EMPLOYEE ENGAGEMENT
in the Modern Workforce

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INTRODUCTION

It is imperative for every organization to understand what engages its employees, but the factors that drive engagement differ from person-to-person and generation-to-generation. Currently, only about 1-in-3 employees in the U.S. are considered engaged, and the modern workforce is made up of five distinct, concurrent generations; all working together, all engaged by different things. The information in this eBook expounds on the importance of employee engagement and its almost universal fundamentals. It also identifies the five generations in the workplace and what has influenced them, as well as elaborates on what engages the three newest generations that are usurping the modern workforce. Thank you for reading "Employee Engagement in the Modern Workforce."

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What is
EMPLOYEE ENGAGEMENT?

Employee engagement is the emotional commitment an employee has to the organization and its goals. It's a material consequence (p $\rightarrow$ q): if employees are engaged, then they will create a highly productive and performing workforce. The ratio of engaged employees in the American workforce is roughly <u>one out of every three</u>; thus, about 70 percent of employees are disengaged or actively disengaged, meaning that they're checked out, or may go so far as to act out their unhappiness. Their negativity is contagious and can seriously damage a team or an organization. Gallup <u>estimates</u> that these disengaged employees cost American businesses an annual $300 billion. Imagine a ten-person bicycle: three people are pedaling, five are pretending to pedal, and two are jamming the brakes. How far are they going to get? This, clearly, is not the way to move forward.

70 Percentage of disengaged/actively disengaged employees in American workforce

$300 Billions of dollars lost annually to American businesses due to employee disengagement

104 Percentage of sales quota met by highly-engaged employees, according to study by Aon Hewitt

LEVELS OF ENGAGEMENT

Engagement is a psychological state paired with the behavioral outcomes that lead to performance, and there are three kinds: engaged, disengaged, and actively disengaged. Those who are engaged work with passion, feel a profound connection to their company, drive innovation, and move the company forward. Disengaged employees are essentially checked out; sleepwalking through their workday, putting time—but not energy or passion—into their work. Actively disengaged employees actually undermine and diminish what their engaged coworkers accomplish, acting out their unhappiness at work. Again, only one-third are contributing any real involvement to the organization.

Engagement can be determined, in part, by the "Three-S" engagement model:
- Say
- Stay
- Strive

How an employee speaks about the organization to coworkers, potential employees, and customers, the employee's level of belonging in the organization, and the motivation an employee exerts toward their own success in the organization are key indicators of what level of engagement he or she has.

All businesses should want to maintain and develop actively engaged employees. One company, cited in a report by outsourcing and staffing facilitators Aon Hewitt, found that their highly engaged employees achieved 104 percent of their sales quota, and another company found that engaged employees are more engaging of their teams, meaning they can move others to the same high engagement level.

So the question is, what can employers do to better engage their employees? It boils down to three things: growth, trust, and recognition.

THE FOUNDATIONS
of Employee Engagement

GROWTH
Employees need to be constantly learning, both for their own edification and the company's benefit. Unfortunately, training and development is often considered optional by business owners because it's viewed more as an expense than an investment. When employees feel that they are no longer learning, they disengage themselves. An ASTD study found that about two-thirds of employees said that quality learning and training opportunities positively influence engagement in their organizations, and over half said the extensiveness of opportunities boosts their engagement. In addition, career development opportunities were cited by 76 percent as driving engagement to a high or very high extent.

The correlation between highly engaged organizations and their success is that they put more faith in coaching and development as a way to boost engagement, and emphasize a "learning culture" more so than other organizations do. Also, when employees know that their leaders are constantly learning, it instills a sense of

confidence in the company's future, further developing the second concentration—trust. In order to engage others, leaders need to be engaged themselves.

