

# The RESOURCE

## GENERATING EMPLOYEE ENGAGEMENT

**E**very company wants engaged employees—employees who are fully committed to and enthusiastic about their work. These employees also feel a strong emotional bond to the organization that employs them. Unfortunately, research shows that only 29 percent of employees are actively engaged in their jobs. This is particularly regrettable because engaged employees are 20 to 40 percent more productive than their disengaged counterparts.

Since employee engagement is clearly connected with employee productivity, creating a workplace that encourages engagement is good business. What is the best way to accomplish this? The first step is to determine the current level of engagement of a work force. This requires an objective look inward, assessing such factors as job expectations, resources available to get work done, opportunity for input, relationships with coworkers, and (most important) the relationship with one's boss.

### Bad Bosses

It turns out that an employee's direct relationship with his or her manager is the strongest of all influences on employee engagement. In fact, 12 major research studies on employee engagement have verified the old saying "people quit their bosses, not their jobs." One online survey of 1,100 people found that half of the respondents would actually fire their own bosses, if they could.

Just what is a bad boss? Research identifies the top six characteristics of a bad boss:

- ❖ Choosing favorites
- ❖ Failing to communicate expectations/timelines/goals
- ❖ Using disciplinary measures inappropriately
- ❖ Intimidating and bullying staff
- ❖ Taking credit for accomplishments of employees
- ❖ Failing to provide rewards/recognition for positive performance

Although bad bosses are the number one reason that people are not engaged in their jobs, the next two reasons cited are the desire for better pay and more growth potential. Other important influences on engagement include employee perceptions of job importance, clarity of job expectations, relationships with other employees, and pride in the company itself.



### Engagement Surveys

In order to assess the relative importance of these drivers of engagement, companies that are concerned about productivity and retention often conduct formal or informal employee engagement surveys. These surveys enable a company to pinpoint specific areas for improvement and change.

Employee engagement surveys can be conducted rather efficiently by asking a dozen key questions and analyzing the responses of various subgroups in the company. Answers to the key questions reveal how to bridge the gap between employees who just show up and those who are emotionally invested in their work. Understanding the factors that

lead to employee disengagement is crucial to improving retention, productivity, and profitability in a company.

### Pinpointing Problems

With the advent of the Internet, employee engagement surveys can be conducted online quickly and confidentially. PSP Metrics has a dedicated website for employee surveys, allowing employees to log on in privacy to give their honest answers to engagement questions. Careful analysis of the survey results by PSP enables a company to pinpoint specific gaps and to develop action plans for improvement.

All of us want engaged employees who love their jobs and their companies. Generating such employee engagement requires an objective assessment of current engagement, as well as ongoing efforts to maintain the key drivers of extra effort and company loyalty.

# PLANT START-UPS AND EXPANSIONS: CREATING A NEW CULTURE

**W**ork culture is the way employees collectively think and act in a given company or plant. In a start-up situation, a culture is created from scratch. Savvy companies recognize the unique opportunity this presents to shape the attitudes and behaviors of the new work force.

By hiring employees who seek opportunities to cooperate, take initiative, and improve work methods, a company can achieve a unity of expectations and goals. With all employees pulling in the same direction, the new work force will learn faster and produce more output. In fact, some authorities believe that a company obtains 90 percent of an employee's productivity at the time of hiring.

## A High Performance Culture

Plant cultures are directly related to hiring procedures. If a company utilizes the "warm body" method of hiring, it hires subpar workers. Studies show that subpar workers produce only half the output of average workers. Moreover, poor performers have more accidents and cause more equipment breakdowns than average workers. Poor performers also require more initial training time and more retraining time than average workers. On the other hand, above average workers produce 50 percent more than average workers. They require less supervision time and less human resource time, make fewer mistakes, and produce less scrap/waste.

A culture based on above average workers increases efficiencies in operations, while one based on subpar workers adds costs in terms of turnover, lost production, and downtime. In addition, when an employee's desired rewards match up with the incentives available, continuous motivation takes place. This results in a culture where employees give an honest day's work, display dependability and reliability, strive for continuous improvement, and achieve results.

