

The power of Initiative, Challenge and Enthusiasm

Towards engaged performance management

Robert J Engelbrecht



ROBERT J ENGELBRECHT

**THE POWER OF
INITIATIVE, CHALLENGE
AND ENTHUSIASM
TOWARDS ENGAGED
PERFORMANCE MANAGEMENT**

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Towards engaged performance management
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BIOGRAPHY

Robert Jan [Engelbrecht](#), Director of [HRMCOACH LTD](#) (London, U.K.), contributes to the success of change projects for individuals and for companies.



Robert has 30 years of experience improving business-, team- and individual performance as an (international) Human Resources Director and Executive Coach.

As an Executive Coach Robert follows a very client-centred and transformational approach. During coaching sessions the client identifies and changes thoughts, values and beliefs that impact feelings and actions. Robert uses the European Mentoring and Coaching Council's (EMCC) Code of Ethics to maintain the highest possible standards for executive coaching.

As a certified Harrison Assessments Talent Solutions (HATS) consultant Robert offers companies the time saving implementation of customised talent management and engagement. The HATS tools are based on the [Enjoyment-Performance and the Paradox theory](#). The Harrison assessments not only offer valuable insights to companies and teams, but also to individuals who can choose to complete one as part of the executive coaching.

Robert Jan [Engelbrecht](#) holds Master's degrees in Sociology and in Communication Science, both from the Ghent University, Belgium. The Advanced Certificate in Executive Coaching accredited at Master's level was awarded to him by the UWE Bristol Business School and the Level 7 Certificate in Executive Coaching and Leadership Mentoring by the Institute of Leadership & Management (ILM). Robert is a member of the European Mentoring and Coaching Council (EMCC).

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ABSTRACT

Autocratic and bureaucratic leadership culture has its merits in organisations that can still compete on price and have fairly routine activities. However, when it is nearly impossible to continue to compete on price alone the key to organisational success is creativity, improvement and innovation. In such business environments it is the people-oriented leadership that drives achievement by co-creating vision and sustaining engagement. Such engagement can also be nurtured in task-oriented organisations if their teams and individuals are given enough autonomy.

The employee's initiative, desire for challenge and enthusiasm (ICE) is the key to making change happen.

In such a context it will not suffice to bolster employee satisfaction through the usual remuneration package of extrinsic and intrinsic motivators. ICE time is needed to enable engagement which impacts performance.

Engagement is the shared responsibility of both the organisation and its members. Organisational wants and needs are achieved while also realising personal wants and needs. To drive performance rather than control it, the Engaged Performance Management (EPM) combines performance intelligence, conversational intelligence and engagement intelligence.

INTRODUCTION

Is this the end for performance reviews?

Why are some companies currently on the edge of changing or ditching their existing performance review tools? V. Vara (Vara, 2015) refers to companies like: Accenture, Adobe, Deloitte, Gap and Microsoft.

If your company has a performance review system it is probably in place to define performance objectives; to rate individual performance against what was realised and how; to review certain behaviours; and to grant rewards in line with ratings.

Imagine what could happen if you used the time it takes to 'manage' performances...for talking with your employees instead! Imagine if you could shift your focus from reviewing past performances to impacting future performances! Or even pay for what will be realised rather than for past results?

An important driver of performance is engagement, and engagement is essentially focused on the future. Why then are so many of the performance reviews a review of the past? What can we put in place to nurture engagement?

Based on existing research and literature, this book aims to clarify the differences between satisfaction and engagement. Once we understand the differences between the two, we can nurture engagement to drive performance instead of just rewarding past performances.

This book will indicate to employees, team leaders and HR professionals:

- ✓ How focus on engagement can be more rewarding for individuals (and for companies) than reviewing past performance
- ✓ What engaged performance management looks like.

1 PERFORMANCE REVIEWS AND SATISFACTION

More than fifty years ago, Herzberg's empirical studies indicated that lacking extrinsic motivators causes unhappiness on the job while receiving intrinsic motivators sustains satisfaction (Herzberg, Mausner, Snyderman, Barbara, 1959). Extrinsic motivators are outside of the work itself and given by those other than the worker. Intrinsic motivators are self-applied after having received a stimulus related to the work itself.

