HCI Research



The Trifecta of Engagement:

The Organization, the Manager, and the Employee

In partnership with:

Achievers

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The Trifecta of Engagement: The Organization, the Manager, and the Employee

Executive Summary

In March 2013, the Human Capital Institute (HCI) and Achievers partnered to develop an original research report exploring how employee engagement is fundamentally created and sustained through three key elements, the *Trifecta of Engagement*—the organization/senior leaders, the manager, and the employee. Independent of one another, none of these groups can build and support employee engagement on their own. Rather, there must be a collective effort among all three in order to drive engagement.

A 32-item survey was designed and distributed to 4,000 HCI members to produce the foundational knowledge for this research, and more than 300 responses were received from organizations around the world. While it's important to understand what organizations can offer to foster employee engagement, or what managers can do, this research identifies the importance of recognizing how these components work together to deliver on engagement initiatives. When high levels of employee engagement are achieved, an organization can expect increased performance, dedication, and productivity on behalf of its workforce.

This report profiles the levels of employee engagement that exist in organizations and validates the positive outcomes associated with higher levels. It provides a roadmap for success for organizations and leaders looking to achieve and

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sustain higher levels of engagement. Most notably, we compared Highly Engaged employees (HE) with Low Engaged employees (LE) and found striking differences in the behaviors and outcomes they experience. Notably, HEs are positively correlated with these specific behaviors and outcomes:

- Senior leaders authentically "walk the talk" of organizational values.
- Managers actively and consistently acknowledge employee contributions.
- Employees capitalize on development opportunities to broaden skill-sets.
- Employees have increased energy, enthusiasm and pride in their work.

These findings subsequently create positive outcomes that include higher productivity, a propensity to favorably impact customer satisfaction, higher revenues, and improved profitability. Another key aspect of highly engaged employees is their likelihood to remain at an organization for a longer period of time, which reduces turnover costs and provides greater continuity and organizational efficiency.

In addition to analyzing the behaviors of senior leaders, managers, and employees, our research indicated that there are several critical workplace characteristics that drive employee engagement as well:

- Challenging and exciting work
- An environment of mutual respect
- Openness to new ideas and collaborative processes
- Clear communication about how every organizational role contributes to business success

Employee engagement is a widespread term among organizations and industries today. In this era of frequent change, global growth, and generational differences, many businesses and leaders recognize the competitive advantage that can be gained when there is a prioritized focus on understanding what elements drive engagement, and addressing them in a consistent and thoughtful way. Successful employees drive successful business outcomes, and focusing on the skills and behaviors tied to engagement positions organizations to experience that more frequently. In addition to demonstrating what sets highly engaged employees apart from low engaged employees, this research provides an engagement model that relies on equal contribution from the organization/ senior leaders, managers, and employees. Focusing on these groups and the behaviors outlined in this research will propel organizations to build sustainable employee engagement methods and reap the benefits it provides.

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About This Research

The following research report was developed in partnership between the Human Capital Institute (HCI) and Achievers in March 2013. A 32-item survey was developed and 309 surveys were received, representing more than 300 organizations worldwide. The results of this survey form the basis of this research. In addition, HCI conducted several in-depth interviews with subject matter experts on the topic of employee engagement, including:

- **Christina Koutsovasilis**, *Senior Manager, Employee Engagement Center of Excellence*, Deloitte
- **Stephanie Hardman**, *Vice President of Organizational Development*, Tim Hortons Inc.
- **Karen McKay**, *Senior Director, Human Resources and Learning & Development*, Eli Lilly, Canada

To supplement these primary research methods, HCI researchers also reviewed relevant information from a variety of secondary sources, including white papers, articles, books, interviews and case studies. All of these are cited in the report and many are referenced in HCI's *Talent Development & Leadership Practice Areas* at www.hci.org/talent-management.

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Definition of Key Terms

Engagement

The extent to which a person is satisfied with, motivated by, and effective in his or her job.

Level of Engagement

Survey participants were categorized based on their response to the question, *"Please indicate the degree to which you feel engaged at your current place of employment."*

- **Highly Engaged Employees (HE)**
  Respondents stated they were either *extremely engaged or engaged* in their current position and organization.
- **Low Engaged Employees (LE)**
  Respondents stated they were either *somewhat engaged; neither disengaged nor engaged; somewhat disengaged; disengaged;* or *extremely disengaged* in their current position and organization.

Trifecta of Engagement

Three interdependent components necessary for effective engagement. The *Trifecta of Engagement* represents the shared responsibility among the organization, the manager, and the individual employee as follows:

- **Organization/Senior leaders** set the tone and vision for the organization and their actions represent the business as a whole.
- **Managers** lead by example and are a primary influencer on the day-to-day work environment.
- **Employees** must be open to engagement efforts by the organization and must be willing to emotionally invest themselves in their work.

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Introduction

The concept of employee engagement and how high levels of it can positively impact an organization has been well-documented. Employees who are happy and satisfied with their work environment, who feel their efforts are appreciated and understood by management, and who recognize how their role influences the success of the organization are better positioned to go above and beyond what is expected of them. Such individuals are more likely to put forth discretionary effort, have more positive interactions with customers, and sincerely care about the success of the company they work for. Ultimately, an engaged employee is also much more likely to be a long-term, valued member of an organization who actively and consistently contributes to business success.

Each year, a growing body of research provides evidence that supports the powerful impact employee engagement has on organizational performance. Among the specific business elements engagement influences:[1]

- Higher retention rates
- Exemplary service that translates into satisfied customers and repeat sales
- Improved product quality
- Safety rates above industry norms
- Higher revenues
- Greater efficiency and productivity

Since 1997, extensive research by Gallup has focused on describing the relationship between engagement and the impact on business outcomes. In a 2012 report, they noted: "Business or work units that score in the top half of their organization in employee engagement have nearly double the odds of success (based on a composite of financial, customer, retention, safety, quality, shrinkage, and absenteeism metrics) when compared with those in the bottom half."[2] This finding is not a one-time phenomenon as these results echo those found in previous research.

Additional studies have yielded comparable results that demonstrate a clear relationship between engagement and improved organizational performance. One study found that, "Organizations with highly engaged employees achieve twice the annual net income of organizations whose employees lag behind on engagement."[3]

In an analysis of 50 global companies, Towers Watson discovered that, "Companies with low engagement scores had an average operating margin just under 10 percent. Those with high traditional engagement had a slightly higher margin of 14 percent. Companies with the highest 'sustainable engagement' scores had an average one-year operating margin of 27 percent."[4]

"Organizations with highly engaged employees achieve twice the annual net income of organizations whose employees lag behind on engagement."

—Kenexa Research Institute, 2009

1. Kruse, K. (2012, August). Why Employee Engagement? These 28 research studies prove the benefits. Forbes Magazine.
2. N.A. (2013). Engagement at work: Its effect on performance continues in tough economic times. Gallup Inc.
3. N.A. (2009). The impact of employee engagement. Kenexa Research Institute
4. Schwartz, T. (2012, November). New Research: How Employee Engagement Hits the Bottom Line. Harvard Business Review.

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Why Engagement Matters

Since the connection between engagement and positive business outcomes has been repeatedly and conclusively established, why then hasn't engagement become a more critical priority? While all companies are focused on improving key metrics associated with sustainability, increased revenues, and profitability, a lack of skilled talent and increasing turnover have plagued many organizations and industries. After years of employee commitment in the face of layoffs, hiring freezes, and increased workloads during the recession, the economic recovery has begun to offer alternatives to those looking to make a change. Individuals are beginning to forego the security of a long-term employment for the promise of other opportunities.

A recent report looking at trends in the labor market stated, "People are voluntarily quitting their jobs at the highest rate since the pre-recession era [according to a report from] the Bureau of Labor Statistics. [This is] an indication that people are confident that they can find other opportunities elsewhere. Ultimately, people have faith in their own skills to make a living some other way rather than stay in a job they're not satisfied with."[5]

Companies can no longer operate under the assumption that merely providing employment and a paycheck are enough to retain their employees. More attention must be paid to the level of employee engagement within an organization and how engagement is fostered by organizational programs and policies. This is especially important as the relationship an employee has with his or her employer lies at the core of the decision to remain with an organization or pursue employment elsewhere. In fact, one study demonstrated that "Employees with the highest levels of commitment perform 20% better and are 87% less likely to leave the organization."[6]

According to research from author and Harvard professor James Heskett, there is a clear relationship among retention, customer loyalty, and profitability. "Managers and leaders engage employees who then stay longer and continue to provide excellent customer service, which leads to satisfied and loyal customers, which in turn leads to productive and profitable businesses." Heskett determined that the greatest predictor of profitability for these businesses is customer loyalty, but the greatest predictor of customer loyalty is employee engagement.[7]

If not addressed, the costs and lost revenue associated with unanticipated turnover can be substantial. One industry observer noted, "Turnover costs include productivity losses during training, recruiting and lost work while a position is vacant. For all jobs earning less than $50,000 per year […] the average cost of replacing an employee amounts to fully 20 percent of the person's annual salary." Addressing engagement can impact these costs in a very real manner while also

5. Giang, V. (2013, April). Americans are quitting their jobs at the highest rate in 5 years. Yahoo! Finance.
6. Schwartz, T. (2012, November). New research: How employee engagement hits the bottom line. Harvard Business Review.
7. Heskett, J. (2011). The Culture Cycle: How to Shape the Unseen Force that Transforms Performance. FT Press, Upper Sadle River, NJ.

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addressing the negative connotation and loss of morale that turnover can cause. Consider that in the hotel/motel and food service industry, 37% of employees voluntarily quit a job in 2011. But, at Wegmans Food Markets, which is consistently rated as one of Fortune's Top 100 Companies to Work For, the full-time turnover rate was only 4%.[8]

Aggressively addressing engagement should be a key strategy for organizations today, and especially in those companies facing an environment of limited employee tenure or frequent turnover. The nature of business has shifted from predictability to volatility, and proactively addressing engagement can help position organizations for success. In this day and age, a competitive advantage every company has the power to implement is developing an engaged workforce.

An Engagement Lens: Highly Engaged Employees vs. Low Engaged Employees

To help create a roadmap for organizations, our research looked specifically at Highly Engaged employees and what behaviors, tools, and practices drive their engagement. By contrast, Low Engaged employees were also profiled to determine what organizational elements—or lack thereof—contribute to their dissatisfaction.

