



DECISIONWISE
Leadership Intelligence®

Whitepaper:

The Three Essential Components of Employee Engagement

By Tracy M. Maylett and Juan M. Riboldi

Table of Contents:

The Concept of Engagement.....	1
What do We Want Most?	2
Three Scenarios	2
DecisionWise Employee Engagement Model.....	3
Different Strokes for Different Folks	3
Measuring Engagement	4
Engagement Surveys.....	5
The Impact of Engagement	5
Engagement Leads to Success	6
About the Authors	7
About DecisionWise.....	7

The Three Essential Components of Employee Engagement

Understanding the role of Motivation, Satisfaction, and Effectiveness in Driving Engagement and Increasing Organization Performance

By Tracy M. Maylett, Ed.D
& Juan M. Riboldi, MBA/OB

You know you want employees who are motivated, satisfied, and engaged—or at least you *think* that’s what you’re aiming for. Regardless, you know you want them to be productive and effective. You make a fair attempt to measure levels of employee satisfaction, but your “employee satisfaction survey” doesn’t tell you what you really want to know—how engaged are your employees in what they are doing? Do they do more than show up? Do they bring their hands, minds, and hearts to the job?

Organizations of all sizes are lining up behind initiatives aimed at improving *employee engagement*. The rise of engagement surveys, workshops, and publications attest to the increased interest behind this concept. Yet managers, HR professionals, consultants, and academics alike often pose the simple, straight-forward questions: “*What is Employee Engagement and how do we measure it?*”

The Concept of Engagement

The idea of engagement did not simply spring from a noble management effort to ensure employees were happy. It arose from the need for increased productivity—the ability to get greater output from effort.

As competition increased following World War II, companies realized that they could better ensure levels of productivity by retaining and getting the most from their labor force. But one significant difference came to the forefront that did not exist previously. Employees now had choices. Contrary to what much of the previous generation experienced, many employees could now choose to leave an organization for more favorable work. Under these conditions, managers became more focused on employees as a way to increase the bottom line. They needed employees who not only brought their hands to their work, but their minds and hearts as well.

As the real value of an organization shifted from tangible assets (brick and mortar, machines, vehicles, property, tools, etc.) to intellectual assets (know-how, customer relationships, proprietary information, etc.), what existed in people’s minds and hearts was becoming more valuable. Today, the ability to learn, change, and adapt is increasingly becoming the greatest sustainable competitive advantage. Today’s workforce faces daunting challenges to cut costs, improve quality, increase production, and develop new products and services at a faster speed. While some organizations struggle or fail, others are able to cope with the increasing demands. Because of these global trends, the value of human capital is even greater now than ever before. A key factor in tapping this capital is *engagement*.

What do We Want Most?

To better grasp the concept, ask yourself the simple question: “What do we want *most* from our employees?” Intuitively, we know it when we see it. Consider the following examples:

- A salesperson works well past five o’clock to secure a deal that helps the company achieve its revenue goal.
- A machine operator takes the time at the end of her shift to ensure that her counterparts understand changes in the production system.
- A customer representative goes beyond his job duties to make sure a complaint gets resolved to the customer’s satisfaction.
- A manager takes time to personally congratulate and recognize a new-hire for completing an important project on time.



Over the past five years, we have asked numerous groups of managers across different organizations and industries what they want *most* from their employees. Their answers include statements like “we want them to be productive and to do a great job,” “we want them to feel respected and valued,” or “we want passion and commitment,” and so on. Their answers, as diverse as they may initially seem, can be logically grouped in three broad categories which, together, define engagement. These categories are *Satisfaction*, *Motivation*, and *Effectiveness*.

Engagement occurs when Satisfaction, Motivation, and Effectiveness intersect. While each of these factors is important on its own, it is only when all three are present simultaneously that true engagement occurs. The confusion comes when we begin to use these words—motivation, satisfaction, effectiveness, and engagement—synonymously. When we explore them from a practical perspective, we see that each is actually a distinct and unique concept, and that all of three are required components of engagement.