Lack of the following extrinsic motivators causes job dissatisfaction:



- ✓ Company policy and administration
- ✓ Competent supervision
- ✓ Relation with supervisor, peers, subordinates
- ✓ Working conditions
- ✓ Remuneration
- ✓ Security.

Enough intrinsic motivators can generate job satisfaction:



- ✓ Growth
- ✓ Advancement
- ✓ Responsibility
- ✓ Work itself
- ✓ Recognition
- ✓ Achievement.

Since Herzberg, scientists have gone on to complete extensive empirical studies, defining additional theories such as:

- ✓ The Job Characteristics Model (JCM): defines job dimensions that influence psychological states and personal outcomes like job satisfaction
- ✓ The Dispositional Approach: links personality to job satisfaction
- ✓ The Cornell model: job satisfaction is determined by whether the extrinsic and intrinsic motivators given to the worker are perceived as being greater than the job inputs.

In line with Herzberg's approach many companies continue to put policies and practices in place that they assume will positively contribute to job satisfaction.

However, when managing performances and satisfaction it should not be assumed blindly that more job satisfaction causes better performances.

The debate over the relationship between job satisfaction and job performance is somewhat outdated. Seventy years of scientific research has produced varying results: there are those scientists who argue that satisfaction does not cause better performance, and those who conclude it is the other way around, or even reciprocal (Judge, Thoresen, Bono, Patton, 2001, 376–407).

There is research suggesting that satisfaction does not cause better performance.

If there is no causal relationship between satisfaction and performance, then the most a manager can hope for is that satisfaction retains the good performers and that good performers remain performing even when they are dissatisfied.

There is a risk of imbalance between the review of performance and the reward of performance which can cause dissatisfaction. The result is that the whole performance review process is perceived as cumbersome and useless.

1.1 EXTRINSIC MOTIVATORS AND SATISFACTION

Suppose you are motivated by the salary increase, the bonus, the shares and other incentives and benefits. Your boss decides when to give how much of these tangible rewards and your motivation depends on that decision. What the boss decides will probably depend on how much you conform to the manager's expectations, which is likely to be summarised by one performance review rating.

These rewards are called extrinsic motivators because they are external to the work itself and someone else has the power to decide if, when and how much of it, the employee will get. This usually happens after the employee has conformed to the manager's expectations, or after having conformed to the expectation of exceeding the expectations. Or, like in many companies, after the yearly performance review.

Extrinsic motivation systems were developed in an era when work was generally more routine and bureaucratic and when following the rules and procedures was paramount to realising the objectives set and controlled by the organisations.

Today many companies still put a lot of effort into designing elaborate systems around such extrinsic motivation factors. They may use a performance review system to rate what and how individuals have performed. Depending on the rating the employee may then be rewarded with a salary increase, bonus and/or other extrinsic motivators. In other words: the review system is used to distribute the cake. But what if the direct report doesn't like the smell or taste of the cake?

In the world of performance reviews the opposite of dissatisfaction is not satisfaction but 'no dissatisfaction'.

The link between extrinsic motivation systems and performance reviews is a tricky one to manage. There are two important causes of imbalance between tangible rewards and performance reviews:

- ✓ The tangible reward linked to the rating is lower than expected by the direct report
- ✓ The nature of what was given as the tangible reward (e.g. salary, bonus, shares) is not what the direct report considered to be important to have.

Getting the extrinsic rewards wrong causes dissatisfaction. Getting the extrinsic rewards right means that they are in line with what was expected. The right extrinsic rewards therefore only avoid dissatisfaction. They do not necessarily generate satisfaction.

1.2 INTRINSIC MOTIVATORS AND SATISFACTION

Examples of intrinsic motivators are:

- ✓ A career step
- ✓ Increased responsibility
- ✓ Work that is more in line with the individual's strengths.

These are called intrinsic because it is the work activity itself that gives the worker the satisfaction. In some company-cultures the intrinsic motivators are offered after a review of past performances and competencies. A study on ratings of behavioural performance competencies for developmental purposes (Scullen, Mount, Goff, 2000, pp. 956–970) shows how biases of the rater explain more of the variances of the ratings than the actual performance of the ratee. In other words: the rating of competencies depends more on the personal reflection of the rating manager than on the actual behaviours of the direct report. Therefore, again, there may be an imbalance between the review and the motivators. Some companies organise several meetings where ratings will be discussed between (peer-) managers ensuring the final rating is not only reflecting one manager's perspective. While this adds a lot of time to the process of performance- and competency review, it doesn't take away the subjectivity of the rating. In fact it is done to average out the biases of subjectivity.