We determined the level of engagement in workplaces by first asking our survey respondents to describe their individual level of engagement (see Fig. 1) and then aggregating that information. When asked to rate the degree to which they feel engaged at their current place of employment, more than 1 in 5 respondents stated they were "Extremely engaged" and an additional 40% stated they were "Engaged."

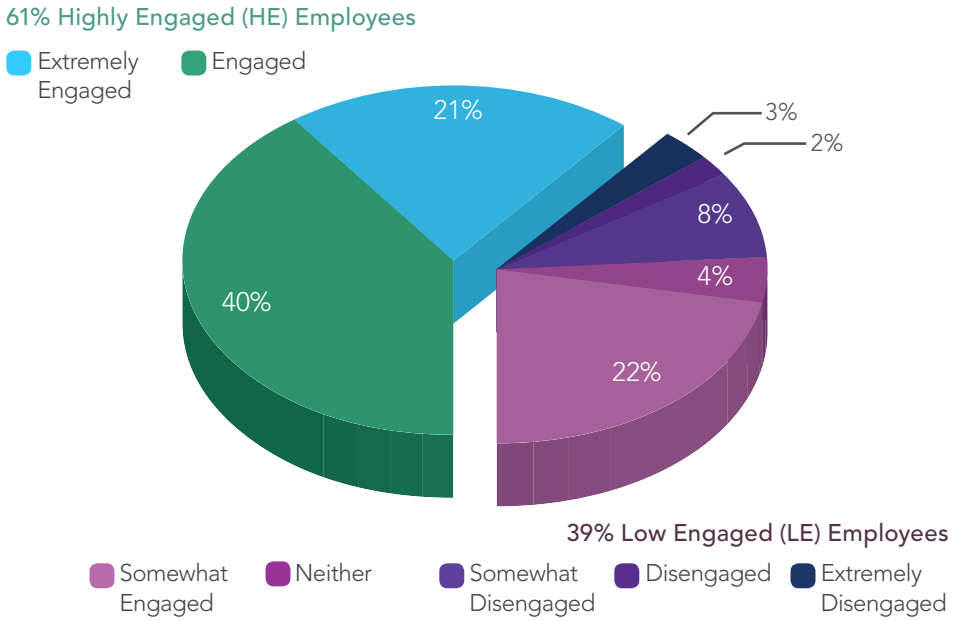


Figure 1:

Please indicate the degree to which you feel engaged at your current place of employment. By engaged, we mean the extent to which you are satisfied with, motivated by, and effective in your job.

8. Lucas, S. (2012, November). How much does it cost companies to lose employees? Money Watch, CBS News.

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The resulting segmentation looked at extremely engaged or engaged employees (Highly Engaged—HE) versus those respondents who are somewhat engaged or disengaged employees (Low Engaged—LE). This analysis revealed contrasting behaviors and attitudes, namely that those classified as Highly Engaged employees have a much more positive view about their work place versus Low Engaged employees.

The Engagement Profile

In order to learn what engaged employees look like in organization, we first sought more information about which survey respondents are most likely to be engaged and investigated what the demographic differentiators of those individuals are. Seven demographic variables were used in our research to segment these individuals: tenure, age, role, gender, level of seniority, team size and pay.

The survey respondent who is most likely to be highly engaged is:

- Male
- Salaried
- 50+ years old
- Holds a senior leader role with a C-level title
- Works predominantly with a team of 1–5 people
- Has been with the organization for 15+ years



This profile offers us a compelling view of the status quo while also identifying critical areas and populations where engagement needs to be improved (see Fig.2 on the following page). Our data found that a higher percentage of employees in entry-level and customer-facing positions experience feelings of disengagement. This disengagement can quickly manifest into customer service and/or production issues if it is not addressed, and could ultimately result in major impediments to revenue and profit growth.

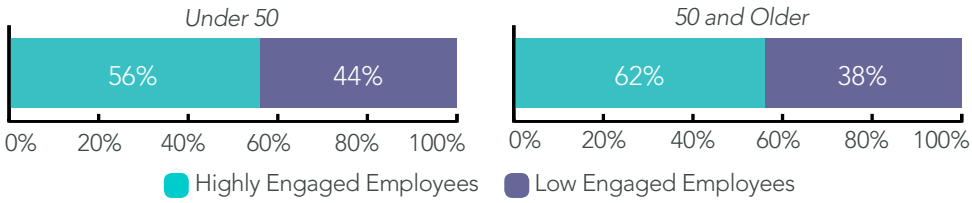
Perhaps more surprising is the positive correlation between engagement and organizational tenure. While it is logical that staying with an organization positively influences engagement levels, most employees—and organizations—do not have 15+ years to dedicate to achieving that end. In today's business environment, the average organizational tenure is slightly over 4 years,[9] and there are a limited number of senior leadership roles in every company. Since organizations do not have the luxury of time or unlimited senior leadership positions, addressing engagement among younger, shorter-tenured employees who are not in leadership positions should be a priority.

9. N.A. (2012, September). Employee Tenure in 2012. Bureau of Labor Statistics. US Department of Labor.

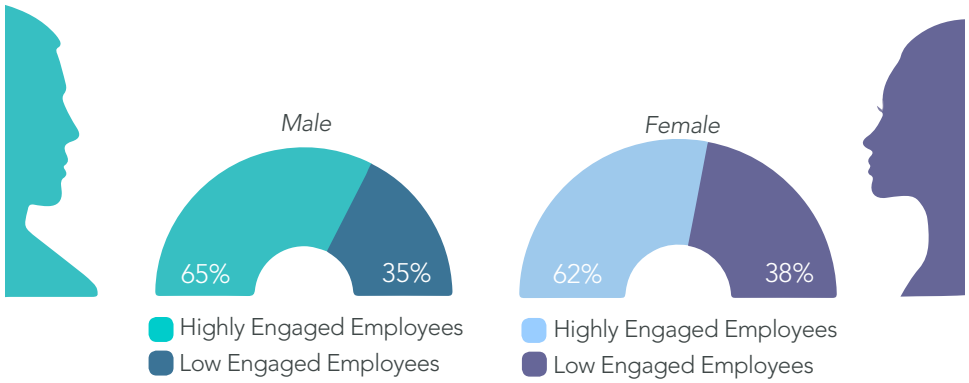
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Figure 2:
Levels of engagement by demographic variables:

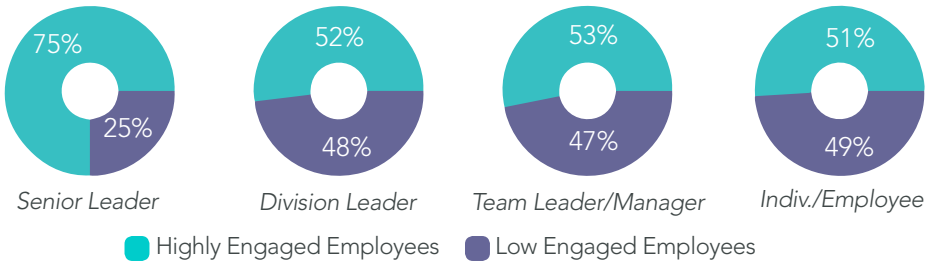
Age



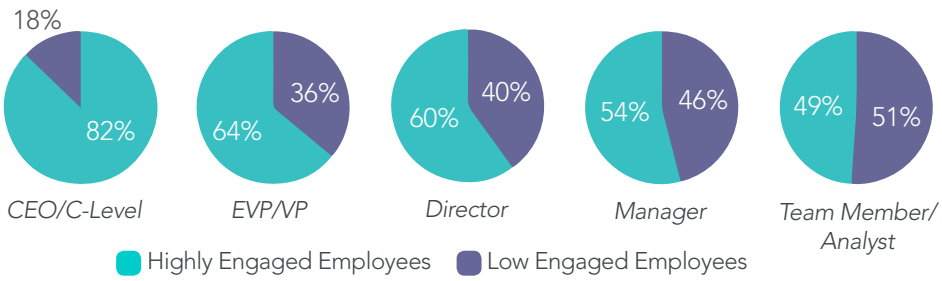
Gender



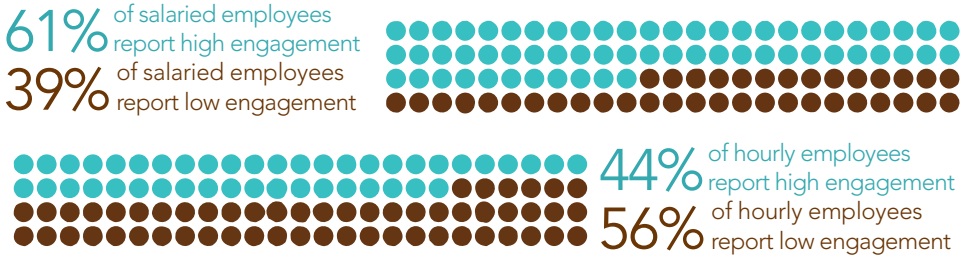
Role



Title



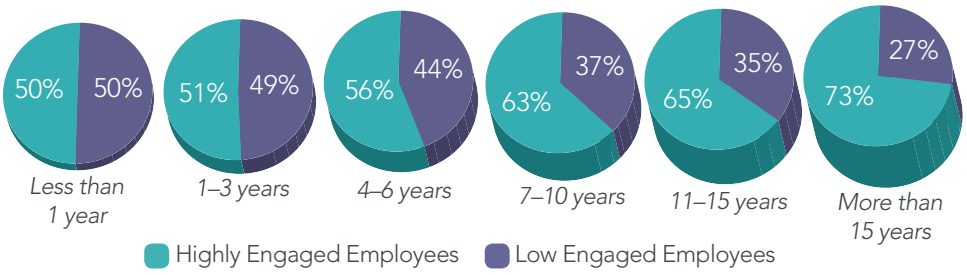
Pay Scale



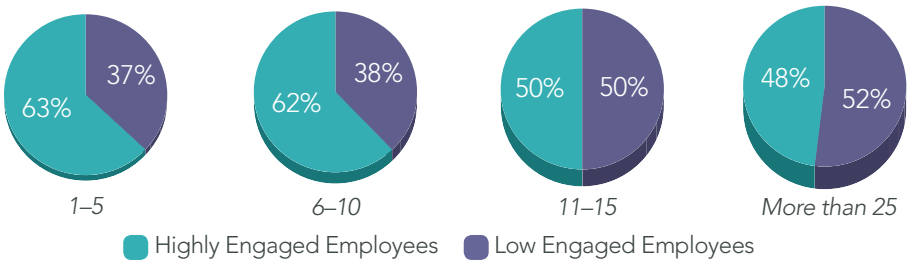
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Figure 2 (continued):
Levels of engagement by demographic variables:

Tenure



Team Size



Evaluating onboarding activities is a logical first step in evaluating the employee experience and allows organizations and leaders to set up a more effective framework to address engagement among new employees. An audit of your organization's onboarding activities can provide insight into what messages and behaviors are being disseminated from the very beginning, including:

- Are new hires provided with a compelling vision of the company?
- Are they provided with the knowledge and resources they need to be successful in their job?
- Are employees shown how their work contributes to the overall success of the company?
- Are they provided with a network of peers or colleagues to help them connect with their co-workers and mitigate their "outsider" status?
- Are they provided with sufficient feedback and recognition during the early stages of their job?
- Do they see senior leaders, managers and fellow employees modeling positive behaviors consistent with the company's vision?