## Screening for Cultural Fit

Surprisingly, many companies squander the opportunity to create a new culture by relying exclusively on job applications and interviews when hiring employees. While these methods have some value, they just don't provide enough reliable information. Studies show that job applications and resumes are falsified 25 percent of the time. Moreover, the job interview is an

inherently subjective process, often boiling down to interpretations and "gut feelings" rather than hard data. Such approaches minimize the chance of obtaining a unified, loyal, and motivated work force.

A high performance work culture can be realized only if there is standardization and objectivity in the hiring process. Otherwise, the desired culture will be contaminated by dissension, lack of initiative, and turnover in the ranks. When exceptions are made to standardization and objectivity in hiring decisions, subjectivity takes over and productivity suffers. Screening for cultural fit requires discipline by hiring managers to avoid the temptation to deviate from the established procedure.

Standardization and objectivity in hiring are best achieved with well-designed employment tests. In fact, of all the employment screening tools available, only employment testing can be truly objective and unbiased. Employment tests allow industrial psychologists to assess a variety of internal "drivers," thus identifying people who are motivated to do what employers need. All applicants are quantitatively measured and compared to a common benchmark. This provides the best pathway to high caliber employees, as well as to a legally defensible screening process.

## The Financial Pay-Off

Plant start-ups and expansions enable companies to establish new work cultures with financial impact. When one considers the wages and benefits paid over the course of an average career, the decision to employ an individual is a million dollar decision. In a plant start-up and expansion, where scores or hundreds of individuals are hired, the importance of hiring right becomes obvious.

Creating a work culture which makes the most of that multimillion dollar investment is a specialty of PSP Metrics. We customize and calibrate our employment tests to match the cultural requirements of each of our customers. Companies throughout the world benefit from PSP's approach, achieving work cultures that create tremendous competitive advantage.



## ONE MORE TIME: HOW DO WE DEVELOP LEADERS?

**L**eadership development continues to be a critical issue for companies as baby boomers retire and global competition for essential skill sets increases. With today's continually changing technology and multi-national marketplace, leadership development must be an on-going process, not a one-time check-off on an executive's To Do list, if companies want to stay competitive.

Leadership development begins with examining the skill sets the organization will need to achieve its goals within the next five years. The focus must be on the future because companies create value by what they can deliver tomorrow, not by what they did yesterday.

### Take a Fresh Look at Skill Sets

If you already have a leadership competency model, be careful that it has not gone stale. Is it in tune with changes in the marketplace? Has your technology changed recently? Are your customers beginning to demand more or different services from you? Are you now selling or operating in different countries? These questions and similar ones all lead to one important point: you need to periodically take a **fresh look** at the skill sets needed for the company's future success.

If you don't already have a competency model, you need a list of specific skills and behaviors required of a leader in order to achieve desired results. A competency model is the blueprint for leadership development as well as performance management. Leadership competencies involve skill sets such as change management, coaching and employee development, business understanding, the ability to build business alliances, and emotional intelligence. Additional competencies may include the ability to work with a diverse group of individuals, as well as an entrepreneurial orientation that emphasizes initiative and new ways of doing things to increase results. It is important for these competencies to include observable behaviors so that leaders know what is expected of them and managers know what to look for in terms of work performance.

### Are Key Leaders Demonstrating Competencies?

Once you have refined your competency model, it is important to measure how effectively your key leaders demonstrate these competencies. This can be accomplished best through 360 degree survey evaluations that provide significant feedback to leaders about key areas for their continued development. The competency model is customized into the 360 degree survey questionnaire completed by peers, bosses, direct reports, and the employee's internal and external customers. The results of the survey provide a gap analysis that gives companies an accurate view of their leaders' strengths and weaknesses, pointing out what is needed for each person's development to achieve future business results.

Leadership development cannot occur without accurate, objective feedback. Executives, human resources professionals, and outside consultants must openly discuss developmental needs with leaders. Managers must provide critical coaching and reinforcement. High potential future leaders react enthusiastically to an opportunity for such feedback and development—a powerful tool for leaders who want to be the executives of tomorrow.