When the intrinsic motivator is based on a faulty competency rating, this may leave the direct report unsatisfied. Although this may not happen immediately, it is likely to after a while when the direct report is already trying to cope with the new or reshuffled job.

In the world of performance reviews the opposite of dissatisfaction is not satisfaction but 'no dissatisfaction'.

1.3 BAD PRACTICES IN PERFORMANCE REVIEWS

Bad practices in performance reviews can cause dissatisfaction with the reviewed employee. This may kill performance. Conscientious and engaged employees may continue to perform regardless of the dissatisfaction caused by the review, until they leave for an environment that they consider to be in line with what they find important.

For organisations that have performance review processes in place it is important to identify and avoid bad review practices.

When travelling around the world as an HR leader or consultant, I witnessed the following bad review practices:

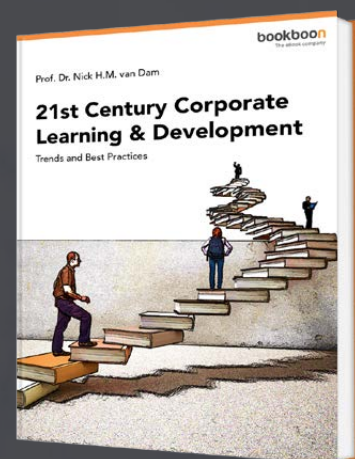
- ✓ Wrong management of expectations
- ✓ Wrong ratings.

A lack of understanding of what really matters to staff may lead to offering extrinsic motivators that cause dissatisfaction with the direct reports. Regardless of how well the link between rating and extrinsic motivators has been engineered.

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Some of the remarks that people have shared with me during my assignments in various companies as well as during coaching sessions can be summarised as follows.

- a. With regard to bad management of expectations:
 - ✓ ‘Sorry, there is a crisis so we all need to tighten our belts’
 - ✓ ‘Sorry, we decreased rewards for staff because we had to focus on the retention of our directors through increasing their share awards this year’
 - ✓ ‘Bonuses are for the sales department only, since that is where the money comes from’
 - ✓ ‘Sorry, your expectations were not realistic’
 - ✓ ‘Look what they get compared to me!’



- b. With regard to getting the performance rating wrong:
 - ✓ ‘Of course your rating is a bit low because I think (feel) that you didn't deliver’
 - ✓ ‘Actually this rating is correct if you take into account the reviewed deliverable – oh didn't you know it was reviewed?’
 - ✓ ‘Actually I got a high rating – but I have no clue why’
 - ✓ ‘Look what they get compared to me!’

Understanding such malpractices is important because a dissatisfied workforce is costly. Therefore I will briefly comment on each one.

1.3.1 BAD MANAGEMENT OF EXPECTATIONS

✓ **‘Sorry, there is a crisis so we all need to tighten our belts’**

People can understand that salary increases may be linked to a consumer index or in certain circumstances even frozen, that bonuses are linked to a level of profits or margins, and that share awards are linked to certain business performances. As long as this is explained upfront, it doesn't need to negatively impact satisfaction (and individual performance). But still today it happens that leaders choose not to be transparent. It is this attitude towards transparency that ultimately causes the dissatisfaction in times of crisis.

✓ **‘Sorry, we decreased rewards for staff because we had to focus on the retention of our directors through increasing their share awards this year’**

I talked to a Chief Executive Officer (CEO) who one day decided unilaterally to give some shares to a few individuals who had never received any before and who did not expect any at all. Laughingly the CEO said: ‘Oh, even though it was really only peanuts that I gave them, one of them was so glad with the shares that she cried! Can you imagine?’ The CEO failed to grasp the negative effect of awarding such benefits without clear communication with the staff members. The mystery that often surrounds share systems is a barrier to satisfaction. It is naïve to assume that the confidentiality of share schemes will prevent workers from discussing the subject. And if people see that more shares are awarded to others while their own benefits are cut, their satisfaction will go down.