Addressing engagement at the onset of the employee lifecycle is an effective way for organizations to sow the seeds of long-term commitment and dedication. As one article reported, "Effective new hire onboarding boosts retention, drives engagement, and gets employees functioning more quickly. An estimated 70% of new hires make the decision to stay at or leave an organization within their first six months. Effectively engaging new employees during the onboarding process is crucial to gaining long-term commitment."[10]

10. N.A. (2012, August). Effective onboarding to engage new hires. McClean & Co.

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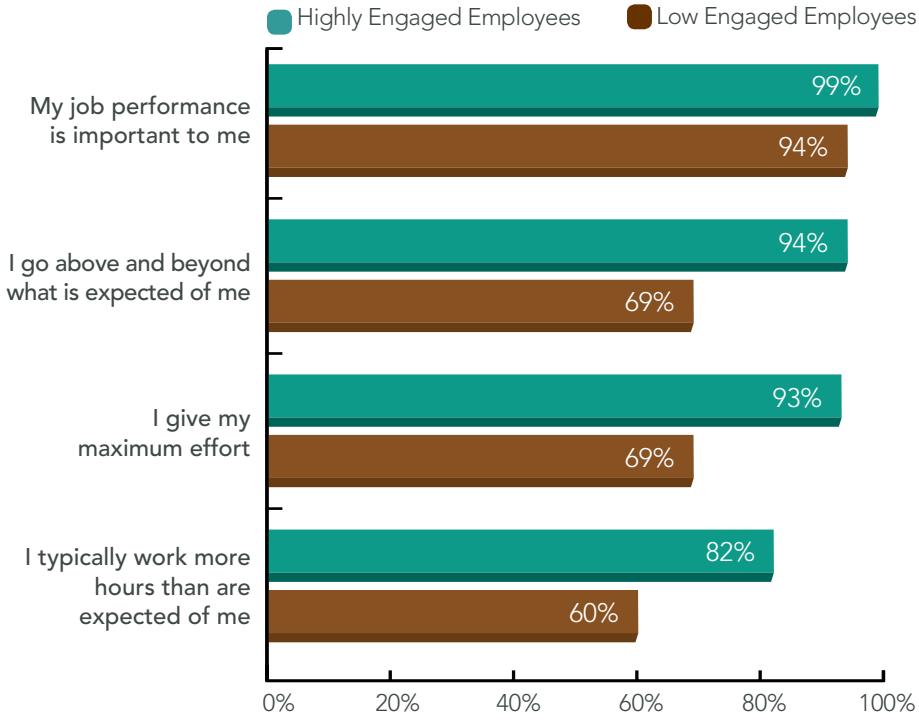
Capitalize on the Whole Employee

Despite some notable differences among Highly Engaged and Low Engaged employees discussed later in the report, our survey data discovered some compelling similarities between the two groups. These parallel findings highlight the opportunity organizations have to impact engagement among employees. Regardless of their engagement level, **respondents overwhelmingly agreed—99% of HEs and 94% of LEs, respectively—with the statement, "*My job performance is important to me.*"** That finding helps validate an intrinsic universal truth that is the foundation for all engagement—everyone wants to do well at their job. How well organizations capitalize on this foundation is where the science and art behind engagement must be deployed. Successfully building on this nearly universal desire can provide organizations with a workforce that will perform at a higher standard.

Figure 3:

Thinking about your current place of employment, please indicate how much you agree with the following statements, "My job performance is important to me."

(% Strongly Agree/Agree)



When asked to rate the discretionary effort they give on the job, 82% or more of HEs stated they go above and beyond what is expected of them, work extra hours and give maximum effort to achieving their tasks (see Fig. 3). Having HE employees is a substantial benefit to organizations looking to improve productivity. These employees are participating in a constructive and productive cycle of success: they provide discretionary effort, which in turn validates their job performance, which then reinforces the habit of going above and beyond, giving maximum effort and working more than what is expected of them.

These survey results offer a stark contrast between organizations that effectively leverage this desire to perform versus those that fail to do so. On all of the variables

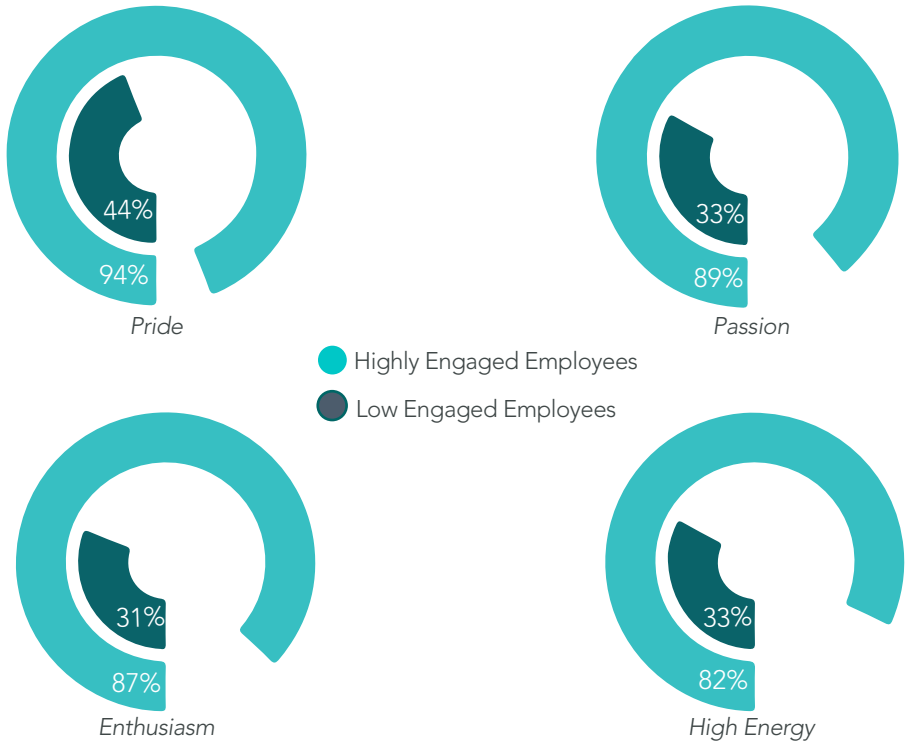
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beyond the importance of job performance (e.g., *I go above and beyond what is expected of me; I give my maximum effort, etc.*) Low Engaged employees score lower than Highly Engaged employees, and our research sought to address the reason(s) for this discrepancy. It would seem that Low Engaged employees are putting forth effort in their roles, but lack critical support and acknowledgement for those efforts, which negatively impacts their engagement with the organization.

Figure 4:

Thinking about your current job, how often do you experience the following in your work?

(% Always/Frequently)



In this vein, an even greater variance exists between Highly Engaged employees and Low Engaged employees regarding the positive affirmations they experience. When asked to rate how frequently they feel *pride, passion, high energy* and *enthusiasm* for their organization and role, more than twice as many HEs said they *always/frequently* do (see Fig. 4). A relatively high percent of LEs put forth extra effort in their positions (69%) and yet they do so with diminished enthusiasm, passion and energy. This is a troubling finding for organizations that employ Low Engaged employees. While these people are working hard for the time being, their hearts and minds are not invested in their work. This lack of emotional attachment, coupled with underutilized skills and low energy, can easily result in negative outcomes like low-quality production and poor customer service, both of which are substantial vulnerabilities for any organization.

A majority of Highly Engaged employees, on the other hand, maintain high levels of positive feelings about their job. Pride, passion, enthusiasm and high energy are integral parts of the cycle of success and providing well-directed discretionary effort. HEs experience specific identifiers as they relate to these

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Figure 5:

Thinking about your current organization, how much do you agree with the following statements?

(% Strongly Agree/Agree)

In your current organization, how often do you experience "I feel underutilized"?

(% Always/Frequently)

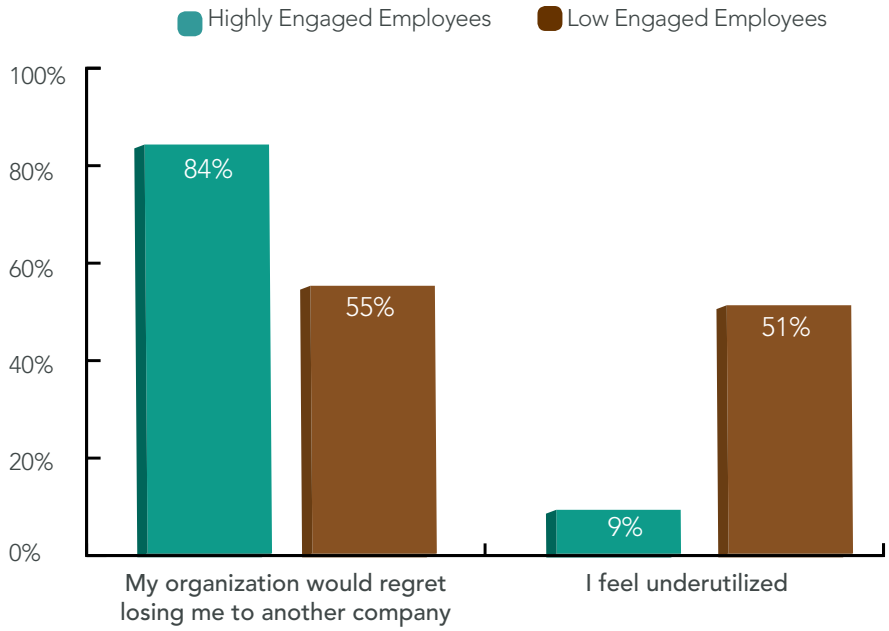


Fig. 5 illustrates the disparity between the feelings of workplace appreciation between HEs and LEs.

findings and qualitative interviews with respondents confirmed this sequence of events: *I am even more likely to put in extra hours and do so with enthusiasm and high energy if I have pride and passion in my job.* The higher ratings associated with this positive, self-affirming cycle indicate that the elements of engagement are implemented at organizations that employ these people.

