

# How strong leadership drives employee engagement



## In summary

Effective business leaders fully understand that they are only as good as their people, and that they will only be able to lead to the best of their ability by engaging with, and listening to, these valuable assets.

A strong leader will set a tone that motivates, inspires and engages their staff and welcomes collaboration.

A strong leader will coach employees to exceed their own expectations about their performance, which means encouraging staff to take risks and subsequently accept failure as part of this support.

But, most importantly a strong leader recognises the value of engagement over lucrative pay deals in driving productivity.

Of the 10 truths that authors Jim Kouzes and Barry Posner explore in their best-selling book, *The Truth About Leadership* (2010), they consider the fifth truth, 'you can't do it alone', to be the most important.

## Honest and open dialogue

Progressive leaders understand the importance of honest and open dialogue, that considers employees as individuals with careers that are highly likely to extend beyond their current organisation.

As lead author Reid Hoffman and his co-authors Ben Casnocha and Chris Yeh explain in their best-selling book, *The Alliance*, leaders are duty-bound to encourage employees to undertake as many projects, referred to as 'tours of duty', as possible during their tenure, to help develop their skills sets in preparation for future job roles and not just in the context of their current employer.

According to the authors, tours of duty represent 'an ethical commitment' by both leaders and their employees to complete a specific project that helps to build an employee's 'personal brand'.

This corresponds with Deloitte's report, which suggests that employee engagement is about leaders understanding that employees need to be considered as 'volunteers to be re-engaged and re-recruited each day'.

Effective business leaders fully understand that they are only as good

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(when scaled to the size of the UK) than the UK does.

Source: Bruce Rayton, *Employee engagement taskforce, Nailing the evidence: workgroup* (2012)

as their people, and that they will only be able to lead to the best of their ability by engaging with, and listening to, these valuable assets.

As **Jane Griffiths**, *Company Group Chairman at Janssen EMEA*, says: "The more that you feel that you're heard, the more inclined you're going to be to bring your ideas forward. But, you as a leader, have to create that environment.

You don't create an environment where only the senior leaders have the franchise on good ideas."

**Jane** adds: "[My job is to] motivate, inspire and engage and so a lot of my time is spent thinking [about whether] the company [is] fully engaged. Are we doing things that are disengaging people? What can we do to improve that?" she says.

## The right tone helps boost productivity

Setting the right workplace tone is key to creating the right environment. A strong leader will set a tone that motivates, inspires and engages their staff, not least because they understand how improving employee engagement can boost productivity levels and, consequently, the bottom line of their business.

"I think all leaders are responsible for setting the tone of the company, whether that's by their personality to begin with, but then later by their deeds and by what they're seen to promise and then seen to deliver against," says **Joanne Thompson**, Chief Executive Officer at Penrillian.

"I think you set the tone from the outset and you have to be willing to be measured by it," she adds.

## Engagement and economic success

The report, *Employee engagement task force, Nailing the evidence: workgroup*, by Bruce Rayton (2012) cites research by recruitment services company Kenexa to show the impact of improving employee engagement levels on a national basis.

The research is based on the engagement levels within the 27 countries that accounted for 80% of global GDP in 2011. The report suggests that countries with higher employee engagement have £25.8bn higher GDP (when scaled to the size of the UK) than the UK does. The UK had an employee engagement level of 3.19 out of 5.0, and it is suggested by improving its engagement level to just 3.55, the UK could start to close this GDP gap of **£25.8 billion per year**.

## Leaders must embrace collaboration

A strong leader will welcome collaboration with their staff.

As **Tony Cocker**, Chief Executive Officer of E.ON UK, says: "Keeping that

# Key leadership qualities that drive engagement

- 1. Values:** Do you live and breathe your values?
- 2. Vision:** Is your vision statement supported by the direction the business is going?
- 3. Accountability:** Is accountability in your organisation a shared responsibility?
- 4. Competition:** Do you steer all competition toward your competitors, and avoid it internally?
- 5. Efficiency or Effectiveness.** Focusing only on efficiency can mean missing opportunities.
- 6. Collaboration:** Do you cultivate collaboration so that teamwork can flourish?
- 7. Servant Leadership:** Does your management team see themselves as servants of the employees?
- 8. Continuous Improvement:** Do employees readily provide suggestions to improve the business?
- 9. Emotional Intelligence:** Mastering this will garner empathy, which is the foundation of an engaged workforce.
- 10. Open Door Policy:** Do you truly have an open door policy and is it actively encouraged?

Source: *How employee engagement drives growth*, Gallup (2013)

openness, that collaboration, making sure there are no silos [and that] we're all singing from the same hymn sheet, I think is absolutely critical."

Collaborative leaders understand the importance of providing regular feedback to employees to help motivate them and unlock their discretionary effort.