✓ **‘Bonuses are for the sales department only, since that is where the money comes from’**

If it is necessary to reward a specific department then it is worth considering whether it can be included as part of their remuneration rather than as a bonus when bonuses are normally rewarded to all departments. In the case of sales people it may be acceptable to give them a remuneration of base salary plus sales-dependent incentives. You can call these incentives ‘commissions’, for example, which are not linked to the company wide bonus system. But do note that if the commission system only rewards the top sales people who are fully engaged in their work anyway, it is not necessarily increasing the company's revenue growth significantly more than if sales had been obtained without commissions!

✓ **‘Sorry, your expectations were not realistic’**

The manager who said this to his direct reports during their yearly performance review was basically admitting that he had not been managing expectations. The manager himself was awarded all the tangible benefits. His boss reasoned that the manager had delivered well by keeping the costs of his department (including salaries) well below what had been budgeted. The manager had never formulated a personal vision nor had he any idea of what the organisation’s vision was. He had never explained upfront to his staff how ratings and rewards would be linked. So it comes as no surprise that, after the yearly performance reviews, he had problems retaining his key people.

✓ **‘Look what they get compared to me!’**

Staff hear colleagues, candidates, interim agencies, head hunters and friends talk about salaries. Such resources are not the most trustworthy. Nevertheless they are used by staff to form an opinion of what is a reasonable salary. Companies should therefore not be surprised if what they offer is below what the staff member considers reasonable.

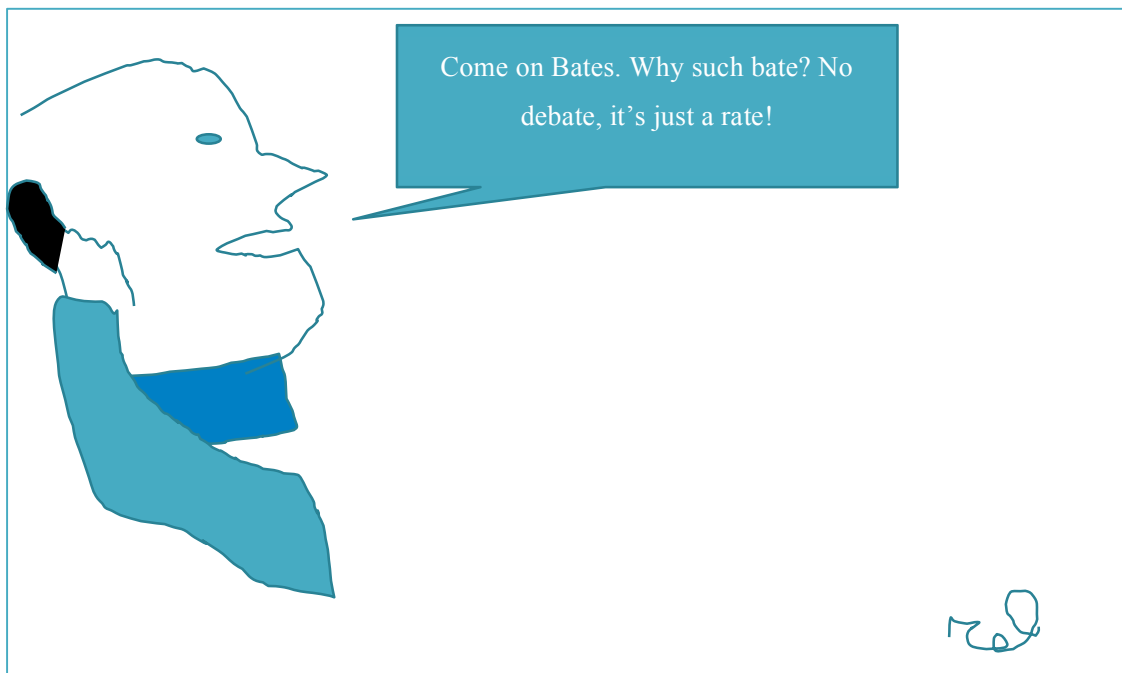
Why then are so many review cycles still seen as a waste of time and an administrative burden that causes tension and dissatisfaction?