Three Scenarios

1. Take, for example, the assembly line employee who is satisfied with her job. Her job means steady employment. She feels satisfied with her pay (at least it’s better than most of the jobs she could find down the street). She starts at 7:00 in the morning and gets off in time to pick up her seven-year-old from school. It meets her needs, but she is not engaged. She would not say that she looks forward to coming to work each day, nor is she *motivated* by her work environment to perform at her best. It’s a job.
2. Her co-worker enjoys coming to work each morning because she has recently been given the responsibility to ensure the assembly line is producing at record capacity. She is motivated by this challenge, and has been able to meet, and even exceed, effectiveness targets. Yet her manager rarely recognizes her for this effectiveness, and her pay is not reflective of her contribution. In fact, she is so *dissatisfied* with her pay and lack of general recognition that she has recently interviewed for a similar position with a competitor.
3. Upstairs in the main office is a friend of both of these employees. She is a programmer that has recently joined the company ranks. Lack of motivation is certainly not an issue, as she has been excited to come to work each day and to put into practice the skills she recently learned in college. She’s very satisfied with her job. She considers herself fortunate to have landed such a good job

straight out of school. Yet, every day she runs into the same problem—the one that her boss has been telling her (since the day she began) would be taken care of as soon as the budget request came through. Her computer does not run the applications she needs in order to effectively use her time. In fact, she estimates that as much as half of her day is wasted. She is not *effective*. While each of these women possesses two of our factors, a critical third is missing which prevents her from being engaged.

As each one of the elements feeds on the others, their level of contribution at work will suffer, and could eventually deteriorate to the point of losing commitment. It is also possible that they could even become actively *disengaged*. A perceptive manager would notice the situation, assess what is critically missing, and create the conditions that would help engage each one of these women.

The DecisionWise Employee Engagement Model

As described in these examples, people are engaged when they are satisfied, motivated, and effective at work. Engagement occurs when all three components are simultaneously present.

Motivation +
Satisfaction +
Effectiveness =
ENGAGEMENT

Employees are engaged when their jobs attract and hold their attention, and they are deeply involved in their work. But what is the impact of engagement at work? Significant! Organizations with genuinely engaged employees have higher retention, productivity, customer satisfaction, innovation rates, and quality. They also require less training time, experience less illness, and have fewer accidents. Simply put, engaged employees deliver more than the average employee, and cost less.

The value of being engaged at work is a mutual benefit to the worker, the employer, and the customer. To the employee, engagement means a more rewarding job. To the employer, engagement translates into retention and productivity. The customer experiences employee engagement through better quality and service.

Each of us brings unique talents and skills to our work. When we use our strengths at work, we tend to be more successful at what we do. When we choose to give—to really invest ourselves in the work we do—we become fully engaged.

Different Strokes for Different Folks

The concept of engagement relies on a combination of many factors. What may engage one employee may not engage another to the same degree. There are many factors that influence engagement at the individual, team, and organization levels. There is no one-size-fits-all approach. For example, consider what might engage a top salesperson, versus a registered nurse. At the risk of over-generalizing, we may venture to say that the typical sales representative will be more likely to be engaged by aggressive compensation and autonomy, while the nurse may perceive more value in having the right tools and equipment, as well as being treated with dignity and respect.

Realizing the complexity behind the concept, is it possible to identify a set of key drivers that facilitate engagement? With this question in mind, we conducted a research study with workers representing different job functions, professions, industries, and cultural backgrounds. We met with individuals and groups of workers and provided them with a set of cards, each card describing specific components of job satisfaction, motivation, and effectiveness. The cards included topics such as: Competitive Compensation, Co-

Worker Relationships, and Clear Goals and Directions. We asked each individual or team to sort the cards in order of importance to their engagement at work. The question we posed as they sorted these cards was simple: “Tell us what makes you *want* to do, and what makes you *able* to do your best at work.”

