

CREATING A CULTURE: THE ROLE OF SENIOR LEADERSHIP

HTS Training & Development
White Paper

“Teamwork is the ability to work together toward a common vision. The ability to direct individual accomplishments toward organizational objectives. It is the fuel that allows common people to attain uncommon results.”

– Andrew Carnegie

Why does one organization get a reputation as a great place to work while another struggles to retain its employees? It's never a simple matter of company A paying more than company B. Financial incentives may attract more applicants, but they don't connect an individual personally to an organization. The level of commitment, the willingness of an employee to recommend his or her company as a great place to work and to do business — what we call engagement — can make or break an organization.

HTS Training and Development examined the rational and emotional factors that impact engagement in the workplace. The research identified senior leadership practices and behaviors as a critical area of focus. From the quality of the people they hire, the resources and training they give them, the level of communication with employees, to the way employees are compensated, the climate of the working environment is a reflection of senior management.

THE BUSINESS VALUE OF ENGAGEMENT

Senior leaders often find it difficult to assess the impact of employee engagement on their business performance. The HTS Training and Development study revealed that seven out of ten employees are not fully engaged in the workplace. Just under half do what is expected of them but feel undervalued and are unwilling or unable to put in any extra effort.

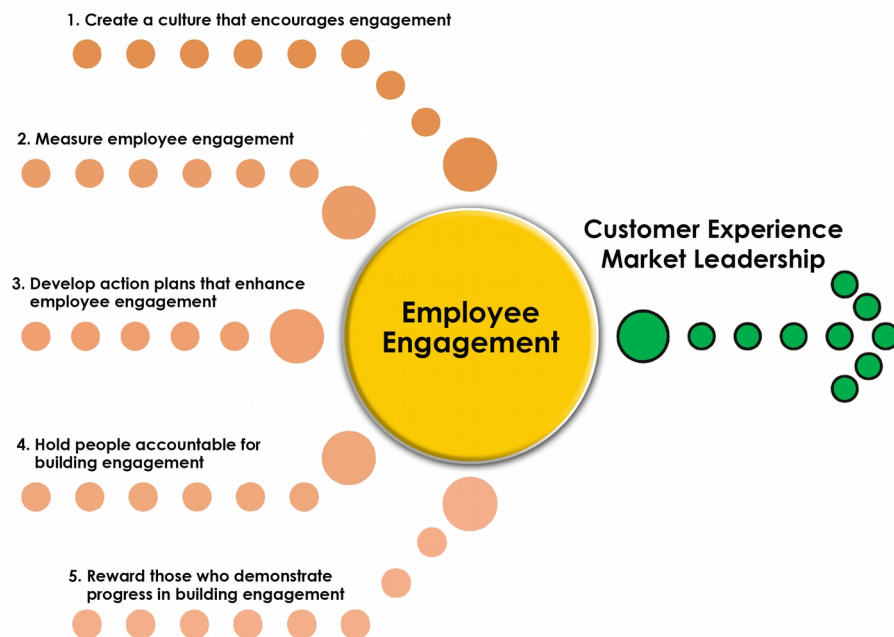
More malignant are disengaged employees, who represent over a quarter of the workforce across the US. They exhibit negative behaviors and undermine the accomplishments of their coworkers. The effect can be seen in decreased output and a rise in accidents, absenteeism and staff turnover. With disengagement having such a detrimental effect on the workplace, some employers may consider it better just to let disaffected workers go, but these employees can carry their discontent outside, damaging the organization's reputation with customers and potential future hires.

45% of managers and supervisors are engaged, reflecting their status and remuneration. Only 23% of other level workers are fully engaged.

Sixty-nine percent of disengaged employees would move to a new employer for as little as a 5% pay increase, whereas it would take a 20% increase in salary to attract an engaged employee. Therefore, any shift from disengaged to engaged reduces turnover costs and should not be downplayed. The Institute for Research on Labor and Employment put the figure to recruit and train a replacement worker at 150% of salary, including lost productivity. The current talent squeeze in some sectors, especially the tech and health care industries, may mean that a position remains unfilled for a considerable period of time after an employee quits. This is likely to become more problematic as the economy improves and workers have more employment choices.

On the other hand, while disengaged employees cost employers time and money, engaged employees drive business. The twenty-nine percent of workers who are fully engaged do more in less time than their colleagues. The resulting benefits are felt within the organization and beyond: greater productivity, increased customer satisfaction, repeat business, and higher profit for the organization and its shareholders. Given these facts, it is surprising that 75% of organizations have no engagement plan or strategy, although 90% say engagement impacts business success.

CREATE A CULTURE THAT ENCOURAGES ENGAGEMENT



Senior leaders are the visible face of the organization. They set strategic and cultural goals and steer the company in the right direction to achieve their vision. Through positive attitudes and actions they can build a culture of engagement that involves and inspires all employees. Sixty percent of employees who have confidence in the abilities of senior leaders and think that senior leaders are moving the organization in the right direction are fully engaged, compared with less than a third who disagree with the statement.

Employees want to be able to voice their opinions and to know that their opinions matter. Unsurprisingly, employees who say their company encourages open and honest communication are more engaged. They welcome the opportunity to share concerns and work together to find solutions. Sixty-one percent of employees who say they are satisfied with the amount of input they have in decisions affecting their work are engaged. When employees feel they lack opportunities to express opinions or they feel their voice is unheard, they tend to become unmotivated.