The commitment and dedication employees feel for their organization became even more apparent when we asked participants how strongly they agreed with the statement, "*My organization would regret losing me to another company.*" Somewhat unsurprisingly, 84% of Highly Engaged employees agree with this statement (see Fig. 5). These individuals have a higher sense of pride in their job, put forth more discretionary effort and have a higher sense of self-worth in their organization and in their specific role. By contrast, more than half (51%) of the Low Engaged employees feel underutilized, and a comparably lower percentage agree that their company would regret losing them.

These results are a clear warning for organizations and leaders not focused on engaging their employees. This disparity of appreciation and feeling valued among HEs and LEs represents a critical opportunity to address the engagement environment at every organization. The call to action is an urgent one. If senior leaders and managers are able to leverage the investment and effort of Low Engaged employees by providing them with the necessary support and resources to become highly engaged, the benefits are considerable. "From an employee's perspective, people need to know how they fit into the company's ecosystem, and the roles they play," Karen McKay, Senior Director of Human Resources and

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Learning & Development at Eli Lilly, Canada, said. "They have to feel like they are a part of a bigger purpose. For this reason, we spend time during recruiting and onboarding to make sure that our employees clearly see how their role supports the company's mission."

Figure 6:

In your current organization, how often do you experience the following?

(% Always/Frequently)

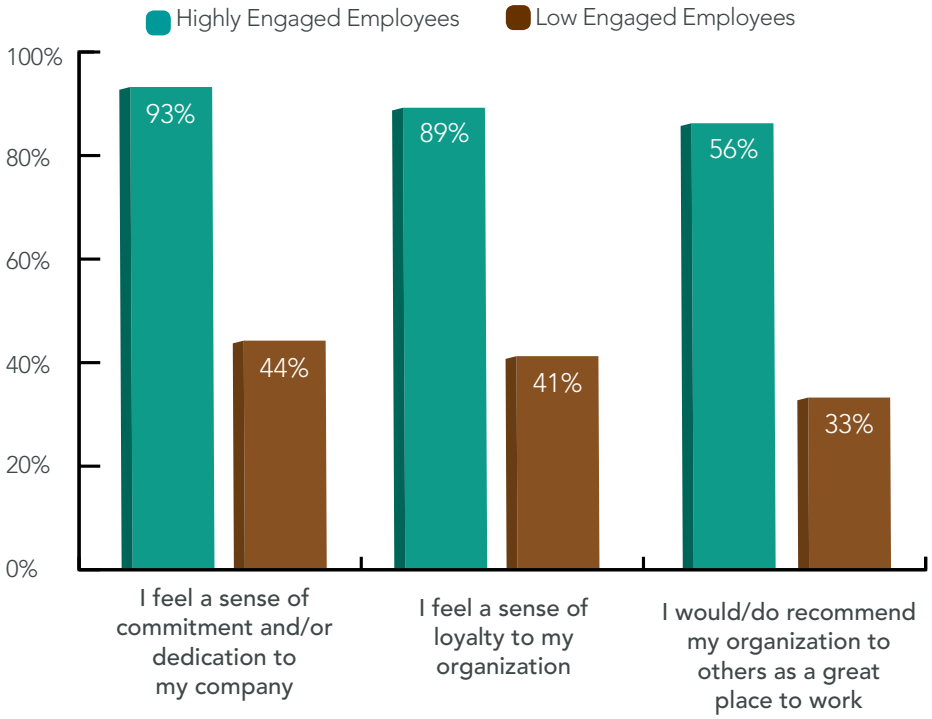


Fig. 6 shows significant differences between HEs and LEs in terms of commitment and advocacy, which are key indicators of retention.

Our analysis also illustrated that engagement is positively correlated with retention. **More than 9 out of 10 (93%) Highly Engaged employees feel a sense of commitment and/or dedication to their company and 89% feel a sense of loyalty (see Fig. 6).** By contrast, only 44% and 41% of LEs feel the same commitment, data that clearly demonstrate the resounding impact high engagement has on talent retention. Turnover affects everything from knowledge transfer to a healthy talent pipeline, so addressing high rates of it by prioritizing engagement is encouraged. In addition, 86% of HEs would or do recommend their organization as *a best place to work*. This finding represents a tremendous benefit to HE organizations when we consider that internal referrals are one of the most effective ways to acquire and retain talent.[11]

86% of HEs would or do recommend their organization as a best place to work.

Organizations with Low Engaged employees are at a greater risk for losing key talent. The tenuous relationship LEs have with their companies is further illustrated by the finding that *only 1 in 3 would recommend their organization as a best place to work.*

11. Smith, J. (2012, April). New Research Shows Where Employers Find Their New Hires. Forbes Magazine.

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The Trifecta of Engagement

The stakes are high for organizations struggling to develop a culture of engagement. Their counterparts—organizations with Highly Engaged employees—are better positioned to win the war for skilled talent and experience increased revenue growth and profitability. What needs to take place in organizations with low engagement is the thoughtful design and development of a workplace that actively supports individuals that give consistent discretionary effort and have pride in the organization.

Unfortunately, it's not enough for an individual to say they are or will be engaged. If his or her immediate supervisor or manager does nothing to affirm the quality of work they do; if the organization does nothing to communicate how his or her work contributes to the success of the business; or if employees are told to act one way and see managers and senior leaders acting in another, feelings of disengagement will grow. Engagement begins with words and a commitment to invest in employees, but at its core, it is about action. Senior leaders need to live the values of employee engagement by walking the talk of the organization, and employees must seriously invest their time and effort in these initiatives. The risk of not doing this is allowing disengagement to flourish.

For engagement to be properly developed and maintained in an organization, our research identified and validated that there are three essential, interdependent components that need to be in place for true engagement to occur (see Fig. 7). These components make up our Trifecta of Engagement:

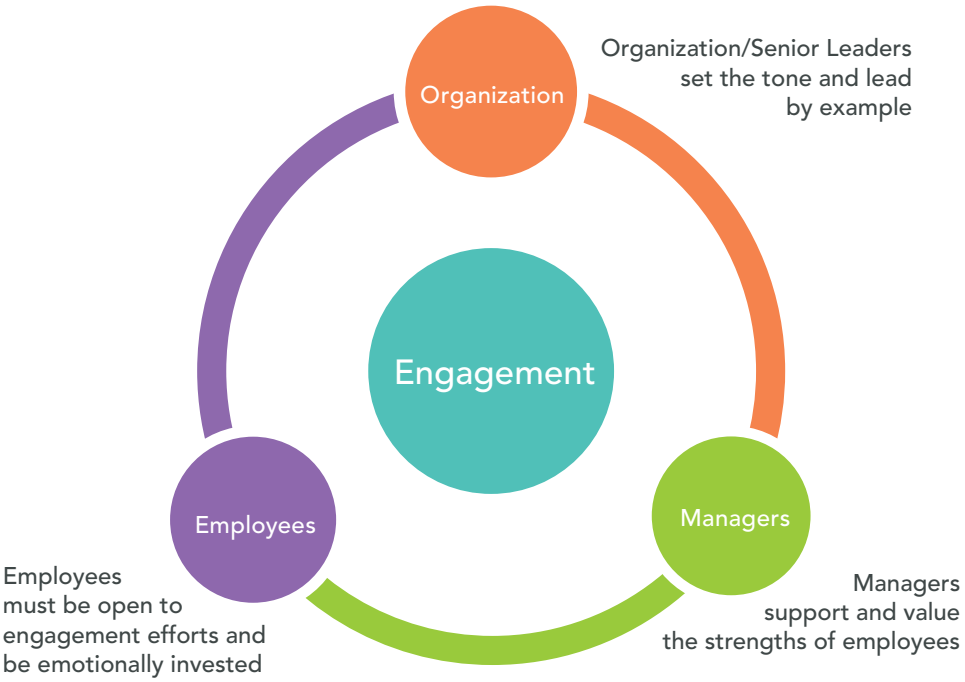


Figure 7:
The Trifecta of Engagement

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Trifecta of Engagement:

Three interdependent components necessary for effective engagement. The Trifecta of Engagement represents the shared responsibility among the individual employee, managers, and the organization as follows:

- *Senior leaders set the tone and vision for the organization and their actions represent the business as a whole.*
- *Managers lead by example and are a primary influencer on the day-to-day work environment.*
- *Employees must be open to engagement efforts by the organization and must be willing to emotionally invest themselves in their work.*

- **Senior leaders/Organization** need to set the tone and vision for the organization and their actions have to be consistent with this message.
- **Managers** need to lead by example and are a primary influencer on the day-to-day work environment, including correctly deploying employees and developing skills according to the needs of the individual and the company.
- **Employees** must be open to engagement efforts by the organization and must be willing to emotionally invest themselves in their work.

Independent from one another, not a single one of these groups can build and support employee engagement on their own. Rather, there must be a collective effort among all three to drive engagement and realize the many benefits associated with high levels of engagement.

Our research indicated that the differentiator between a poorly engaged workforce and a highly engaged one—between sporadic engagement and sustainable engagement—is the support from the organization/senior leaders and managers. To build steadfast engagement, senior leaders and direct supervisors need to work collaboratively to understand and appreciate employee skills, arm individuals with the tools they need to be successful, actively recognize employee involvement, and live the values of the organization.

Our survey asked respondents about their experience and satisfaction with these three components of engagement and the results clearly endorse the value of the *Trifecta of Engagement* and illustrate how each component contributes to the development of highly engaged employees.

Organizational Responsibility

To understand more about the role the organization plays in supporting employee engagement, we looked at the behaviors and actions of *senior leaders*. In their role as stewards of the organization, senior leaders set the vision, values and mission that inform all other organizational actions.

Our survey respondents were asked to rate several aspects of senior leader performance. The starkest difference between Highly Engaged employees and Low Engaged employees' assessment of senior leaders' ability to model organizational values identified a primary source of organizational disengagement. LEs rated every senior leader behavior lower than HEs, indicating that characteristics like having open lines of communication and a forum for the exchange of ideas are issues organizations with low engagement struggle with. In fact, more than twice as many HEs (83% vs. 38 %) indicated that their senior leaders are effective in modeling the behaviors of the organization (see Fig. 8).