TRUST

Employees need to trust that leadership has a plan for business, and that their best interests are being looked after. As stated earlier, employees who trust that their leadership is amply competent are more willing to invest themselves in the organization. Leadership provides a strong strategic narrative, which earns widespread ownership and commitment from managers and employees at all levels. The narrative is a clearly expressed story about the organization's purpose, why it has a broad vision, and how an individual contributes to that purpose. Employees have a clear line of sight between their job and the narrative, and understand where their work fits in.

These objectives and values are reflected in a strong, transparent, and explicit organizational culture and way of working. Likewise, it is important that behavior throughout the organization is consistent with stated values, which builds trust and a sense of integrity. Most organizations have espoused values, and all have behavioral norms. Where there is a gap between the two, the size of the gap is reflected in the degree of distrust within the organization; closing the gap typically results in high levels of trust. If an employee sees the stated values of an organization being lived by leadership, management, and colleagues, a sense of trust in the organization is more likely to be developed, further enabling engagement.

RECOGNITION

Employees should be appreciated at work, and recognized for their performance. Recognition programs have the potential to create a positive cycle of exponentially increasing employee engagement and motivation, which will result in improvements to job-related performance and behaviors at optimum levels with limited financial investment. The Incentive Research Foundation Resource Center found that recognition increases employees' discretionary effort and level of engagement, and found the following to be best principles for recognition application:

- Develop a recognition strategy that encourages employees to undertake projects that reflect a company's objectives and cultural values.
- Use formal and informal acknowledgment to build a culture of recognition in the company.
- Emphasize recognition of increased quality rather than increased quantity of performance.
- Recognize workers frequently.
- Measure the cost and correlation between recognition and ROI.

Recognition programs aren't just about making employees feel good. A well-designed program can help propel revenue growth, boost worker productivity, and improve employee engagement.

These priorities, of course, are the underlying cornerstones that will begin to improve and maintain employee engagement across the organization. They are comprehensively important to employee engagement, but with new diverse generations being born and entering the workforce, a more tailored plan may need to be established.

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THE FIVE GENERATION

Workforce

There are, in essence, five distinct generations walking the face of the earth, and starting in 2015, the workforce will be comprised of all five as well. The five generations breakdown, currently, like so:
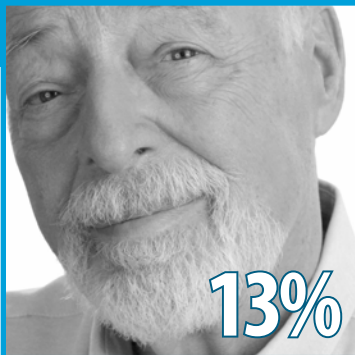
### TRADITIONALS, "The Depression Babies"

13%

- Born 1922-1945
- Influenced by the Great Depression, World War II
- Traits:
  - Loyal
  - Respectful of authority
  - Stubbornly independent
  - Excellent work ethic
  - Dependable
  - Have advanced communication and interpersonal skills
- Traditionalists are engaged by:
  - Retirement and appropriate incentives, like 401Ks
  - Option of flexible and mobile work environment
 - Respect and recognition (earned through experience)
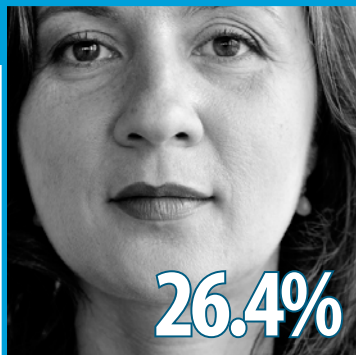
BABY BOOMERS, "The Woodstock Generation"

26.4%

- Born 1946-1964
- Influenced by the Vietnam War, the 1960s, postwar social change
- Traits:
  - Well-educated
  - Question authority
  - Excellent teamwork skills
  - Thrive on adrenaline-charged assignments
- Baby Boomers are engaged by:
  - Promotions and job titles
  - Future stability
  - Retirement, pension, and stock option plans
  - Respect and recognition (earned by tenure)