Most employees know what is expected of them, but the opportunity to grow and develop new skills and try new things drives engagement. Senior leaders establish engagement by providing a clear career path, ensuring employees receive helpful feedback and initiating training programs throughout the organization. Workers need to feel that what they do is meaningful and that they are working for a successful company. Sixty percent who feel they have an impact on the direction of the company are engaged.

“People want to believe you are sincerely interested in them as a person. Not just for what they can do for you.”

—John Wooden

People want to feel they belong to a community that shares their values. When the values of the organization and the employee align, and when employees see organizational behaviors that reflect those values, they are engaged. For example, one-third of employees say their organization values diversity; of those, 55% are engaged. Management can reinforce its commitment by ensuring a safe working environment where employees feel that their health and well-being are supported.

There is a direct correlation between corporate responsibility and employee engagement. The engagement level is twice as high (54% vs 25%) among those who say they are proud of contributions their organization has made to the community.

Senior leaders can further generate engagement in the workplace by promoting a spirit of teamwork and cooperation. This positive peer interaction allows employees to look forward to going to work and helps them create long-lasting friendships among their colleagues. These are the employees who feel proud to be working for their organization and act as ambassadors for it.

MEASURING EMPLOYEE ENGAGEMENT

Effective people management does not come from a one-time performance review; it is an ongoing process. Senior leaders need to invest time and resources to measure engagement. Questionnaires and face-to-face interviews should be conducted on a regular basis, and the results should be analyzed and the information used to take future actions. Discover why people leave by conducting exit reviews. Employees need to feel confident that they can express themselves and feel sure when they offer their opinion that they are safe from repercussions. Bear in mind that some employees may lack the motivation to respond. Likewise, failure to ask the right questions may mean signs of disengagement go unnoticed. Encourage employee feedback and follow through on the results. Failure to act is worse than not acting in the first place. If employees think the person conducting the interview does not value their opinion, they will become disillusioned, which leads to complete disengagement.

ACTION PLANS TO ADDRESS IDENTIFIED WEAKNESSES

Every organization needs its own unique development plan based on the findings of its research. Management needs to understand how engaged employees segment by department and location, the factors that are enhancing engagement and those that detract from it. With this knowledge, senior leaders can develop a targeted action plan at the individual, departmental and organizational levels.

- **Organizational level:**

Senior leaders set the tone for the organization and define its goals. These behaviors and goals need to be clearly defined, realistic for the employees to

A unique
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achieve and communicated throughout the organization. This will create a shared sense of responsibility for the success of the organization.

Workers' perception of senior leaders tends to be less positive than their perception of immediate supervisors, possibly because they are distanced from management and more likely to concentrate blame for all problems in the organization on the executives. Leaders have to project a positive manner in all interactions with other managers and employees and be accessible to them.

- **Departmental level:**

Engaged senior leaders act as a positive role model for all employees, but in particular they serve as a role model for immediate supervisors who in turn build more engaged teams. Engaged managers are more likely to have an engaged team; disengaged employees probably have a disengaged manager, too.

Each team or department needs to understand how its roles and tasks fit into the organizational vision. Use the diversity of skills, experiences and backgrounds within the team to create an enthusiastic and innovative environment.

Build a climate of trust within the team, ensuring that the necessary feedback supervisors give is well-received and improves overall performance. See that supervisors support the individual members of the team and care about them on a personal level. Encourage employees to learn from managers' strengths.

- **Individual level:**

Think of employees as internal customers; they are key assets in implementing and maintaining the culture of engagement that leads to an organization's success. Employees who say their employers "care about how I feel about our overall business" are more engaged.

Determine how the individual's personal ambition aligns with the organization's goals. Encourage individual development and recognize individual accomplishments. Praise publicly, reprimand in private and coach individuals who do not demonstrate behaviors that encourage engagement.

Senior leaders are among the most engaged employees, but employees' perceptions of senior management tend to be less positive.

HOLD EVERYONE ACCOUNTABLE

Senior leaders establish the parameters for an engaged workplace while immediate supervisors who interact on a daily basis with employees are in the best place to evaluate engagement levels at the individual level. It is up to senior management to support immediate supervisors and ensure they have the appropriate skills and motivation to identify and understand changes in engagement levels. Individual employees are responsible for their own actions and interactions with coworkers, which contribute to a positive working environment. Respectful peer feedback builds engagement throughout the team.

REWARD ENGAGEMENT BUILDERS

All employees want their contributions to be acknowledged. Successful executives set realistic targets and value sustained effort, rewarding employees and managers who increase productivity and who build enthusiasm. These rewards need not be financial, but they should be meaningful — offering the same incentives time after time leads employees to think management doesn't really care about them. Benefits and incentives can be customized to appeal to different segments of the workforce. Recognition and praise in addition to physical incentives promotes engagement.

CONCLUSION

Effective senior leaders recruit the right people for the job, motivate them by giving them clear goals and responsibilities, and coach them throughout their careers. Senior leaders who trust their employees, communicate positively with them and recognize and reward their work tend to build an engaged workforce that gives their organization a massive competitive advantage.

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