Some time ago I worked in a company employing thousands of people. The staff would get a yearly salary review letter informing them of the increase and the relative market position of their salary. The staff knew that the company used a trustworthy and professional external market salary survey to determine their salary positions in the market. Staff members were informed about which benchmark the company was tracking for their salary. The letter would show how much the actual salary was over or under that benchmark. From this it would be clear how much increase (if any) one could expect next time – pending the results of the company and/or team and individual contributors. Salary increase budgets would be set upfront based on the survey, the economic situation of the company and of its market. Such a transparent system avoided the ‘look what they get!’ syndrome.

Another CEO told me once that salary benchmarks are confidential information and not to be shared with anyone. He was afraid of any constraints that transparency would put on his own decision-making.

Where the lack of transparency with regard to budgets can cause dissatisfaction during the yearly salary review, the lack of transparency with regard to individual performance ratings will certainly cause dissatisfaction. Many companies have therefore invested in smooth performance review software. Together with people skills development to enable participants to have fruitful performance review sessions.

Why then are so many review cycles still seen as a waste of time and an administrative burden that causes tension and dissatisfaction? That brings us to the second malpractice: the rating!



1.3.2 BAD RATING

- ✓ **‘Of course your rating is a bit low because I think (feel) that you didn’t deliver’**

This is the most common reason why the reviews can go wrong and it is a very difficult one to avoid. What is it? Most of the so-called ratings of reviewed behaviours seem to be based more on what the rater perceives to be important than on the actual behaviours of the ratee.

Competence ratings say more about the rater than the ratee.

Elaborate performance review systems try to avoid the effect of biases by ensuring that the rater scores the ratee on various prescribed objective performance measures and competence factors. On top of that some companies introduce multirater systems to average out any remaining rater biases. The scores are ultimately summarised by a single rating. But the effect is that the reviewers need to invest a lot of time in the administration of such elaborate systems. And still it doesn't necessarily change the fact that the competence ratings say more about the rater than the ratee.

Example from personal experience:

A few years ago I worked in a company with a very elaborated and integrated system to link the ratings with decisions on remuneration and succession planning. Before making decisions on succession planning, ratings would be discussed by the group of senior leaders. During such meetings they would present, discuss and agree the final ratings. When the rating of a director was discussed who had realised all objectives as well as exceeded the expectations, a senior executive tried to have the director downgraded based on his personal view that the director was a 'creep'. For a moment the 'I think' and/or 'I feel' of that rater defined the rating more than the actual behaviour of the ratee.

✓ **'Actually this rating is correct if you take into account the reviewed deliverable – oh didn't you know it was reviewed?'**

Any changes in the performance review criteria should be communicated upfront. Such changes should be understood by the employee who is supposed to deliver against the criteria.

This may sound like normal practice, but there are still examples where this doesn't happen. I once had a discussion with a CEO who changed unilaterally the values of 'his' company. He changed the values on the performance review sheets at the start of the reviews. The CEO didn't feel the need to discuss this with his management teams. He said: 'I do not believe in the wishy washy of discussing values, so I decide!' He just distributed the redrafted performance review sheets. Or in other words: too bad that some might learn that during the last twelve months they did not perform in line with values that were introduced after the reviewed period. Such lack of pro-active communication can generate dissatisfaction.

✓ **‘Actually I got a high rating – but I have no clue why’**

I once discussed the high work volume with the staff in a global HR Shared Service Centre. One of the reasons they had long working hours was because they had to make a lot of last minute changes to performance ratings that management had previously submitted – ordered by the directors (mostly for reasons of salary- and bonus budgets). Also the HR Shared Service had to override the system by putting in ratings manually where the managers had failed to complete the reviews.

So it came as no surprise when people told me that their manager had awarded them a bonus based on a performance rating which had never been discussed with them. Some of these were key people! It doesn't show much interest for the employees when you pay them the yearly bonus without taking the time to have a conversation about it.

✓ **‘Look what they get compared to me!’**

It is important to have a consistency in the rating, even though this is difficult because ratings tell more about the rater than the ratee. Some companies therefore build in a phase where draft ratings are discussed amongst peer-managers. This allows the rater to get input from peers as well as gaining an insight into how others rate people. However, too many meetings such as these suggest a desire to control the ratings of the managers. Or, to keep them in line with prescribed percentages of top-, average-, and under performers.

The answer to whether an organisation has performance appraisals in order to control or in order to fuel performance, depends on its leadership culture.