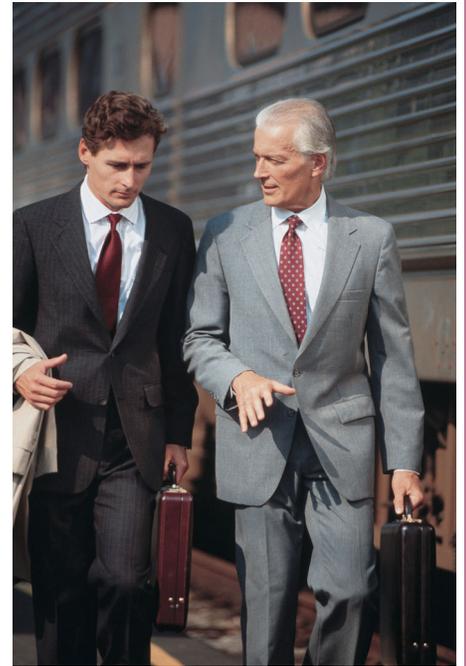
Remember that organizations change only when their leaders change. They are the role models who set the direction for the employees who carry out the daily mission of the organization.

### Customized Training Plans Are Critical

Customized training plans are critical for success in any leadership development program. To give the company the greatest return on its investment in leadership development, training plans need to focus on specific behavioral changes for individuals to practice, as well as on the job assignments that provide the opportunity to demonstrate the enhanced behavioral skills. True leadership development takes individuals out of their comfort zones and requires them to stretch and learn. Those not willing to put such demands on themselves are less likely to be successful leaders now or in the future. Without openness to feedback, leaders lack the information necessary to enhance the skills that are most important to the company's future success. Resistance to feedback and lack of flexibility are derailers in today's ever-changing marketplace.

Leadership development is not simply succession planning, which historically focuses on replacing slots in the organizational chart. Effective leadership development equips a company to anticipate and respond to change. To succeed in this, leadership development must be personally supported and modeled by top executives.

### Note to CEO: What is your personal development plan?



# WHAT'S NEW @ PSP

## RESOURCES FOR LEADERS

In ***One Foot Out the Door: How to Combat the Psychological Recession That's Alienating Employees and Hurting American Business***, Judith M. Bardwick, a clinical professor of psychiatry at the University of California, San Diego, offers strategic suggestions on how to recruit and retain talented people. The book won the 2007 800-CEO-READ Business Book Award in the human resources/organizational development category.

Successful leaders reach a point in their careers when they need to step back and ask certain key questions in order to stay on track. Robert S. Kaplan, a Senior Lecturer of Business Administration at Harvard Business School, outlines seven types of questions that leaders should periodically ask themselves in ***"What to Ask the Person in the Mirror"*** in *Harvard Business Review* (January 2007).

Jim Camp, a negotiation coach for 20 years, explains how to deal with day-to-day negotiating challenges at work and in your personal life in ***NO: The Only Negotiating System You Need for Work and Home***. Camp emphasizes a common sense approach that helps people to zero in on the real issues.

Leaders trying to engage employees will find it worthwhile to return to a *Harvard Business Review* Classic by Frederick Herzberg, PSP's Director of Research in the 1950s. ***"One More Time: How Do You Motivate Employees?"*** was first printed in 1968 and again in 1987 and 2003 (800-988-0886 or [www.hbsp.harvard.edu](http://www.hbsp.harvard.edu)).

Learn more about topics related to the articles in this issue by visiting PSP's web site at [www.pspmetrics.com](http://www.pspmetrics.com). Read about "Employee Retention/ Opinion Surveys," "Plant Start-up," "Executive Development," "360 Assessment" and "Competency Modeling."

- ❖ Started a leadership development program with a leading chemical company.
- ❖ Conducted behavioral interviewing skills training in multiple locations for a large international steel company.
- ❖ Customized a behavioral profile for successful leaders in an investor-owned manufacturing company.
- ❖ Designed a talent inventory and development program for an international electrical products distribution company.
- ❖ Established a Virtual Private Network (VPN) for key PSP personnel to better serve customers across time zones worldwide.
- ❖ Developed a training guide to teach management coaching techniques to PSP customers.
- ❖ Created an internal tracking system at PSP to log and expedite resolution of customer requests and questions.
- ❖ Added 15 new companies to PSP's customer list.



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