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Senior leaders in organizations with Low Engaged employees need to address this perceived lack of credibility. If a firm's mission statement values collaboration, it is critical that the c-suite and senior executives exercise that kind behavior and actively participate in collaborative processes. This research emphasizes the responsibility executives have in setting the organization up for success.

As the leaders of organizations, it is imperative that senior leaders *establish*, *respect*, and *behave* in accordance with the ideals they assert. This is the first step in establishing credibility and trust throughout the organization. If senior leaders of the organization are adhering to the values they set forth, there will be a higher propensity for compliance by others. It is the responsibility of the organization/senior leaders to:

- Establish a meaningful organization mission and value system to guide the workforce.
- Carry out the mission and values by way of consistent, thoughtful words and actions.
- Recognize the skill sets employees bring to the organization.

Figure 8:

Thinking specifically about most senior leaders within your organization, please indicate how much you agree with the following statements. Most senior leaders in my organization:

(% Strongly Agree/Agree)

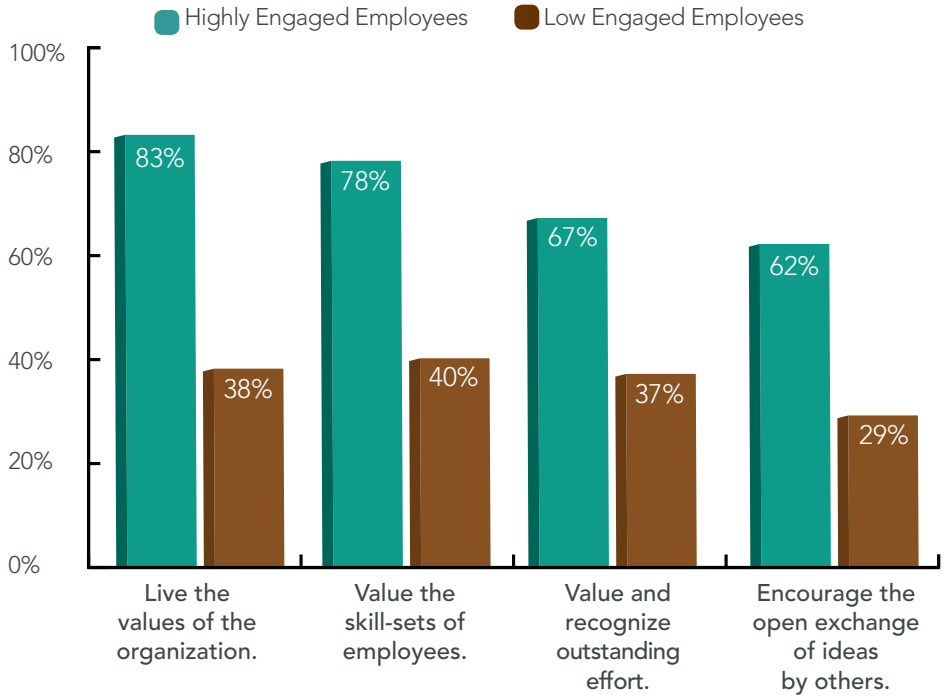


Fig. 8 demonstrates that senior leaders in HEs are more effective than their LE counterparts in setting an example for employees and embodying organizational values.

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Manager Responsibility

When asked to rate aspects of their manager/direct supervisor(s) in their organization, Highly Engaged employees are significantly more likely to agree that their managers "*value the skill sets of employees and live the values of the organization*" (see Fig. 9). Managers of HEs not only demonstrate a strong affinity for their employees, but also show credibility by reinforcing their own words with conduct. LE respondents rated manager behaviors 25–28%, with "*valuing employee skill sets*" and "*recognizing outstanding effort by employees*" having the biggest gaps as compared to HEs.

Managers and direct supervisors have much closer relationships with employees than senior leaders, and in that role, our data found they need to focus on the basics—to *support*, *recognize*, and *value* the strengths that employees offer.

Figure 9:

Thinking specifically about most managers within your organization, please indicate how much you agree with the following statements. Most managers in my organization:

(% Strongly Agree/Agree)

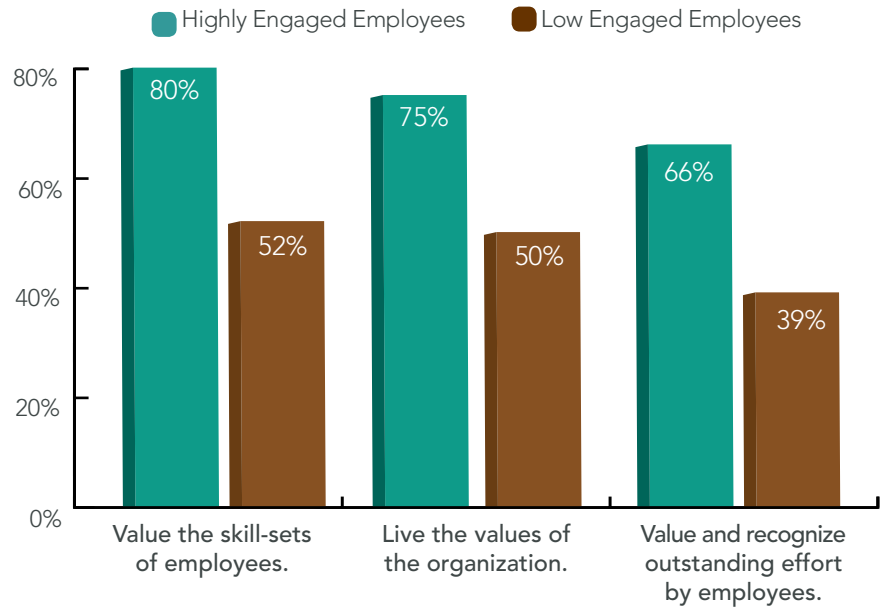


Fig. 9 points to the disparity of effective manager behaviors between HEs and LEs.

Recognizing employee contributions is a noteworthy skill among managers because of the relative low-risk, high-reward nature of it. Some industry insiders even recommend limiting performance review processes in lieu of more substantive recognition and rewards programs that publicly acknowledge the contributions employees give to their organization.[12] Employee recognition and performance management software can help companies integrate recognition programs into HRIS and LMS platforms so management is held more accountable to this practice.

To most employees, their managers are the gateway to success, advancement or promotion, and as such, building a personal relationship with their team

12. Biro, M. (2013, January). 5 Ways Leaders Rock Employee Recognition. Forbes Magazine.

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members is one of the critical tasks managers face. Employees want to be valued for what they bring to the table, and it is the responsibility of the manager to:

- Align individuals to projects that leverage their specific skills.
- Live the values of the organization.
- Reward outstanding efforts by employees.

Employee Responsibility

The biggest differences we identified between individual employee behavior among Highly Engaged employees and Low Engaged employees are around emotional investment in the organization. HEs are empowered by the organization, and that stems from having a clear understanding of how their work contributes to the mission of the organization and business results. More than twice as many HEs report feeling emotionally attached to their organization; understanding their role and how it impacts the overall business strategy; and agree with the statement there *is an environment of mutual respect and an open exchange of ideas among employees, managers, and senior leaders* (see Fig. 10). Almost equally important is the finding that **24% more HEs are also provided development opportunities by their organizations.**

More than twice as many HEs report feeling: emotionally attached to their organization; understand their role and how it impacts the overall business strategy; and agree there is an environment of mutual respect and an open exchange of ideas among employees, managers, and senior leaders.

Coupled with the senior leadership and manager traits described earlier in this report, the individual employee bears equal responsibility in being emotionally invested and engaged in his or her organization and role. Organizations and managers can provide the framework for engagement, but employees must be present, attentive, and open to embracing these ideas, behaviors and development opportunities.

The individual must c*apitalize, invest and communicate* clearly to become more purposefully engaged in their position. Individual employees need to:

- Recognize their role in the organization and how it contributes to the bigger picture.
- Capitalize on advancement and development opportunities.
- Support a mutual exchange of ideas among colleague, managers, and senior leaders.

Employees, managers, and the organization aren't able to practice any of the above behaviors without the support and simultaneous effort from one another. Managers are unable to offer their teams training and development opportunities if senior leaders in the organization do not see the value of such tools or do not support their use, and individual employees cannot clearly recognize the role they

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Figure 10:

Thinking about your current place of employment, how much do you agree with the statement, "I feel a sense of emotional attachment to my organization."

(% Strongly Agree/Agree)

What is the extent you are satisfied with the organization's ability to provide and/or foster each of the following characteristics?

(% Extremely Satisfied/Satisfied)

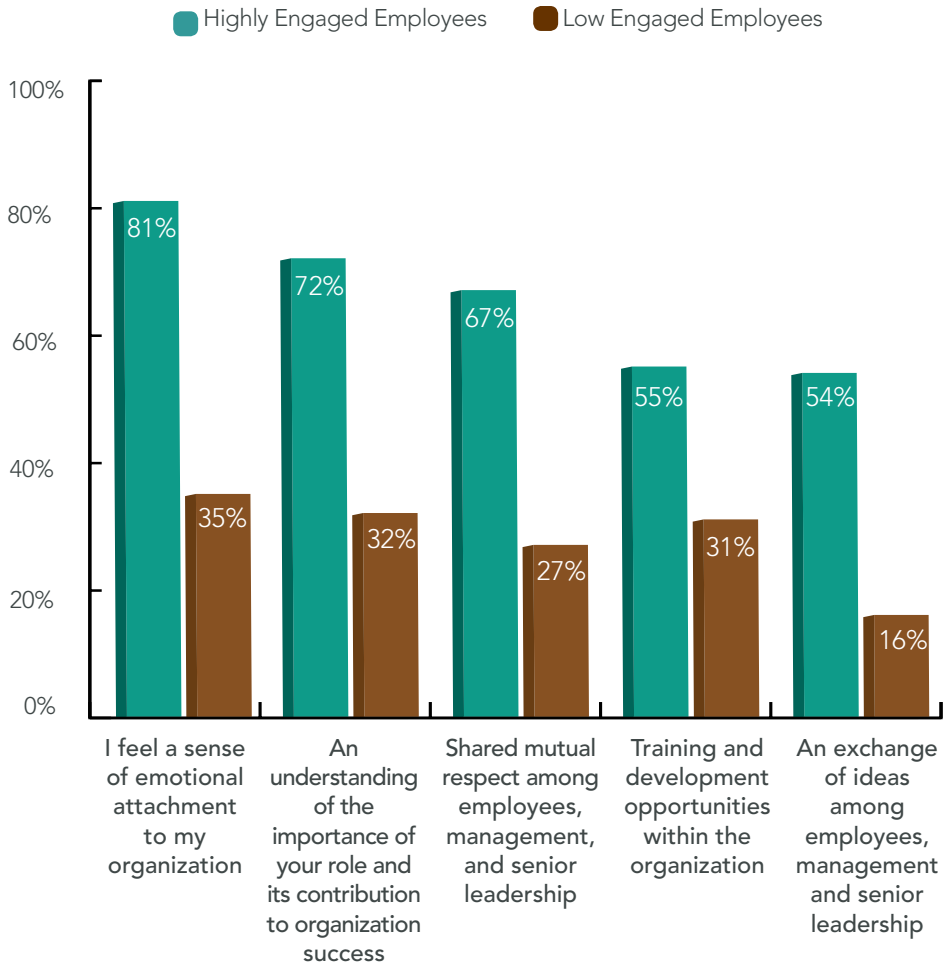


Fig. 10 shows the difference between HEs and LEs in terms of emotional attachment, understanding of their role, exchange of ideas, respect, and training and development opportunities.

play in helping achieve business success if their managers are underutilizing them and failing to send those messages. Transparency and authenticity is critical for each of these three components.