The exercise instructed them to spread the cards on a table. At the top of the table, they placed those cards they considered to be critical to their motivation and ability to do their best at work. At the bottom, they set the cards that they felt did not affect their levels of engagement to any significant degree. In the middle, we ended up with a pile of cards that, while important, were not considered critical.

What we found was not surprising, and has been repeated in each subsequent exercise we have conducted—a common set of core dimensions that define engagement for the majority of people with whom we worked. However, these factors were not always given the same priority in terms of importance. In other words, engagement means different things to different people. Additionally, within similar professions, there is higher consistency, as they tend to identify similar engagement dimensions as the most critical.

Measuring Engagement

Why has the concept of engagement now spread beyond the Human Resources office and into the boardroom? Our studies involving well over 10,000 people across multiple organizations, as well as numerous external studies, indicate significant correlations between engagement and key performance indicators, such as retention (turnover), customer satisfaction, and financial results (revenue growth). These studies support similar research concluding that engagement is relevant to overall performance. Employee engagement, therefore, becomes a critical component to be measured in terms of the overall health of an organization.

Measuring engagement is a precursor to improving performance. Based on a sound definition of engagement and a reliable instrument, we can start taking note of engagement levels in the organization. We can then set goals for improvement and measure progress.

So how do we go about measuring engagement? One way is to look at outcomes. What are the end business results? Do they reflect the work of employees who are truly engaged? What does the evidence suggest? Are employees acting as if they are engaged in their work, or actively disengaged? This type of anecdotal evidence is helpful, as it is both a sign of and the result of engagement or disengagement.

One of the most effective ways to assess levels of engagement is simply to ask. Engagement surveys have become one of the most popular methods of determining levels of engagement. However, many so-called engagement surveys do not measure all three aspects of engagement— motivation, satisfaction, and effectiveness. They stop short of getting the whole picture.

“No company, large or small, can win over the long-run without energized employees who believe in the firm’s mission and understand how to achieve it. That’s why you need to take a measure of employee engagement at least once a year through anonymous surveys in which people feel completely safe to speak their minds.”
- Jack Welch, Former President and CEO of GE



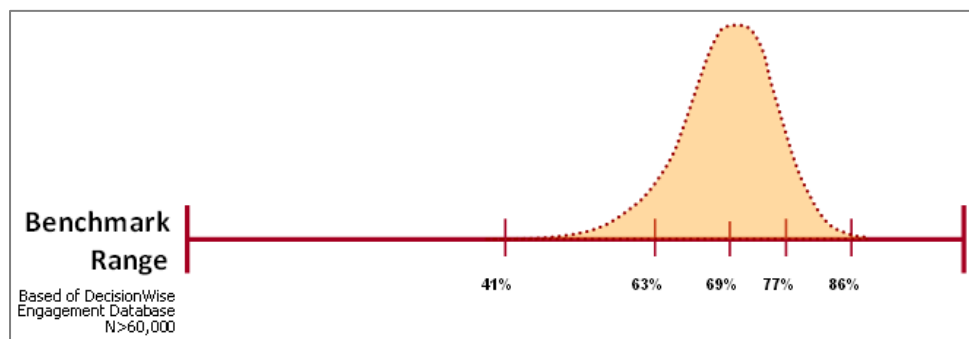
Engagement Surveys

It is important to look at all aspects of engagement. When we evaluate levels of engagement within an organization, we use the *Leadership Intelligence® Engagement Survey* as an indicator for measuring and improving engagement. The survey has been tested, validated, and benchmarked across various industries in areas of the world. We have found that these questions generally address the basics of engagement. However, we don't expect a standard engagement survey to fit all organizations, levels, or positions. Questions must be customized to fit an organization's unique drivers of engagement.

For example, when conducting an employee engagement survey with a restaurant chain, we developed a set of questions specific to the corporate staff (mainly consisting of professional white-collar workers) and another survey tailored to the restaurant crews who are primarily part-time and temporary workers. As predicted, the survey results indicated unique needs for the two groups. At a large ecclesiastical, not-for-profit organization, we found that living up to the organization's values and linking daily activities to the organization's purpose and vision play a large role in engaging the workers. Conversely, at a successful fast-growing Financial Services company, achieving results and opportunities for growth were most critical to engagement.