GENERATION X, "The Latchkey Generation"

19.8%
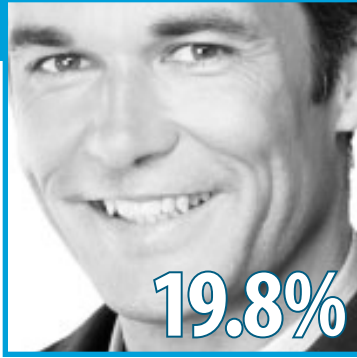
- Born 1965-1980
- Many are products of divorced parents
- Traits:
  - Independent
  - Family-focused
  - Intolerant of bureaucracy
  - Critical of others
  - Hardworking
  - Socially responsible

- Generation X is engaged by:
  - Better work/life balance
  - Flexible mobility
  - Charitability, eco-consciousness, and volunteer opportunities
  - Training opportunities
  - Monetary recognition (earned by individual performance)
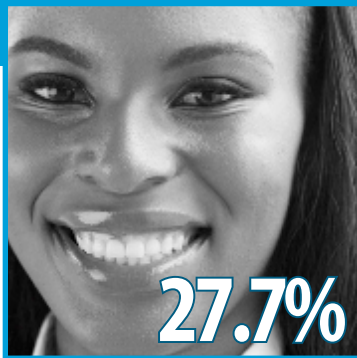
GENERATION Y, "The Millennials"

27.7%

- Born 1981-1995
- Influenced by technology, doting parents
- Traits:
  - Highly socialized
  - Loyal
  - Technologically savvy
  - Socially responsible

  - Require work-life balance
- Millennials are engaged by:
  - Lifestyle fit
  - Corporate and social responsibility
  - Constant communication and feedback
  - Training opportunities

"Linksters"

Unknown%

- Born after 1995
- Influenced by a media-saturated world
- Traits:
  - Technologically dependent
  - Closely tied to parents

  - Tolerant of alternative lifestyles
  - Involved in green causes and social activism
- Linksters are engaged by:
  - Only time will tell for sure

Corey Seemiller, director of Leadership Programs at the University of Arizona, said "Generations continue to get shorter and shorter. As they progress, technologically and socially, they are beginning to change more rapidly. So you can't generalize generational characteristics over a 30-year period like we once did." There are estimates that Baby Boomers will cede the majority of the workforce by 2015 to the Millennials (due to their smaller size, Gen X will never have the majority spot in the workplace—and essentially an entire generation will have been skipped by 2015). Employee engagement differences exist across generations, and these gaps have a distinct impact on engagement. In this day and age, employers especially need to focus on and prepare to engage the younger generations (X, Y, and Z) in consideration of future employee engagement strategies.

RULES

of Generational Engagement

GENERATION "X" (THE LATCHKEY GENERATION)

For generation X, individual recognition for their contributions in the workforce is the driving factor in their engagement. Gallup interviewed 1 million managers and employees, and found that "recognition matters for these younger generations—for achievements large and small, individual and team-based, personal and professional." Employees may be motivated by many different things, but they all strive for recognition and praise. The biggest motivator, according to the report, is measured by the statement "In the last seven days, I have received recognition or praise for doing good work." The report also stated that "Employees who do not feel adequately recognized are twice as likely to say they will leave their company in the next year. There are even more profound consequences for outcomes short of quitting that reflect the energy the employee brings to work each day."

The reason for this is dopamine. Dopamine hits the ventral striatum as part of the mechanism behind enjoying the things people experience, like positive words or feedback, which has been found to specifically activate the part of the brain related to reward. The brain craves a surge of dopamine, so much so that people will actually alter their behavior to get those bursts of pleasure. Time magazine reported "At a purely chemical level, every experience humans find enjoyable... amounts to little more than an explosion of dopamine in the nucleus accumbens, as exhilarating and ephemeral as a firecracker." Essentially, giving young employees positive feedback on a regular and frequent basis has been found to activate regions of the brain related to reward. One employee interviewed in the Gallup report said, "For me, receiving praise and recognition kind of sets off a little explosion inside. It's kind of like, 'Oh, that was good, but you know what? I can do better.' It helps give you that drive to want to continue achieving, doing yourself one better."