Improving Engagement: Establishing an Ideal Workplace

We asked survey respondents to rank order 12 workplace characteristics that constitute an ideal work setting (see Fig. 11). The results demonstrated a list of key workplace attributes that mirror some of the behaviors and elements of engagement outlined in this report. Most apparent is that people crave challenging and exciting work in organizations with leaders that care about their employees. The work itself, followed by leadership empathy and advocacy, are the key elements of an

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ideal work setting according to our survey respondents. Moreover, training and development tools and opportunities are highly valued.

Figure 11:

Thinking about what characteristics would constitute your ideal work setting, please rank order in terms of their importance to you.

Ranked Importance	Ideal Work Setting Characteristics
1	Work that is challenging
2	Work that is exciting
3	Leaders that actively care about employee engagement/job satisfaction
4	A clear understanding of the importance of your role and how it contributes to the overall success of your organization
5	Training and development opportunities within the organization
6	Advancement opportunities within the organization
7	Shared mutual respect among employees, management, and senior leadership
8	A mutual exchange of ideas among employees, management, and senior leadership
9	Monetary compensation (bonuses) for a job well done
10	A sense of camaraderie among employees, management, and senior leadership
11	Regularly scheduled performance reviews and feedback conversations to openly and honestly discuss performance, achievements, and areas of improvement
12	Regularly scheduled employee interviews (e.g. "stay interviews" to openly and honestly discuss job satisfaction

Fig. 11 identifies the importance of the job itself, followed by leadership that cares about satisfaction with the job and clarity about how employees fit in the overall structure of the organization.

Respondent satisfaction ratings of the top workplace characteristics demonstrated a difference among Highly Engaged employees and Low Engaged employees (see Fig. 12). HEs had significantly higher ratings for all of the characteristics, and, most notably, are **three-times** more likely to agree that they experience leaders who actively care about employees in their organization.

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These data illustrate the value that employees place on the tasks they are assigned and the support of leaders in their companies. It is imperative that senior leaders and managers complement the strengths and skills of employees. By giving workers stretch assignments and trusting them with new projects and initiatives, leaders are building engagement and ensuring employee loyalty. It is the responsibility of managers and senior leaders to find ways to leverage employee abilities for the greater good of the organization.

Figure 12:

What is the extent you are satisfied with your organization's ability to provide and/or foster each of the following characteristics?

(% Extremely Satisfied/Satisfied)

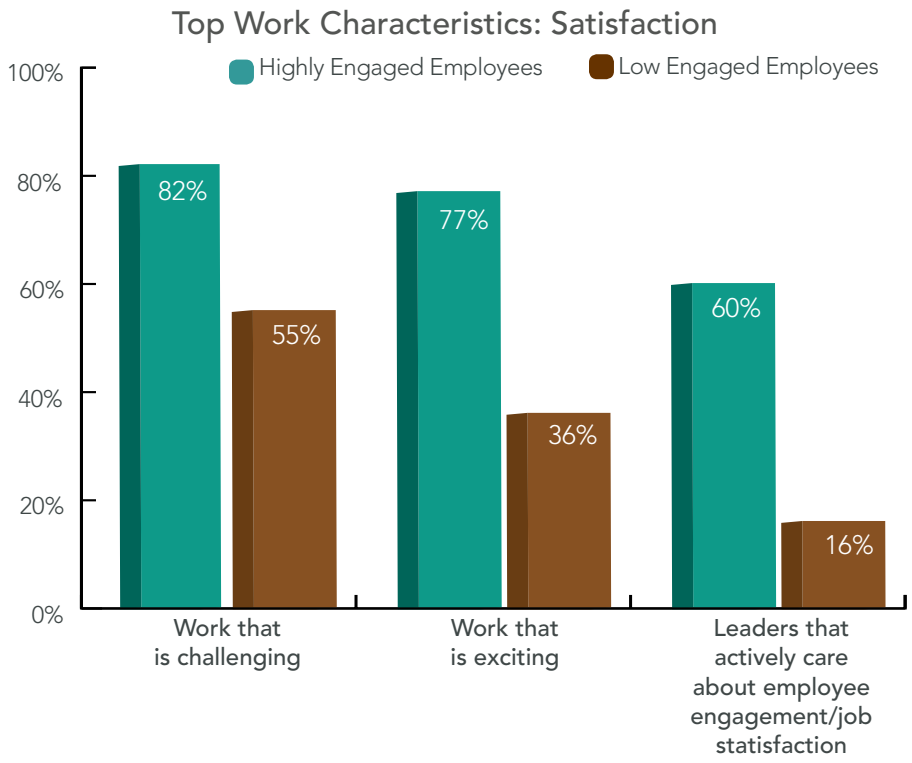


Fig. 12 reveals organizations with HEs are better able to deliver on those features that are the most important characteristics of an "ideal workplace."

In addition to identifying the most important characteristics of the ideal workplace, our data helped identify **what senior leader and manager traits are most important and most effective in driving engagement.** We conducted a correlation analysis on the 16 senior leader and manager ratings included in the survey and ranked the factors in order of their impact on engagement levels (see Fig. 13).

The top four factors are related to senior leader behaviors and indicate that the culture for Highly Engaged organizations is most influenced by executive leaders, and specifically by executive leaders acting in accordance with organizational values.

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Figure 13:

The manager and senior leader ratings were analyzed to identify the correlation between these ratings and the question related to the degree of engagement respondents feel at their current place of employment.

Top 6 Senior Leader/Manager Factors

Ranked Importance	Senior Leader/Manager Behavior
1	Senior leaders: Live the values of the organization
2	Senior leaders: Value the skill-sets of employees
3	Senior leaders: Encourage the open exchange of ideas by others
4	Senior leaders: Value and recognize outstanding effort
5	Managers: Value the skill-sets of employees
6	Managers: Encourage the open exchange of ideas by others

Fig. 13 identifies the senior leader and manager behaviors that most strongly impact employee engagement.

The employee engagement process begins with and is derived from senior leadership taking an active role in establishing and exemplifying the values of the organization. This process requires comparable credibility from managers and employees as well. Everyone in the organization has to be sincere about their stated intentions and subsequent actions for engagement to be successful, but our data show it begins at the top.

Lastly, it is important to remember that the *Trifecta of Engagement* indicates the importance of open and honest communication and the consistent practice of it. It is likely that the elements of engagement will change over time, and it is important that senior leaders, managers, and individual employees in an organization can openly discuss and develop new methods of engagement that are unique and appropriate to their culture. Ultimately, organizations and leaders can rely on the information outlined in the *Trifecta of Engagement* to collaboratively build and sustain a company culture where individuals are invested in the success of the organization.

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Putting It All Together: Engagement Tips

As part of our research process, we conducted detailed interviews with three subject matter experts on the topic of employee engagement. These practitioners helped provide additional details and context about the challenges and the benefits of engagement.

Christina Koutsovasilis

Senior Manager, Employee Engagement Center of Excellence,
Deloitte

The real-world impact of engagement: "We are a professional services firm and we rely on our people to provide world class service to our clients. It influences almost every process—learning, training, communication, coaching, and opportunities—when employees feel engaged, they will perform their best, and that creates a viciously positive cycle."

Leadership supporting engagement: "If you don't have executive sponsorship or agreement about employee engagement that is a critical roadblock. A culture of engagement needs support from the top, and it needs to be positioned as a strategic priority. Every leader, every employee, needs to make it part of their daily behavior. We have a dedicated Center of Excellence around employee engagement because we think it's that important."

The need for better management training: "Organizations need to do a better job incorporating the components of employee engagement into training and performance evaluations. You can't just tell managers, 'Please go engage your employees.' You need to provide insight, information, tools, ideas, and arm them with the resources they need to be effective and make this part of their day to day behavior."

Acknowledge engagement differences: "What engages one person doesn't necessarily engage someone else. Those variations present a lot of challenges for managers, but a lot of opportunity if they take the time to understand what inspires their team. As you move up the corporate ladder, you have to consider how you want to be engaged, and then how you are going to engage others, while recognizing the generational aspects and the variations in technique."

Be steadfast about maintaining engagement: "People lose sight of [the] value [of engagement] when things get busy and it's no longer top of mind. We forget to say 'thank you' or 'good job' when we're stressed or pressed for time, and we revert back to the status quo. Actively supporting engagement through word and deed has to become part of our natural behavior, and to that it must be embedded in the culture."

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Stephanie Hardman

Vice President of Organizational Development,
Tim Hortons Inc.

The power of engagement: "[Employee engagement and its presence—or lack thereof] impacts everything. Your guest experience is vastly different when the staff is engaged."

Focus on communication and innovative engagement: "As an organization, and as a leader, you cannot take employee engagement for granted. At Tim Hortons, we are continuously seeking ways to continue to keep our teams engaged and to increase the connectivity between our leaders and employee base. It's critical to foster the sense of team, of family, ownership, and pride in the midst of economic uncertainty and marketplace changes."

The importance of inclusion and alignment: "It's important that employees feel a sense of belonging and inclusion in their workplace and with their team. Clarifying objectives, ensuring goals are aligned with the mission of the organization—these are two behaviors that really make a manager effective at driving engagement and performance. Leaders need to find a way to be formally informal about checking in on their employees and making sure they have everything they need to be successful."

There's no one-size-fits-all: "As a leader, it's important to remember that, insomuch as there are clear drivers of engagement at the organizational level, there is not a 'one size fits all' approach to driving individual employee engagement. Ongoing feedback, recognition, alignment of goals and values—these are key behaviors to making sure engagement efforts really stick."

