How Can Leaders Increase Employee Engagement?

By Tom Atkinson, Jocelyn Davis and Maggie Walsh

“How can companies unleash the discretionary energy of employees for the benefit of the overall enterprise?”

This report presents our findings on how companies generate value by engaging employees. As we stated in an earlier report, the world’s most successful companies have known for years that business results depend on people: creating an environment in which employees “show up” every day, not only physically, but mentally and emotionally as well.

The word “engaged” has been used to describe employees who are willing, even eager, to do whatever it takes to make a meaningful contribution to their organization’s success. These employees make a choice to expend energy in their work versus simply going through the motions. The word “choice” is key: Employees can be thought of as having a certain amount of energy, which they can invest in many different ways, some more valuable to the organization than others—that is, it's discretionary for them.

Our preliminary report described a set of case studies we conducted to better understand this critical issue of how companies can drive successful strategy execution and results by engaging networks of people. In the current report, we present the findings of a global survey of 503 employees, who described factors that increased or decreased their engagement. This information is important in helping leaders to take action to enhance engagement and results not through a “one-size-fits all” approach, but in targeting leadership actions to the specific needs and expectations of their employees.

About the Survey

The 503 survey respondents represented six global regions (US, UK, China/Southeast Asia, India, Canada, and Australia); a broad range of age, income, corporate functions and levels; and an equal balance of men and women (see Appendix). The survey asked respondents to rate their overall level of engagement; to rate the importance of a set of engagement items (such as, a sense of community) and the extent to which they experienced each item; to provide a personal example of engagement with their organization; to identify factors that decreased their engagement; and to provide advice for increasing their engagement. The engagement

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items were drawn from two sources: Forum’s previous research related to how employees develop a sense of ownership of their work; and a review of the literature on employee engagement.

The Findings

How Engaged Are Employees?

In order to get a picture of engagement, we grouped respondents’ engagement ratings, which were gathered on a 5-point scale, into three categories: none/small, moderate/considerable, and very large (see Figure 1).

Over 75% of employees rated their level of engagement as moderate/considerable or very large. However, a substantial group (almost 20%) rated their engagement as none or small.

These findings are consistent with surveys of employees that show a range of engagement. For example, Gallup found, as did we, that about 20% of employees are disengaged. The findings underscore the need to boost employee engagement in order to drive business results.

Can Overall Engagement Be Predicted?

We conducted a set of multiple regression analyses in order to determine the relationship between the engagement items and overall engagement. The engagement items as a whole predicted overall engagement to a statistically significant degree, explaining 18% of the variance. The engagement items that predicted overall engagement most strongly for each stakeholder group are:

\[ \text{See "Ownership: Delivering Value Through People -- Conceptual and Research Background", The Forum Corporation, 2009.} \]

\[ \text{Employee Engagement: What’s Your Engagement Ratio? Gallup Consulting, 2010.} \]

\[ \text{Differences of 10 percentage points or more are statistically significant at } p<.05. \]
Being encouraged to offer opinions and ideas and to make meaningful decisions
Doing satisfying, meaningful work that I am good at
Working in an environment that provides opportunities for my family to understand the organization and the work I do
Feeling that others value my contributions
Working with people who share my high standards of performance, take initiative, and accept accountability
Having opportunities to hear and talk about the organization’s strategy, goals, plans, and activities

The predictors of engagement for employees, such as doing meaningful work, having open communication and a supportive manager and constructive work environment, are consistent with other studies of employee engagement. Later in this report we show how these items are grouped into broader categories reflecting different personal needs for engagement.

What Are the Components of Employee Engagement?

We performed a cluster analysis in order to look for patterns among the ratings of importance of the engagement items. This analysis enabled us to identify the way these items “hang together.” Based on the cluster analysis we identified five distinct engagement components, each of which relates to an individual need. Some of these needs are more individually-oriented (such as, feeling valued) while others are more group-oriented (such as, a feeling of belonging). Also, some refer more to the day-to-day work environment (such as, a fun and supportive workplace) while others are more long-term (such as, opportunities for career advancement).

The five needs are:

- **Enjoyment (“I enjoy my work”):** short-term payoff; group-oriented
  - People who choose Enjoyment are engaged by work settings that are fun and where they have opportunities to interact in positive ways with others whose company they value

- **Belonging (“I belong here”):** long-term payoff; group-oriented
  - People who choose Belonging are engaged by feeling that they are members of a community; they have an emotional connection to the organization

- **Advancement (“I’m getting ahead”):** long-term payoff; individually-oriented
  - People who choose Advancement are engaged by the opportunity the organization presents for them to build their portfolio of skills and contacts

- **Recognition (“I am valued”):** short-term payoff; individually-oriented
  - People who choose Recognition are engaged by feeling that their efforts are noticed and appreciated by others

- **Accomplishment (“I am productive”):** mid-term payoff; both individually- and group-oriented
  - People who choose Accomplishment are engaged by feeling that their efforts are benefiting a greater mission or purpose

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5 See, for example, the engagement drivers listed in the Conference Board’s meta-analysis of employee engagement research, published in *Employee Engagement: A Review of Current Research and Its Implications* by John Gibbons, 2006.
Note that employees typically experience all five needs to some degree, but may also place a higher importance on some than others. The implication for leaders is that enhancing engagement requires understanding which of these engagement needs are most valued by an individual or group and then identifying ways to improve the extent to which the need is met.