According to a report by Achievers, a company specializing in social recognition, "Employers that want to attract, engage, and retain employees from Generation X... must reevaluate their recognition

programs to be sure they continue to engage these employees in a way that truly matters. Peer-to-peer recognition, results-based recognition, and social recognition all have the potential to ignite engagement in the youngest generations in the workforce."

GENERATION "Y" (MILLENNIALS)

Besides their affluence in technology, media, and digital communication, Millennials' characteristics include a need to do good. Seventy percent say that giving back and being civically engaged are their highest priorities. Also, much like Generation X, Millennials desire recognition for the work they do. Generation Y has been more-or-less raised with constant coaching and feedback, and they expect it to continue in the workplace. Coaching will keep Millennials engaged in their work.

A UNC Kenan-Flagler study found that 49 percent of Millennials surveyed said that they had taken a job they didn't want just to pay the bills, and nearly a quarter said they had taken an unpaid job to gain some work experience. What may seem more discouraging to employers is the fact that another survey found 70 percent of Millennials are planning to change jobs once the economy improves. So, it's clear that Millennials will do what they must to get by, or to develop their skills so they can leave their current job and find different work where the grass seems greener. Being forced by extenuating circumstances to work for a job they don't like or want may result in disengaged employees.

Organizations wishing to attract or maintain engaged Millennials need to implement and communicate the company's culture, have an open communication policy, and offer flexible work schedules, training and development opportunities, etc. Though monetary incentive doesn't necessitate engagement, the average Millennial's college debt is between twenty and thirty thousand dollars, so compensation is a large engagement driver for Generation Y.

GENERATION "Z" (LINKSTERS)

Less is known, of course, about this generation because of its youth and small size. Much like Millennials, the Linksters share a pervasive use of technology, and are largely concerned with sociopolitical issues. Because of the power of social networking and the Internet, they are incredibly aware of what is going on around them in the world. They are incredibly connected in that sense, and are more aware of social justice issues and other deep-seated problems, even more so than the preceding generation. They have to have an emotional connection to a problem, and feel like they are addressing the problem, not the symptoms. This is a generational shift. They want their activity to count for something, and delve much deeper into the problem.

Like Generation Y, Generation Z will rely on technology and their personal network to facilitate their own professional learning and development, and help them navigate through the corporate world. Employers need to understand that this upcoming generation will be used to Googling anything, and learn by sharing among themselves. For example, why would a Linkster attend a workshop when they can simply Google its subject matter? This does not necessarily mean that Generation Z will be disengaged, but that they will need to be engaged in different ways.

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NEW GENERATIONS,

New Engagement Trends

To keep the sprouting generations engaged, organizations have begun to integrate new policies and processes into the workplace. There are two major trends that parallel the new generations' love of technology and philanthropy: gamification and corporate philanthropy programs.

GAMIFICATION

Gamification is the idea of employing game mechanics to non-game environments, to improve employee engagement and effectiveness. Gartner Inc. projects that by the year 2015, over half of the organizations will utilize this means of innovation and engagement. The goals of gamification are to achieve higher levels of engagement, change behaviors, and stimulate productivity. Gartner identified four principal means of driving engagement using gamification:

- **Accelerated feedback cycles.** In the real world, feedback loops are slow (e.g. annual performance appraisals), with long periods between milestones. Gamification increases the velocity of feedback in an Action → Reaction → Modifier → Action loop.
- **Clear goals and rules of play.** In the real world,

where goals may be fuzzy and rules are selectively applied, gamification provides clear goals and well-defined rules of play to ensure players feel empowered to achieve objectives.
- **A compelling narrative.** While real-world activities are rarely compelling, gamification builds a narrative that engages players to participate and achieve the goals of the task.
- **Tasks which are challenging but achievable.** While there is no shortage of challenges in the real world, they tend to be large and long-term. Gamification provides many short-term, achievable goals to maintain engagement.