Build a relationship with your team: "The truth is that, as a manager, you must know your employees in order to truly engage them. Research indicates that there are standard engagement drivers, but the best managers will get to know what is special and important to each employee. Employee engagement is a general term, but you can take a customized approach. You need your employees' head, their hands, and their heart. It's about knowing the individual and leveraging the approaches and tools at your disposal."

Make engagement a priority: "The greatest obstacle to employee engagement today is time. Fostering engagement, building rapport, these things take time and we live in a busy world. Making the time or finding the time for activities that drive and sustain engagement can be difficult. As leaders, we have to make sure that the business priorities do not overtake the priority of employee engagement."

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Karen McKay

Senior Director, Human Resources/Learning & Development,
Eli Lilly, Canada

Showing the engagement ROI: "Employee engagement is critically important, and we've been very explicit about showing our employees the impact employee engagement has on our customers and performance to drive that point home."

Engagement begins at the top: "The tone of collaboration starts at the top. In our business, there are very distinct divisions of business, such as marketing, medical, and sales. It's up to the top level of management to model collaboration so that the company doesn't become silo-ed."

Purposeful engagement: "Engagement in a vacuum is worthless to a business. That kind of energy and passion has to be driven toward a purpose, a goal, and it is the job of management to clarify and link those things together. The better able leaders are to connect those things, the better and more profound the level of engagement will be among employees."

The importance of communication: "An employee has to be fearless in communicating, but respectful of the culture. They must be confident in expressing their point of view, in a way that is helpful for the business and in a safe environment where managers are really listening. The culture must support this openness and enable that to happen."

The manager role: "Employees today don't just want to know what to do and how to do it; the role of management is evolving. Managers have to create the 'why' for people, the context about what is important. Managers who understand the breadth of that objective are going to get better engagement from their employees."

Development to drive engagement: "Career conversations between managers and employees are critical in supporting engagement and retention, but these conversations have to be targeted and customized. Having effective career conversations with employees can bring clarity, and level expectations, both by and of both parties. This, in turn, will lead to improved engagement."

The power of letting go: "Businesses have to release authority and decision-making to employees so they can have a stake in meaningful decisions. If employees have a stake in decisions, and are empowered to take action, it's dramatic how much more engaged they become."

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Conclusion & Recommendations

While the body of research exploring employee engagement is extensive, this report sought to determine a more targeted lens to determine what elements make up this critical topic.

Our research first looked more closely at the profile of who is most likely to be engaged among our survey respondents, and found some noteworthy trends. Most notably, there is a positive correlation between job title, age, and company tenure and engagement. While it is encouraging that there does not appear to be engagement burnout among our respondents, these data also demonstrate the risk of low engagement among new hires and non-management positions.

The secondary analysis of this report looked more pointedly at the breakdown between Highly Engaged employees and Low Engaged employees and their experience with senior leaders, managers, and workplace characteristics. This helped identify the critical components that need to be addressed in order for engagement to take root and flourish in organizations:

- Clear and consistent messaging about the value and purpose of every organizational role
- Senior leaders who guide the organization and prioritize living the values they espouse
- Managers and direct supervisors who understand, develop, and deploy employees and employee skill-sets
- Individual employees who capitalize on development opportunities and engagement drivers
- Challenging and exciting work
- A safe and respectful environment that supports the exchange of ideas

The *Trifecta of Engagement* is a holistic approach to supporting and growing engagement based on the shared responsibility of the organization, the manager and the individual. Within organizations with Highly Engaged employees, senior leaders and managers "walk the talk" of conducting themselves according to the mission and ideals they set forth, and individual employees reciprocate this message of credibility by giving higher degrees of effort, enthusiasm and loyalty.

Developing a high engagement organization today is not a low priority endeavor and it is not a short term project. Without stalwart commitment, organizations run the risk of promoting employee disengagement. Such an initiative must be met with high priority support and involvement from senior leadership, as well as recognition that mangers and individual employees need to focus on achieving

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those objectives too. In addition to full involvement from all constituents, trust and open communications are cornerstones of the process.

As a first step to creating a highly engaged culture, a review of the employee experience should be undertaken, including:

- What is communicated during onboarding? Is it an effective experience that lays the foundation for engagement?
- What are the skill sets of each employee and how do these skills relate to the work they do? Are there any mismatches that would result in individuals being assigned work that is not challenging or of interest to them?
- What is the consistency between senior leader and manager communications and their conduct? Are messages being delivered that are contradicted by behaviors?

In addition to assessments and implementing engagement initiatives, organizations and leaders must recognize that the engagement process is never complete. Monitoring engagement levels and updating tactics is necessary as employee motivations and backgrounds change. What is compelling and relevant for today's employee will likely change with future generations that enter the workforce.

Developing high levels of employee engagement can yield extensive benefits, but the process needs to be pursued with dedication and energy. The advantages of fostering it are tangible, and this report provides a roadmap to help organizations and leaders identify where to prioritize their efforts first, and what things they can do now to leverage employee investment. Embracing this initiative is a cause worth pursuing if your organization and its leaders are genuinely prepared to capitalize on its greatest asset—its people.

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Appendix A: About the Research Partners

Achievers

Business success starts with employees; Employee Success™ starts with Achievers. Our award-winning software includes all the tools you need to increase engagement and inspire performance by aligning employees to the organization and developing leaders to be better coaches—all on one platform.

The Achievers suite of engagement and performance management tools is cloud-based, completely secure, and configurable to any HR system. We align your global workforce across every device, in every location. Find out why some of the world's most engaged companies trust Achievers to amplify their Employee Success™ at www.achievers.com.

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HCI is the global association for strategic talent management and new economy leadership, and a clearinghouse for best practices and new ideas. Our network of expert practitioners, Fortune 1000 and Global 2000 corporations, government agencies, global consultants and business schools contribute a stream of constantly evolving information, the best of which is organized, analyzed and shared with members through HCI communities, research, education and events. For more information, please visit www.hci.org.

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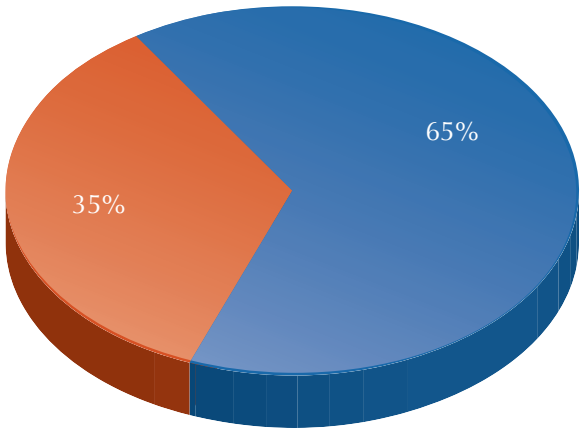
About The Author

Aubrey K. Wiete, MA is a Senior Research Analyst at the Human Capital Institute in the Organizational Development & Leadership Practice Area. Most recently, she authored a report about an organizational culture can drive high performance, and her other research topics include exploring the necessity for cross-generational mentorship and coaching and understanding the imperative of career development plans to foster employee engagement. Aubrey earned her bachelor's degree from Saint Louis University, and a Master's degree in Organizational Communication and Health Communication from the University of Kentucky, where she served as a research fellow. Aubrey is currently based in Cincinnati, OH.

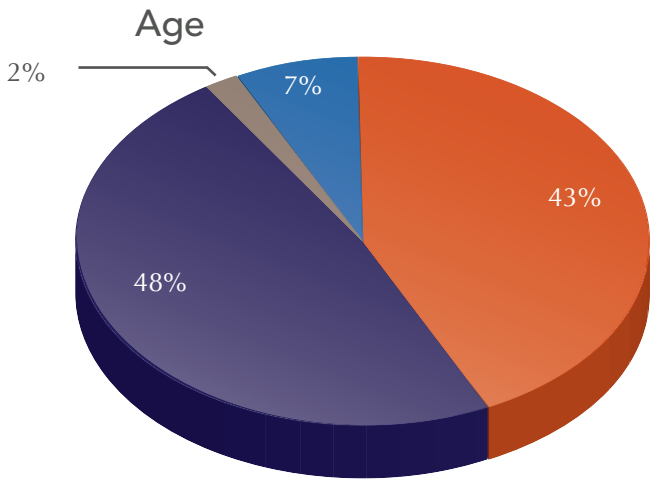
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Appendix B: Respondent Demographics