The Impact of Engagement

In 2008 we finalized a research study in which we surveyed over 60,000 people in various organizations and across various functions. In this study, we found that, overall, 69% of employees indicated that they are engaged at work (those responding *Agree* and *Strongly Agree* to the *Leadership Intelligence Engagement Survey*). Engagement levels varied greatly across organizations, ranging from a low of 41% to a high of 96%. This study also revealed that the highest scores generally centered on *pride in the organization, role clarity, and quality work*. Compensation typically showed up amongst the lowest scores, with areas of potential organization improvement often being in the categories of *opportunities for growth, accountability, and recognition*.



What do these results tell us? For starters, we see that most organizations have not tapped into their employee potential. With only 69% of employees indicating that they are engaged in their work, this would leave over 30% who are not. Previous studies, conducted both by DecisionWise and by other research organizations, show even higher levels of disengagement. Consequently, the overall effectiveness of these organizations suffers.

In order to further study the impact of engagement on these organizations, we analyzed various performance indicators for these organizations and compared them to the levels

of engagement in these organizations. We found that engaged organizations experienced some significant advantages:

- Reduced Turnover (-24%)
- Higher Business Scorecard (overall performance metrics) ratings (+7%)
- Higher Customer Satisfaction ratings (+2%)
- Higher Revenue Growth (+10%)

With improvements such as these, it's little wonder that the concept of engagement has drawn the attention of organizations today.

Engagement Leads to Success

Employee engagement can be simply defined as a voluntary dedication and commitment to doing our very best work. Engagement goes beyond traditional measures of employee satisfaction to include concepts of motivation and effectiveness. Different people are engaged by different things, so the actual dimensions of engagement may vary for a given group or organization. Engagement is much more than ensuring our employees are motivated, and is no longer just HR jargon. It is now as real as the results of the latest company Profit & Loss Statement. In today's organization, the difference between engaged employees and disengaged employees may very well mean the difference between success and failure.

About the Authors



Tracy Maylett

DecisionWise President and CEO

Tracy's business, coaching, and consulting background extends over a period of 20 years and across 5 continents. With experience in technology, retail, government, education, and manufacturing environments, Dr. Maylett has worked with executive and leadership teams in over 20 countries.

Tracy joined as President of DecisionWise, coming from a position as Vice President of Organization Effectiveness at Modus Media International in Boston. Prior roles included human resources, training and development, and process management. He has also taught in the Department of Organization Leadership and Strategy at the Marriott School of Management at BYU. Tracy has a Doctorate in Organization Change from Pepperdine University, an M.B.A. from Brigham Young University and a B.A. in Education from Utah State University. He is certified as a Senior Professional of Human Resources (SPHR), and is the author of numerous professional and academic publications relating to feedback, coaching, leadership, human resources, and change.



Juan Riboldi

DecisionWise Consultant and Employee Engagement Expert

For over twenty years, Juan has consulted with various corporations and leaders across the globe in change management, organization development, and leadership coaching.

Juan is the founder of DecisionWise and the author of a number of publications and programs in the areas of employee engagement, feedback, leadership, and organizational effectiveness. He holds graduate degrees in Organization Behavior and Business Management from the Marriott School of Management at Brigham Young University, where he also taught in the Department of Organization Leadership and Strategy.

About DecisionWise

DecisionWise, Inc. is a management consulting firm specializing in leadership and organization development using assessments, feedback, coaching, and training. Our Leadership Intelligence® process leads to more effective working relationships, higher levels of employee engagement, and increased business performance. We provide our consulting and survey services to organizations throughout the world, including many Fortune 500 companies, government organizations, and non-profits. Our mission is simple and straightforward: "To help people work more effectively by turning feedback into results." DecisionWise was founded in 1996, is privately owned, and based along the Wasatch Mountains in Provo, Utah.

For more information about DecisionWise, visit www.decwise.com.