**How Employees Rate the Importance of Engagement Needs**

Employees’ average importance ratings for each of the five needs are displayed in Figure 2. Belonging and enjoyment were rated highest. This finding supports the view that people are “social animals.” That is, people tend to find environments engaging to the extent to which they satisfy their social needs, both in the immediate term (such as, working in an upbeat, challenging setting) or longer term (feeling like they are valued members of a community). While the other three factors are not unimportant (most respondents rate them as important to some degree), and may be very important to specific individuals, on average they are not rated as highly as the top three.

![Figure 2](image)

**What are the biggest detractors of engagement?**

We asked respondents to describe in their own words what they found to be the greatest *detractors* to engagement; factors that would cause them to exert less discretionary energy. Their responses are summarized in Figure 3.

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6 Differences of .2 points or greater are statistically significant at p<.05. N=503 employees and 588 corporate respondents.
The greatest detractors, cited by almost two thirds of respondents, related to their manager (49%) or the organizational climate (17%). In particular, they cited unappreciative or unhelpful managers as the main reason they would become less engaged. Beyond the manager, they cited a negative climate (such as a stressful, unsupportive, or depressing social environment) as detractors. These findings are consistent with Forum’s research that found that managers’ actions influence climate and motivation more than any other factor⁷.

It is interesting to compare these findings on engagement “detractors” with the ratings of engagement importance in the previous section. When we asked respondents to rate the importance of various engagement items, the topic of recognition tended to have relatively low average ratings, yet lack of appreciation appears to be a major engagement detractor. We suggest that appreciation and recognition may be “baseline” expectations; that is, people expect to be recognized and appreciated for their effort. The presence of recognition alone doesn’t make them engaged or increase their level of engagement, but if recognition is missing or withdrawn, then it leads to a decrease in engagement⁸.

What are the implications for leaders?
1. Leadership is critical to engagement. The survey findings underscore the importance of leadership in enhancing engagement. Most of the factors that either foster or diminish engagement can be influenced by managers.

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⁸ See Herzberg’s classic two factor theory that distinguished between “hygiene factors” that are necessary but not sufficient for job satisfaction, and motivational factors. Interestingly, at the time that Herzberg conducted his research “recognition” was identified as a motivator. Perhaps as the workplace has evolved since then, recognition has become a baseline expectation in most jobs, versus a motivational factor. See Herzberg, G.F., Mausner, B. and Snyderman, B.B. The Motivation to Work, 1959, John Wiley, New York and “One more time: How do you motivate employees?” Herzberg, G.F., Harvard Business Review, September-October, 1987.
2. **Leaders can take action to increase engagement.** Action areas for leaders include the following:

- **Understanding the five engagement needs:** Belonging, Enjoyment, Accomplishment, Recognition, and Advancement
- **Assessing engagement:** To what extent do people exert discretionary effort? To what extent does the environment appeal to people with different engagement preferences?
- **Having a group dialogue:** Provide opportunities for people to share their perceptions of the environment from an engagement perspective
- **Providing individual coaching and resources:** Helping people to access resources that fit with their engagement preferences. For example, for people who value Belonging, increase their awareness of groups within the organization with whom they might value connecting.
- **Avoiding engagement detractors:** Keeping track of the engagement level and ensuring that the work environment is positive and people feel their efforts are appreciated.
- **Managing low engagement:** Encourage “low engagers” to set higher expectations and help to match the work environment to their preferences.
- **Setting the tone:** Be a champion for engagement. Demonstrate that engagement is highly valued and that you are willing to help others achieve engagement.

3. **Engagement can be managed.** Use the worksheet on the following page to do a quick size-up of strengths and opportunities in engaging stakeholders in your organization. The worksheet is a starting place to creating a systematic process for tapping the power of discretionary energy to drive results for your business.
Engagement Worksheet

Use this worksheet to create a high-level assessment of strengths and opportunity areas in engaging employees in your organization.

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<thead>
<tr>
<th>Engagement Needs</th>
<th>Assessment</th>
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<td><strong>Strengths</strong></td>
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<td><strong>Additional</strong></td>
<td><strong>information needed</strong></td>
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APPENDIX

Selected Demographics

Employee Survey Respondents by Region

- US: 143, 28%
- UK: 69, 14%
- China/SE Asia: 59, 12%
- Canada: 74, 15%
- Australia: 76, 15%
- India: 69, 14%

n=503

Respondents by Level

- Ind Con.: 15%
- Team Mbr.: 39%
- Line Mgr.: 12%
- Mid Mgr.: 18%
- Sr. Mgr.: 10%
- Other: 5%

n=503
About the Authors

**Tom Atkinson**, Ph.D., is director of client research at Forum. With more than 25 years of experience helping companies achieve measurable business results through learning, Tom focuses on assessing performance gaps, applying principles of workplace learning, and tracking results. Tom has conducted groundbreaking studies on topics such as: how to increase sales and service effectiveness; how to prepare leaders to drive growth; how to enable companies to execute with speed; and how to create a high-performance organizational climate. His findings, which have been published in *Harvard Business Review* and *Chief Learning Officer*, are the foundation for many of Forum’s learning programs.

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