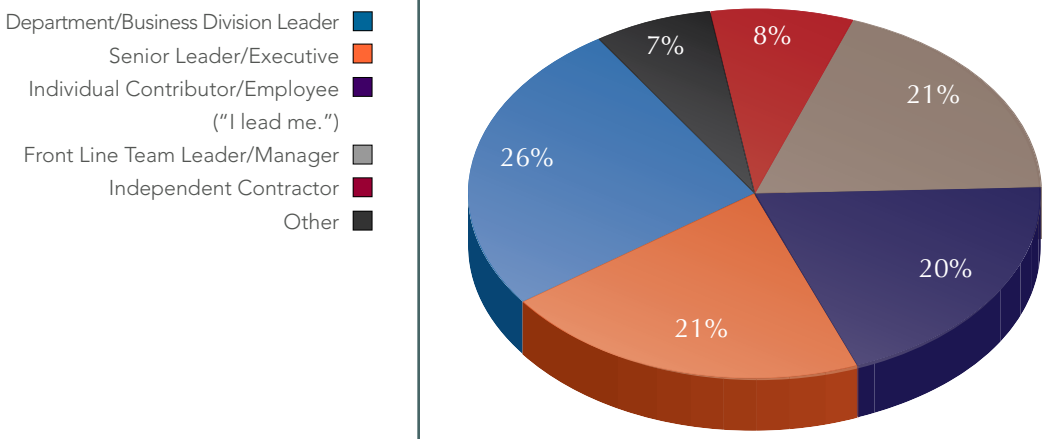
Gender



Age

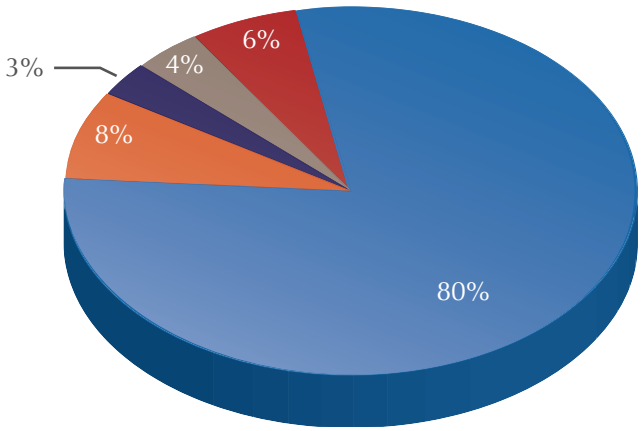


Role

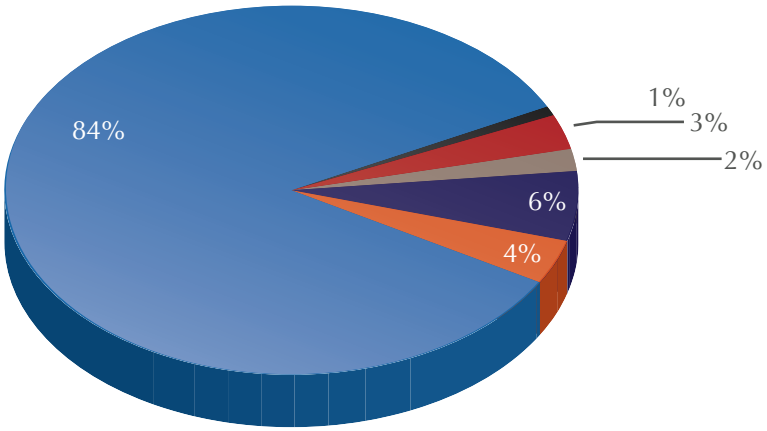


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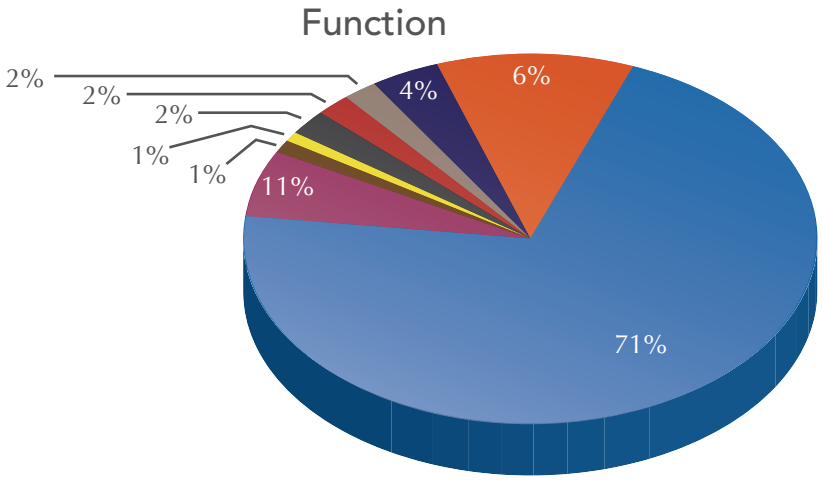
Pay Schedule



Geography

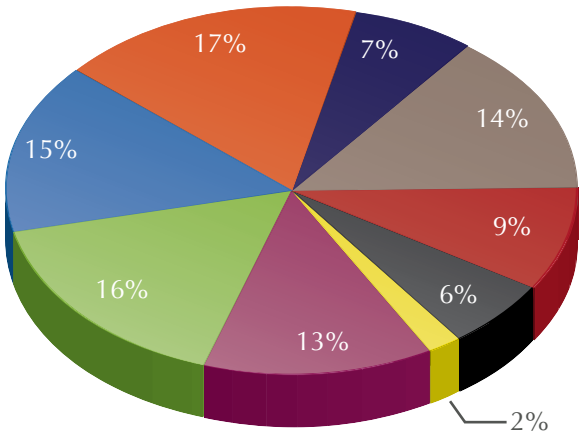


Function

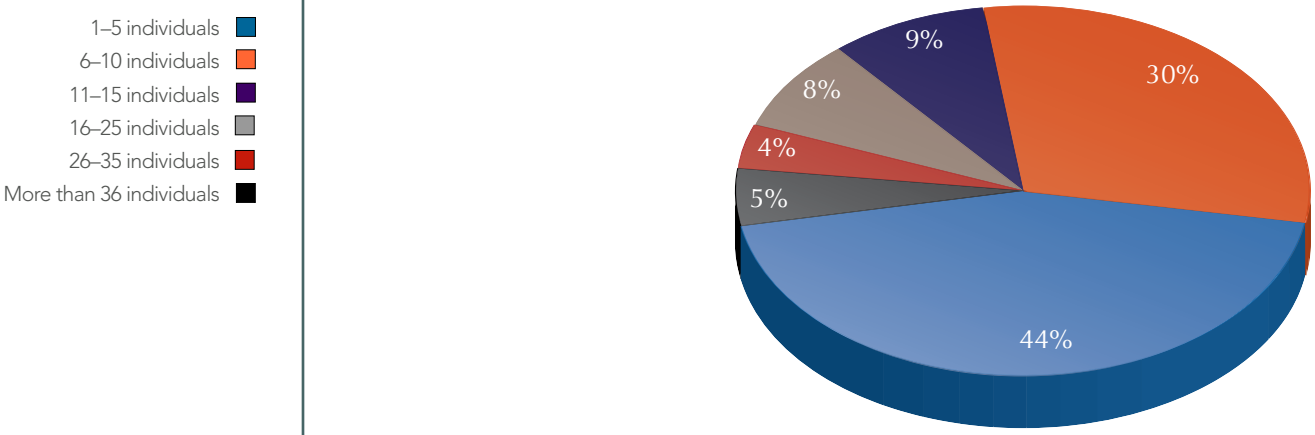


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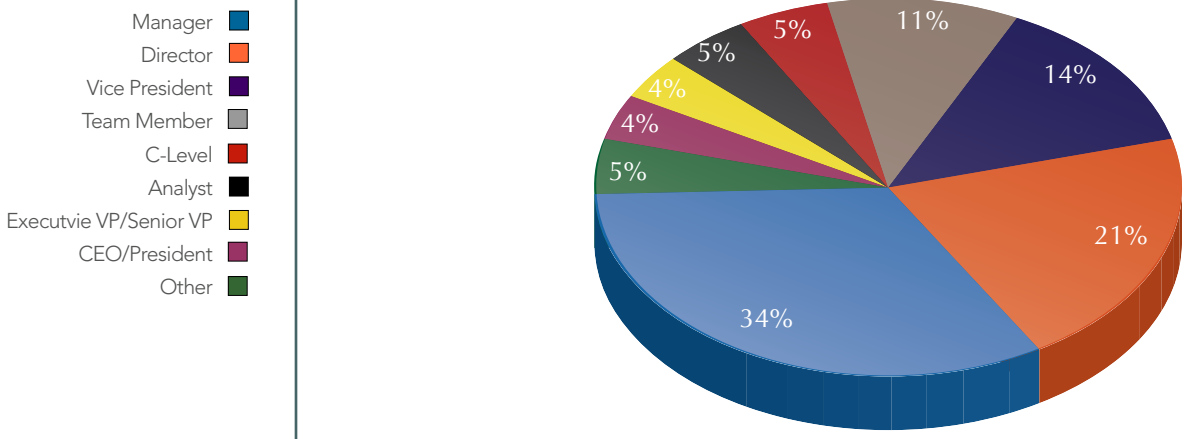
Number of Employees



Number of Employees in Immediate Team

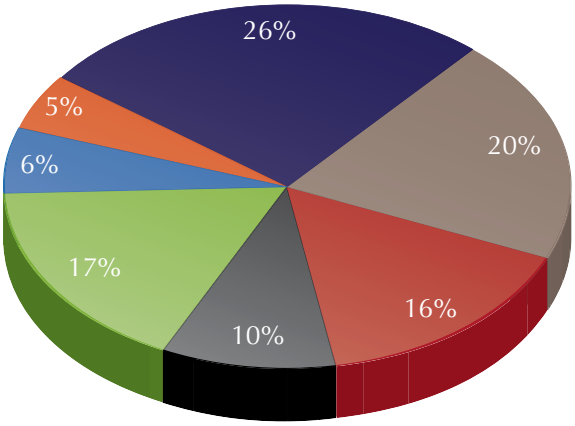


Title

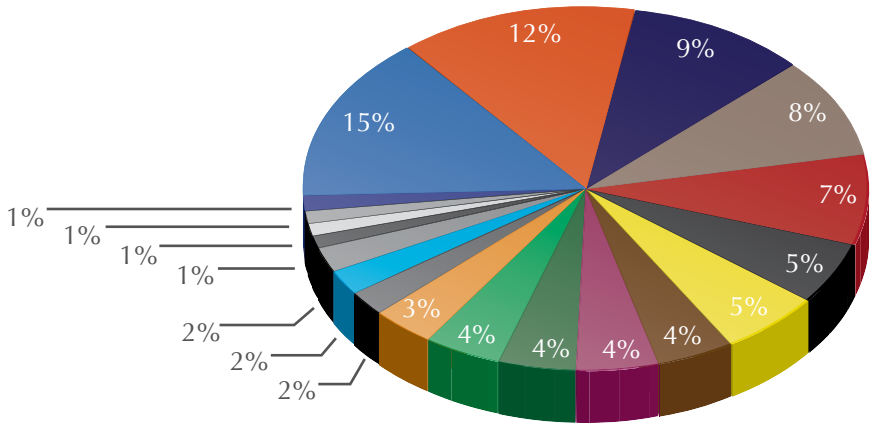


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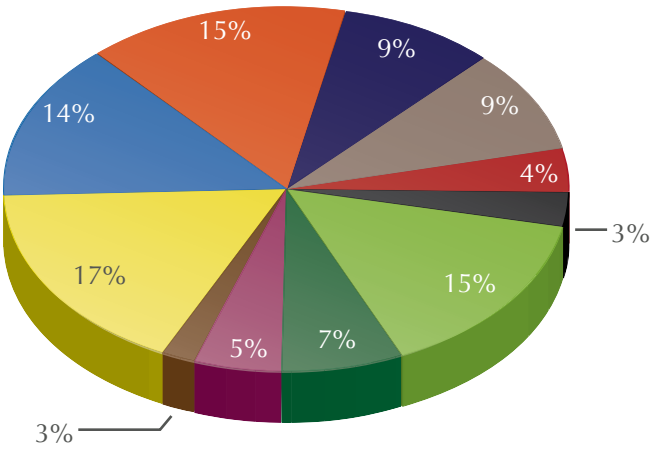
Tenure in Organization



Industry



Revenue



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