Even when these (and other) bad practices are avoided, what is the effect of the performance review on future performance? Or is the purpose of a performance review to control performances rather than fuelling future performance? If the tool doesn't serve its purpose then the performance review is doomed to be perceived as another waste of time. The answer to whether an organisation has performance appraisals in order to control or in order to fuel performance, depends on its leadership culture.

2 THE PURPOSE OF PERFORMANCE REVIEWS

Autocratic and bureaucratic leaderships tend to control performance. Reviews in a task-oriented organisation may also serve to control performances especially when the resources in the organisation are limited. That said, task-oriented leadership may also allow sufficient autonomy and decision taking on local levels rather than controlling execution of tasks. People-oriented leadership, however, aims to drive rather than control performance. Driving performance is achieved through engagement.

Autocrats not only make all the decisions, they have to make all the right decisions.

So before introducing performance review systems, HR and business leaders should ask themselves to what organisational culture they cling to. Or, in other words, which of the following do they embrace:

- ✓ Autocratic leadership culture (e.g. Ford in its early years of car manufacturing. Still in various businesses like restaurants, construction, some manufacturing companies and some military)
- ✓ Role-focused or bureaucratic leadership culture (e.g. various UK public services)
- ✓ Task-focused leadership culture (e.g. multinationals with matrix organisations like in Procter & Gamble)
- ✓ People-oriented leadership culture (e.g. from small legal practices to companies like The Body Shop, especially in its early years).

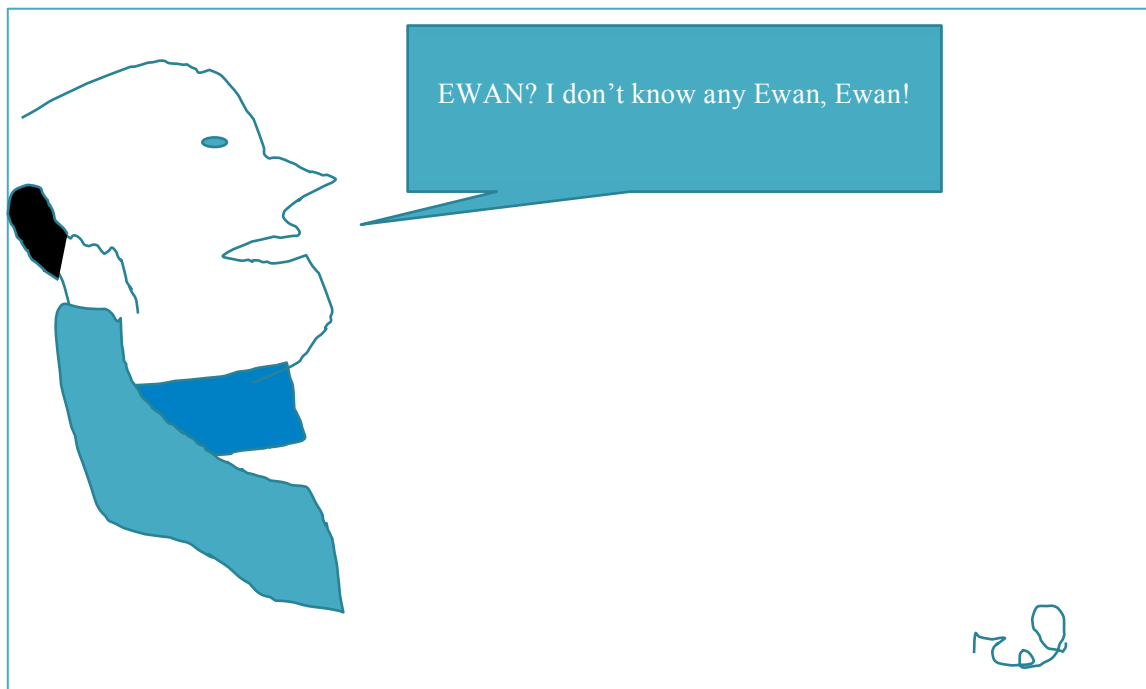
When assessing the organisational leadership culture it is important to note that it does not suffice to assess the top leadership. Culture is what is seen throughout the whole organisation. So local leadership styles need to be looked at too. Many organisations have a combination of various leadership styles.