Where games traditionally model the real world, organizations will now begin to take opportunities for their real world to emulate games. Idea Street is one example of gamification that was used in the UK's Department for Work and Pensions. It's a social collaboration platform with the addition of game mechanics, including points, leader boards, and a "buzz index." Other examples include the U.S. military's "America's Army" video-game recruiting tool, and the

World Bank-sponsored "Evoke" game, which "helps players learn 21st century skills to become the social innovators who shape the future." One of the most common approaches to gamification uses the simple mechanisms of badges and leaderboards as extrinsic rewards, which, again, plays into Millennials' and Linksters' need for instant feedback and recognition. Gamification raises employee engagement in five stages, by:

- Raising awareness
- Building buy-in
- Learning how to problem solve
- Adopting new knowledge, and
- Maintaining and refining engaged behavior.

CORPORATE PHILANTHROPY

Younger employees possess a different attitude toward their careers than older generations, and generally require a sense of fulfillment at work to feel actively engaged. Younger generations have a better sense of fulfillment if their company is engaged in giving back, so corporate philanthropy initiatives are becoming a largely used tactic in employee engagement.

As an added bonus—besides tax write-offs and a positive public image—corporate philanthropy initiatives can bring employees together in ways that go beyond the workplace; building teamwork and a deeper sense of community between coworkers, and furthering their engagement in the organization. A company-sponsored volunteer event is a particularly good example of this, where employees and management work together for a cause.

Several companies are beginning to offer their employees additional paid time off to spend helping nonprofits of their choice. Of course, donating paid employee time off will cost money just like any other charitable contribution, but it has the important secondary benefit of giving something back to your employees.

By taking into account what matters most to their employees—be it philanthropy, attention-keeping devices, feedback and recognition, or even financial incentives—organizations should tailor their culture to foster more employee engagement.

The Paradigms, THEY ARE A-CHANGIN'

The difference between engaged and disengaged employees may seem to be a matter of style or personality, but they are based on decisions rooted in loyalty and commitment to one or more levels of an organization.

Regardless of age, one way to increase engagement at the employee level is by placing the employee in a position where he or she can thrive and grow. This will ultimately result in greater productivity, commitment, and—of course—engagement in the organization. To survive the generational and demographic changes in the workforce, companies must rethink their workforce strategies, and transform the organization's HR and management practices to attract, engage, and retain workers of all ages by incorporating new and developing trends.

It is impossible to create a culture of engagement without knowing the personality and characteristics of your employees and managers. Leaders must be aware of the engagement levels and generations of their employees. Employee assessments provide an opportunity to learn more about each employee, and how they fit into their job and the organization.

