

White Paper

# **Employee Engagement: It's Time to Go 'All-In'**

## Making Engagement a Daily Priority for Leaders

## It's Time to Go All-In on Employee Engagement

It's rare to find an executive today who says employee engagement is not a priority. Yet despite more than a decade of work, most longitudinal studies show that the average level of employee engagement in recent years is essentially unchanged. The business case for continuing the pursuit of employee engagement, however, has only become stronger, with credible data emerging to demonstrate the superior performance and earnings of organizations who achieve significant employee engagement (EE) gains.<sup>1</sup> Engaged employees are a competitive advantage, and the impact on the bottom line is now indisputable.

### What's preventing us from achieving real progress?

First of all, engagement is complex. Research, once focused on identifying individual drivers of EE, now concludes that the entire employee experience plays a role in engagement. And, while that may be entirely accurate, it can also be overwhelming for companies trying to decide where to dedicate resources.

Secondly, since employee engagement is no longer new, nearly everyone approaches it with their own set of related experiences. These experiences shape their beliefs about engagement, which in turn drive their actions, whether consciously or not. Many have seen the power of engaged employees; others have become disillusioned. In a recent study of high-level senior leaders, Dale Carnegie found that 70% believe that EE has a strong impact on financial performance, meaning the remaining 3 in 10 question the strength of that link.<sup>2</sup> In a separate study of leaders at lower levels within their organization, which we will explore further, 22% reported that they believe their organizations are spending too much time and money trying to engage employees, and 26% say efforts to engage employees are a distraction from getting real work done, revealing a disillusioned group of leaders unlikely to embrace further initiatives.

Finally, too many organizations are simply paying lip service to the idea that engaging their employees matters. While Deloitte reported that 85% of company leaders say EE is an important strategic priority<sup>3</sup>, Dale Carnegie's research found that just 31% of front-line employees and managers strongly agreed that their organization is *actually making* engagement a top priority.

### How can companies change their engagement trajectory?

At this point, it requires honest introspection, open dialogue, and focused action.

In October 2017 Dale Carnegie conducted an online survey of 1,000 U.S. employees, half leaders and half individual contributors (with no direct reports), to gain new insight into ongoing efforts to increase employee engagement (EE). Three of the important questions the study examined were:

- *How does EE fit into leaders' daily priorities?*
- *How does making EE a daily habit for leaders impact EE?*
- *What influences leaders to make EE a priority in their daily work?*

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***Just 26% of leaders surveyed say that employee engagement is a very important part of what they think about, plan, and do every day.***

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<sup>1</sup> Gallup, Inc. "State of the American Workplace." *Gallup.com*, 15 Feb. 2017, news.gallup.com/reports/199961/state-american-workplace-report-2017.aspx

<sup>2</sup> "Transforming Attitudes & Actions: How Senior Leaders Create Successful Workplace Cultures." Dale Carnegie Training, Oct. 2017.

<sup>3</sup> Schwartz, Jeff, et al. "Global Human Capital Trends 2016." *Deloitte.com*, Feb. 2016, www2.deloitte.com/content/dam/Deloitte/global/Documents/HumanCapital/gx-dup-global-human-capital-trends-2016.pdf.