In an environment where it becomes more and more difficult to compete on price, organisations need creativity and innovation to compete. In such environments leadership is seen as “the capacity of a human community to shape its future, and specifically to sustain the significant processes of change required to do so” (Senge, 1999, p. 16).

Such 'human community' can be found in people-oriented organisations and in some of the task-oriented organisations.

2.1 AUTOCRATS AND PERFORMANCE REVIEWS

Autocrats not only make all the decisions, they have to make all the right decisions. These leaders mandate all workplace policies and procedures. They do not solicit, or accept input from a community in their decision making. There is only one vision and that is the vision of the autocratic leader. Autocratic leaders may show a lack of trust in the ability of others to give advice and make decisions. Autocrats may shape the future (like Ford when introducing the assembly line to build cars). Such change is forced upon others and whoever opposes the autocratic leader is ousted. The top management will buy or borrow talent if needed. Autocratic leadership does not actively cultivate organisational learning and careers. It does not focus on the employee's wants and needs (EWANs) to drive performance. Therefore, setting up performance reviews to define intrinsic motivators (like career steps) may be inconsistent with this type of culture. The focus is on organisational needs and wants (OWANs) only. It is a culture that has been around for many decades, and continues to exist. In such environments performance reviews will mainly serve to control performances.



2.2 BUREAUCRATS AND PERFORMANCE REVIEWS

Bureaucratic leadership focuses on roles. There is a hierarchy of authority. Roles follow the rigid line of responsibility. The what and the how of roles is defined by behavioural and functional rules. Innovation and change are not encouraged. There is only limited freedom and personal accountability. This environment is averse to change and, hence does not cultivate engagement. Again, the focus is on OWANs only. Setting up a process of intrinsic motivators, like increase of job responsibility, may be inconsistent with this type of leadership. The focus of performance reviews can only be on control and to award the extrinsic motivators that avoid dissatisfaction. The extrinsic motivators are not necessarily reflecting the employee's needs and wants (EWANs). They are defined by fair rules and reflect the hierarchy of authority in the bureaucracy.

2.3 TASK-ORIENTED LEADERSHIP AND PERFORMANCE REVIEWS

Task-oriented leadership aims to structure the work, to set the organisational goals and to define the plans. The focus is more on the tasks that need to be done than on who is doing it. Tasks are described in detail. Whatever happens, the tasks must be executed. There is little room for suggestions and therefore little creativity. This leadership can be found for example in matrix organisations where one has various bosses depending on the tasks at hand. The complexity of the matrix organisation needs a clear purpose and clear schedules offered by the task-oriented leadership. Matrixes were introduced to use available talent effectively over the borders of functional silos.

There is an overlap between task-oriented and autocratic leadership. Especially when the task-oriented company is restructuring or has limited resources available. Then it might reduce individual freedom, constraint initiative, and focus on control. However, the task-oriented leadership will try to offer the intrinsic motivators that help put the right talent to the right projects. Performance reviews in such organisations serve to help identify and monitor the strengths of the talent relevant to the projects. If resources permit then employees get the time to show initiative in their projects and get involved in decision making in their teams.

2.4 PEOPLE-ORIENTED LEADERSHIP AND PERFORMANCE REVIEWS

People-oriented leadership enables people to create, to innovate and to achieve their full potential while contributing to the organisational success. Where in a controlling (autocratic, bureaucratic or task-oriented) organisation the results are the goal in itself, the results in a people-oriented organisation are the consequence of engagement. Work is seen as a relationship between the needs of the organisation and the inner needs of the employees. This translates in a shared vision which gives focus to the engagement.

The people-oriented culture embraces change. It provides an environment in which employees can realise their needs and wants (EWANs) while being committed to the organisational wants and needs (OWANs). The people-oriented leader does not simply assume that the organisational values are in line with the values of the individual employees. Instead employees are offered the opportunity to voice (not anonymously) their needs and wants, and how important these are to them individually, for example, through self-assessments. This will enable the people-oriented leader to help create and support an environment in which employees can achieve their full potential and perform for the benefit of the organisational purpose.

This approach is translated in Locke's view on satisfaction (Locke, E.A. as referred to in Judge, T.A, Klinger, R., date unknown):

$$\text{(Want – Have) * Important = Satisfaction}$$

- ✓ 'Want' is the measurement of how much job value the job holder desires.
- ✓ 'Have' is the measurement of how much of that value is received by the job holder (the outcome of doing the job)
- ✓ 'Important' is the measurement of how significant the job holder perceives this job value to be.