## Discretionary effort should not drive leaders

**Paul McNamara**, Group Chief Executive at IFG Group Plc, explains: "As a leader, I think there are two things that are important to driving discretionary effort. One is removing distractions and hygiene issues that employees have, whether that's how IT works,

or the environment, or whether the office is a good place to be, [or whether] there's coffee and food."

"[The second thing] is to make sure that there's really strong feedback, so when people are doing a good job [and] when they are delivering results, they need to know that. That in turn motivates additional discretionary effort and [leads to] employees thinking about how they can continue to deliver that success."

But a desire to unlock discretionary effort should not be the driving force behind leaders' efforts to motivate staff.

As **Matthew Dearden**, *President, Europe, Clear Channel*, says: "I don't think you come in [to leadership] with an idea in your mind of 'how do I get discretionary effort', because I think that puts you back to a text book, head-driven view of, 'well, how can I manipulate these people to do X, Y or Z?'"

Rather, the role of a leader is to coach employees to exceed their own expectations about their performance and to help them excel in their role.

"The first responsibility is for myself, to be the best leader I can be today and through that, help our people think, 'Well, how can I be the best person I can be?'" says **Matthew**.

"I think the biggest single obligation of a leader is to get the very best out of their people, and that usually means getting people to achieve more than they thought they could [and] do things they didn't think they could do," he adds.

### Accepting failure is key

Accepting inevitable failure should be part of providing this support.

For Matthew Dearden, the failure of any attempt by an employee to try something new should be considered a triumph if it was in essence a good idea that they had executed well and modified or abandoned at the first sign of failure.

"As a leader, you have to be prepared to celebrate that triumph and say 'great, you went for it, blimmin' well done. What have you learnt? [Now] let's try the next one,'" he says.

### Succession planning

Such progressive leadership is at the heart of the succession planning currently underway in many organisations.

Progressive leaders are focused on identifying and nurturing high performing employees, or those with

Of 49 publicly traded companies that Gallup looked at, those with an average of:

**9.3**

engaged employees  
for every actively  
disengaged employee



..... experienced .....

**147%**

higher earnings per share  
compared with their  
competition in **2011-12**

Source: William L. Bouffard, author of *Puttin' Cologne on the Rickshaw: A Guide To Dysfunctional Management And The Evil Workplace Environments They Create*. (CreateSpace, 2012), published on *Monster.com*

high leadership potential, through targeted experiences rather than classroom learning, according to the Deloitte survey, *Global human capital trends, The New Organisation, Different by design*, (2016).

In fact, 82% of respondents polled for the survey believe that leadership is either 'important' or 'very important', but just 11% feel confident in their ability to build millennial leaders.

### Leaders needs to work harder

Leaders need to work harder than ever to engage with employees and understand what motivates them and engages them in their business.

A Gallup research paper, *How employee engagement drives growth*, (2013), highlights the phenomenal impact of an engaged workforce.

In the sample of work units Gallup studied, those in the top quartile in employee engagement outperformed the bottom-quartile units by 10% in

customer ratings, 22% in profitability and 21% in productivity.

Further, of 49 publicly traded companies that Gallup looked at, those with an average of 9.3 engaged employees for every actively disengaged employee in one year experienced 147% higher earnings per share compared with their competition in the following year.

### Engagement is valued over pay

Progressive business leaders understand that only an employee value proposition that places more emphasis on engagement levels than lucrative pay deals will help to boost productivity levels and, therefore, the financial performance of their business.

Long gone are the days when a pay cheque was enough to engage and motivate staff.

# Leadership behaviours for building trust

Leaders set the tone of the company through personality, deeds and delivering against promises. Building this trust is a key part of how leaders drive engagement.

Recommendation	Description
<b>Behavioural consistency</b>	Behaving consistently over time and situations to increase predictability
<b>Behavioural Integrity</b>	Consistency between words and deeds, or 'walking the talk'
<b>Sharing and delegation of control</b>	Engaging in participatory decision-making with followers
<b>Communication</b>	Communicating in a way that involves accurate information, explanations for decisions and openness
<b>Demonstration of concern</b>	Showing consideration, acting in a way that protects employees' interests, not exploiting others
<b>Consulting team members when making decisions</b>	Engaging and debating, sharing views and perspectives, ensuring all parties have the opportunity to share their views
<b>Communicating a collective vision</b>	Visioning future scenarios and sharing plans to realise the vision, working with the collective to build consensus and create a future in line with the vision
<b>Exhibiting shared values</b>	Behaving in line with shared values and beliefs

Source: Whitner et al 1998, Gillespie and Mann, 2004 as adapted in *A duty to care, Evidence of the importance of organisational culture to effective governance and leadership*, Chartered Institute of Personnel and Development, July 2016.