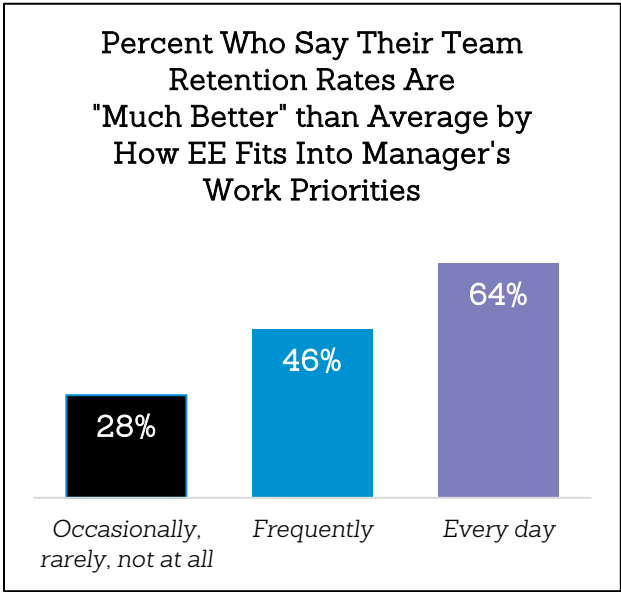
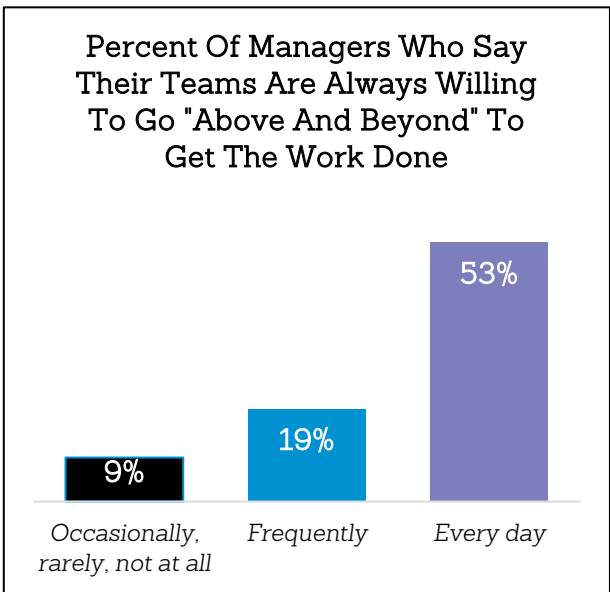
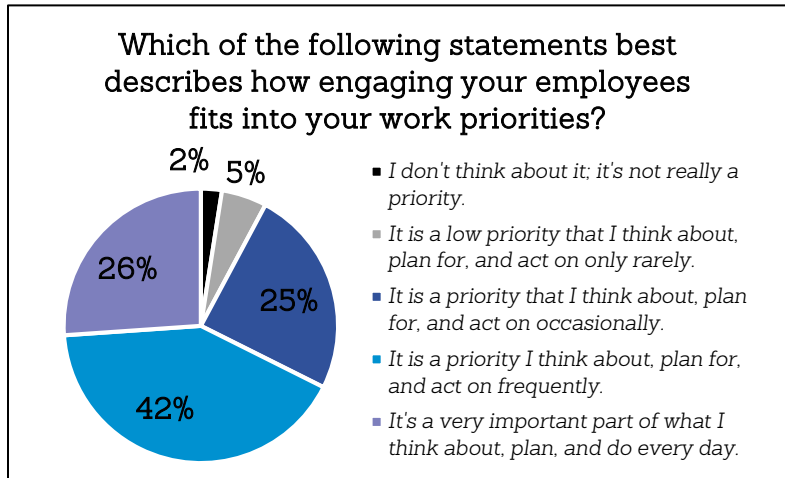
Just 26% of leaders surveyed say that EE is a very important part of what they think about, plan, and do every day. Another 42% say they work on it frequently, and the rest only occasionally, rarely or never.

One of the first notable findings relates to the difference in outcomes between managers who make working on EE an *everyday* habit, compared with their colleagues who work on it less often.

Supervisors who say they think about, plan for and work on engaging their employees *every day*, were more than 3.5 times more likely than all others to say their employees are *always* willing to do what it takes to get work done, even if it means going "above and beyond" (53% vs. 14%).

Even in comparison with those who work on it *frequently*, those who prioritize EE *every day* retain an advantage of more than 2.5 times (53% vs. 19%).

Those who make engaging their employees a *daily* priority also appear to enjoy a special advantage in much lower employee turnover relative to other groups in their organization, with nearly two-thirds (64%) reporting their own teams to be "much better" than others in terms of turnover. Again, even leaders who work *frequently* on employee engagement, but not daily, give up much of that advantage: just 46% reported "much better" than average turnover.



This type of data suggests there is an important difference in mindsets between leaders who see EE as one priority among others, and those who see EE as the primary way *through which* they will achieve results, including the accomplishment of other priorities. Given that, we then explored the impact of various drivers on this critical dependent variable of *whether a manager makes EE a daily priority*. As expected, supervisors who feel their organizations make EE a top priority, support them in engaging their

employees, and work to engage them as leaders, are far more likely to make working on EE a daily habit. And, as with any behavior, having the knowledge and skills required to perform it is also essential to success. Many organizations are trying: 46% of respondents at least somewhat agreed that their companies are doing all of these things. What was surprising is how many leaders reported their organizations are failing them in one or more of these areas, and the serious impact those failures can have:

**Treat employee engagement in the same way as other strategic priorities.** Only about one in five respondents (22%) strongly agree that their organization makes EE a top priority, supports their efforts to engage their employees, and works to engage them as leaders, with another 30% agreeing to some extent. Twenty-one percent actually disagreed that their organization succeeds with one or more of those three elements of a culture of engagement.

