in knowing that they have made a difference.

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