It is worth repeating that only about 30 percent of America's workers are actively engaged. Economic, technological, and demographic social changes have affected the ways enterprises need to engage their employees. Defining and clarifying what behaviors an engaged employee should exhibit amidst these trends, and aligning them with performance and people management, learning and development, and feedback and recognition will focus and reinforce employees' engaged behavior.
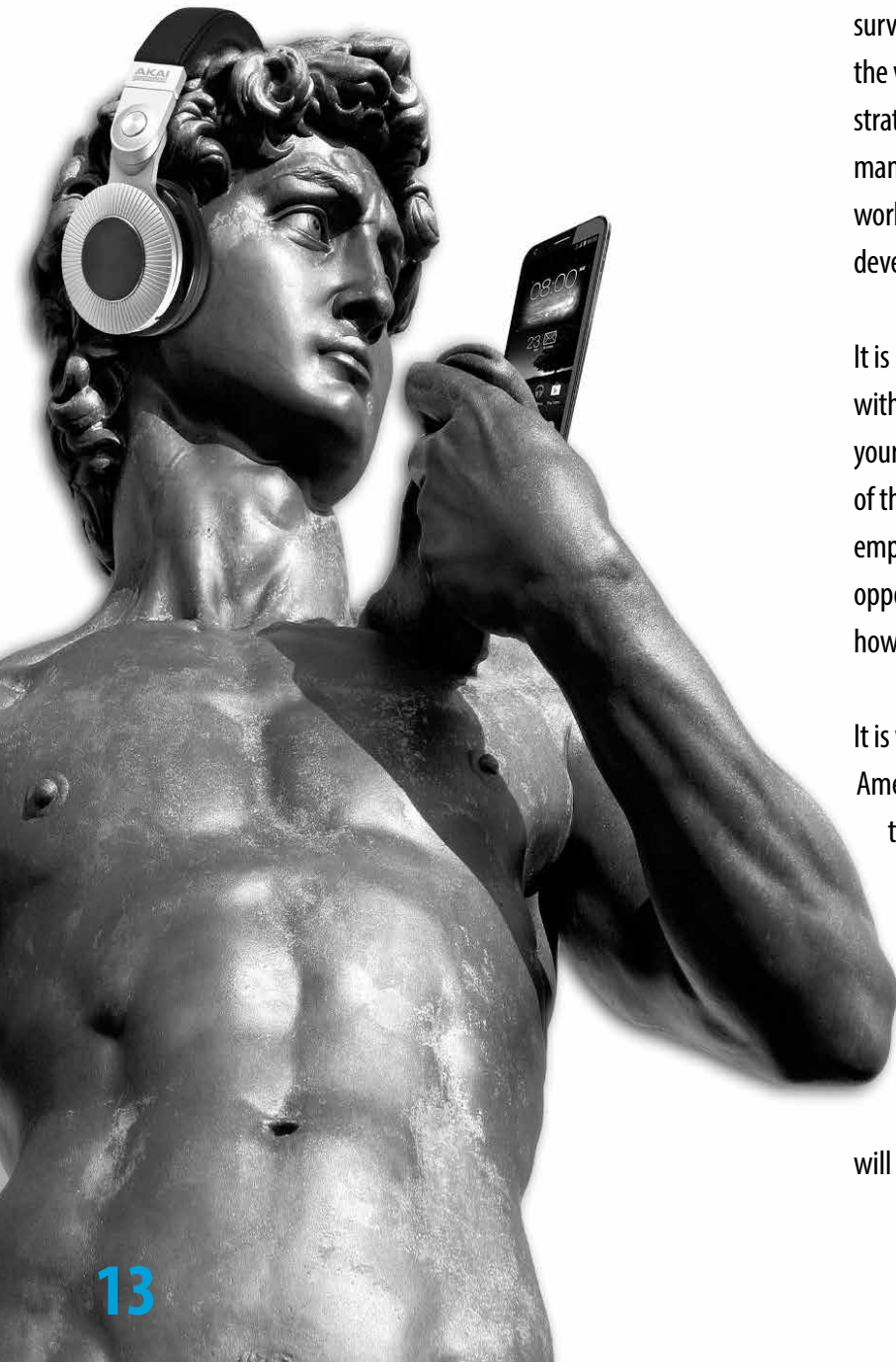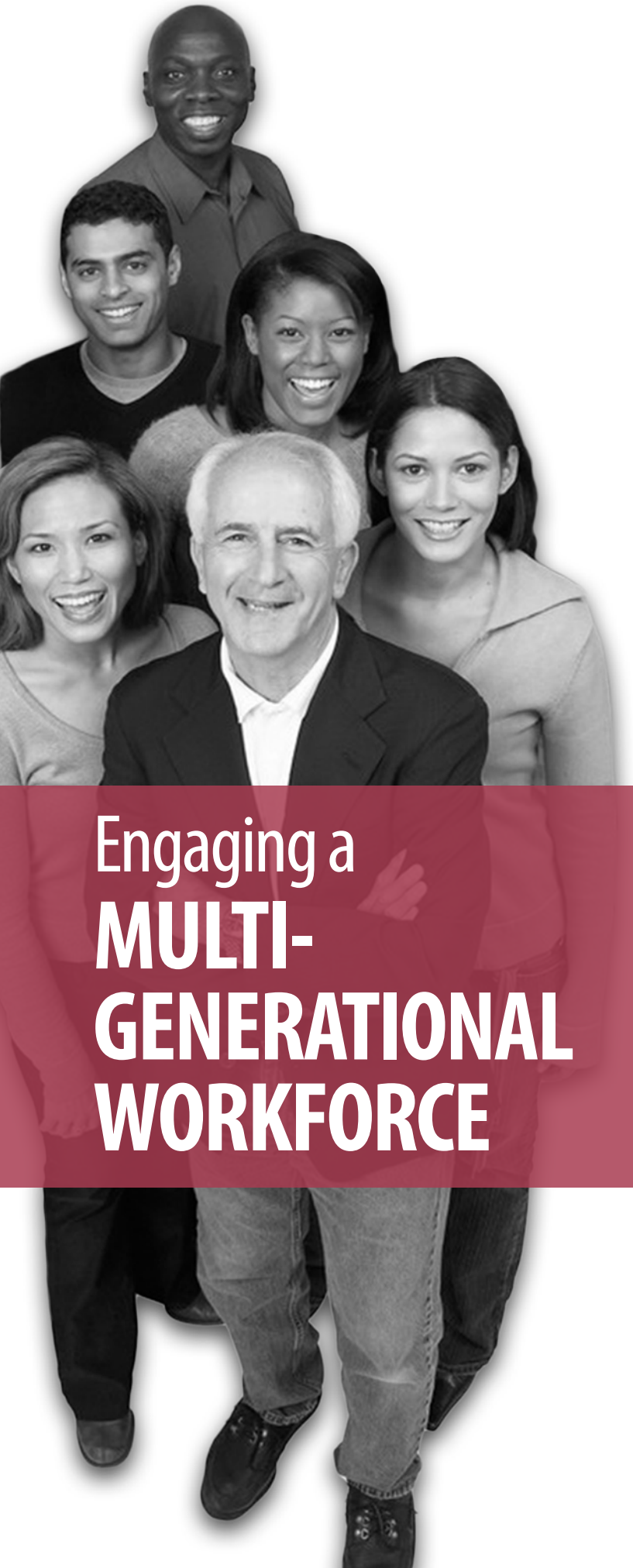
Engaging a
**MULTI-
GENERATIONAL
WORKFORCE**

- Educate managers and employers on multi-generational workforces
- Reward employees on performance, not tenure
  - Offer appealing benefits that apply to all ages
- Train managers and leaders to lead a multi-generational workforce
- Establish mentorship and cross-training, in which older and younger employees learn from each other
- Establish and encourage multi-generational teams
- Accept and understand that employees have different personal and professional goals
  - Younger generations may not have long-term goals with their current company, preferring to focus on their professional development in the present
  - Older employees may be looking to improve pay, work-life balance, promotion opportunities, etc.
  - The oldest employees may be looking for stability and toward retirement
  - Cater training to work styles and goals
    - Offer telecommuting or off-site work options, if possible
    - Offer multiple channels of communication

David Packard, the late cofounder of Hewlett-Packard, said "A group of people get together and exist as an institution we call a company so they are able to accomplish something collectively that they could not accomplish separately—they make a contribution to society, a phrase which sounds trite but is fundamental."

Engagement is about people, and building a culture of engagement is about understanding the people who comprise it.

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