- Less than a third (31%) of leaders strongly agreed that their companies make EE a top priority. Sixteen percent somewhat or strongly disagreed.
- Organizations performed better in supporting leaders' efforts to engage their employees, with 41% strongly agreeing, and just 8% somewhat or strongly disagreeing.
- Nearly every leader is also an employee, and studies have clearly shown that while their engagement does tend to track with the level of their position in the organization<sup>4</sup>, it's not guaranteed. Only about a third (34%) of leaders strongly agreed that their companies work to engage them as leaders. Fifteen percent disagreed, suggesting some organizations take the position that they need not work to engage their leaders or the misguided mentality of "we pay leaders to be engaged."

**Provide practical knowledge and skills.** Even though engagement has been front and center for some time, there are leaders who still lack the basics of what and how to do it. Just 28% of respondents strongly agreed that they know what to do to engage their employees *and* that their company has provided effective training. On the other end of the spectrum, fully 20% either disagreed their organizations have provided effective training to help them engage their employees or expressed uncertainty in knowing what to do.

- Half of all respondents (50%) strongly agree that they know what to do to effectively engage their employees; only 2% admitted they don't.
- Just 36% strongly agreed that the organization they work for has provided effective training to help them engage employees who report to them, and 19% said they have not received effective training.

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*Managers who report that their organization fails in any one or more of these areas are highly unlikely to make engagement a daily priority.*

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The impact of a failure in any one of these is serious. While 42% of leaders whose organizations manage at least moderate success in all of these areas reported making EE a daily priority, for leaders who said that any one or more of these elements are missing the percent prioritizing EE *daily* plummeted to 13%.

**What else impacts a leaders' commitment to EE?** The importance of self-motivation, based on whether leaders believe there will be tangible benefits to them, personally, is often overlooked.

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<sup>4</sup> "Dale Carnegie Employee Engagement Study." Dale Carnegie Training, July 2016.

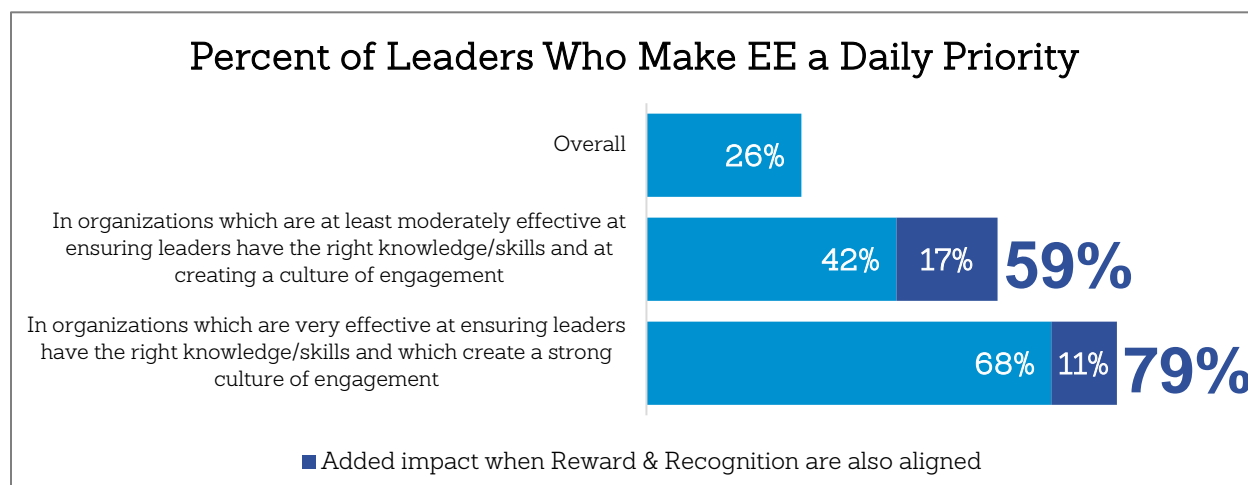
As noted before, the majority of leaders are now convinced of the strong connection between highly-engaged employees and better financial results for their organization. Yet as also stated previously, nearly three-quarters of our respondents don't make EE a daily priority. Part of the explanation may be that efforts to present the "why" may not have moved beyond this high-level impact to benefits that are more tangible for individual leaders. Some leaders have seen these benefits for themselves, reporting that when their employees are fully engaged:

- 62% strongly agree their team is more productive
- 61% strongly agree their customers are more satisfied
- 53% of leaders strongly agree it makes their job as a leader easier
- 45% strongly agree employees are less likely to be absent from work
- 43% strongly agree it makes their job less stressful

For those that are convinced of any of these more personal benefits when employees are fully engaged, commitment to engagement increases significantly, with leaders almost four times more likely to make EE a *daily* priority than those who aren't fully-convinced of any of them (31% vs. 8%).

Aligning reward and recognition has a powerful impact as well. Leaders who strongly agreed that they expect to be rewarded and recognized for having fully engaged employees were nearly three times more likely to make EE a daily priority than all others (50% vs. 17%).

Combining a culture of engagement, including strong organizational support and leadership by example, along with effective training and an emphasis on the personal benefits of having fully engaged employees, produces a powerful impact on the likelihood that leaders will make EE a daily priority.



Certainly, ensuring that all of these drivers are in place is no easy task. Companies who want to improve the likelihood that their leaders at every level are thinking about, planning for and acting on employee engagement every day can begin by:

1. **Focusing.** While every touchpoint the employee experience does impact engagement, it's leadership – the human element that determines so much of an organization's culture – that continues to wield outsize influence in determining engagement levels. Immediate supervisors still matter a great deal, and with growing transparency in the workplace, the words and behaviors of all leaders have impact beyond those with which they work face-to-face on a regular basis.

2. **Honestly examining top priorities.** Do senior leaders truly buy-in to engagement as a competitive advantage? Is employee engagement being treated as other top priorities are? Has the organization moved beyond lip service to clearly impress upon every leader that they share responsibility for it? Have senior leaders somehow been exempted? They shouldn't be. Effective efforts must be made at all levels for an authentic culture of engagement to thrive.
3. **Opening a dialogue with managers and truly listening to understand their beliefs – and frustrations – regarding EE.** Few come to the table without preconceived ideas on engagement, and when prior experiences have been negative, it will take more than cheerleading to change minds. If there have been missteps in the past, acknowledge them before communicating why and how this time will be different.

Highlight early successes and use examples to bring awareness to the personal benefits to leaders of having engaged employees. Work from the top to engage leaders at all levels so that they feel the effects themselves.

Assess, too, whether managers really believe they have the right knowledge and skills. Leaders told to “engage” but then left to their own devices are being put in a tough position. The drivers of engagement for which leaders are responsible rely heavily on interpersonal skills that build trust, create psychologically safe working environments, demonstrate respect and communicate sincere appreciation. Organizations should carefully scrutinize how they spend their resources when it comes to training managers to engage employees, and ensure the emphasis is on practical skills that matter.

4. **Aligning policies with the intent.** This includes both creating supportive policies, such as those regarding performance evaluation, and also changing policies that are barriers to engagement.

Organizations that win with engagement see it as the way through which other priorities will be achieved. In other words, if engaging your employees isn't the first KRA in your managers' performance management documents and discussions, perhaps it should be. If it truly is intended to be a top priority for those who lead others, does the way in which progress is measured allow for accurate assessment? Are reward and recognition programs aligned?

Are there processes and procedures working at cross-purpose with engagement efforts? If so, change them. Often, these come to light through engagement surveys and removing these kinds of barriers is an important part of engagement initiatives. At the same time, these “barrier removal projects” alone are not enough without a strong focus enabling leaders to make engagement a true priority in their daily work.

Maximizing the entire employee experience is no simple task, but when it comes to improving engagement, most companies need look no further than their own leadership for their best starting point. Those who don't actually believe in their employees as a competitive advantage will never make the leap; the temptation to relegate EE down on the list of business priorities will remain too great. In addition, clearing the way for leaders of people to put engagement first takes real courage. Saying “yes” to engagement means saying “no” to some other priority. For companies who hope to realize the many benefits of an engaged workforce, though, it's time to go all-in. Those that don't make it a top priority and a daily habit – for the organization and every leader – simply can't expect to cash in.