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If ‘want’ is higher than what is received but the factor is not considered as important by the recipient then receiving more is not a priority. If however that factor is considered ‘important’, then receiving the value of the wanting will cause satisfaction (or avoid dissatisfaction if linked to a need rather than a want). Unfulfilled job values that are wanted and important to the employee form a barrier to satisfaction.

Receiving more of what the employee doesn’t consider as important, will not contribute much to the job satisfaction. The people-oriented organisation neither assumes that the EWANs (employee’s wants and needs) are in line with the OWANs (organisational wants and needs), nor that the job values are a given. In the people-oriented culture the engagement is a shared responsibility. The organisation expects its OWANs to be met by the employees who in turn expect their EWANs to be met.

By focusing on specific EWANs the people-oriented leadership can drive performance by providing a positive environment for employee engagement. In the people-oriented organisation driving performance is at least as important as reviewing performance – if not more important.

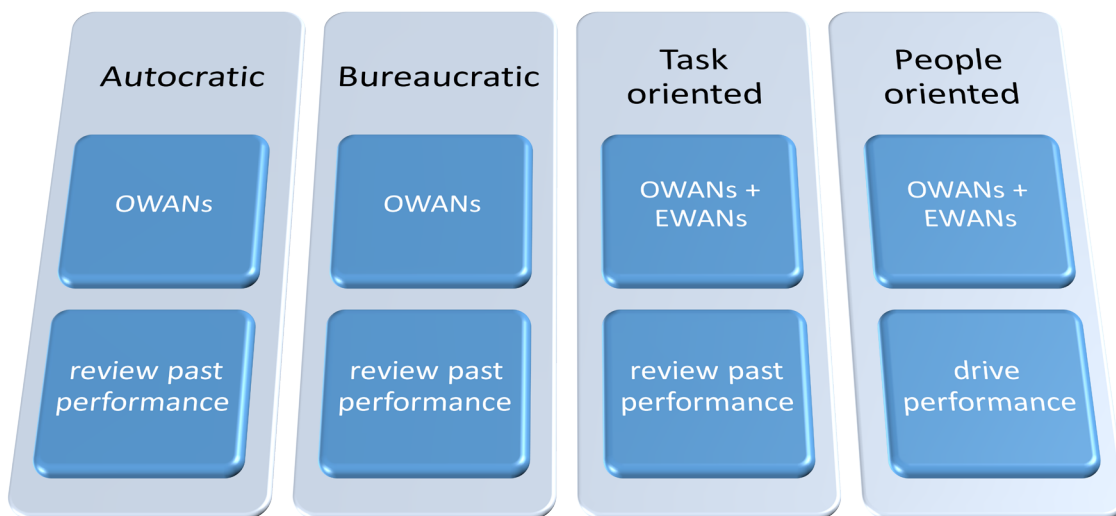


Figure No 1: culture and focus on performance

3 DRIVING PERFORMANCE THROUGH ENGAGEMENT

Imagine what could happen if you stop reviewing what is done and start impacting on what could be done by shifting the focus from the past to the future. But such focus on the future, needs attention to engagement. This requires a shift from the unilateral performance management in a controlling organisation (with the autocratic, bureaucratic, or some task-oriented leadership) to focused engagement in a people-oriented organisation. Such shift makes sense:

- ✓ In markets where creativity and innovation are key for the longevity of the organisation
- ✓ For the current generation of workers with high knowledge and preference for co-creating goals rather than the goals being told or sold to them.

3.1 WHAT IS EMPLOYEE ENGAGEMENT ABOUT?

We know if we have engaged employees when we see them. Or do we? What do we see then? The traits that define engagement are:

- ✓ Initiative: enjoyment in taking personal responsibility for the action
- ✓ Challenge: willing to achieve even when the road is difficult
- ✓ Enthusiasm: actively standing behind the vision.

Engaged persons have a strong achievement orientation because they:

- ✓ Want personal responsibility for action
- ✓ Want to challenge and want to tackle challenges
- ✓ Want to put their strengths towards realising their vision and goals.

Or in words of self-motivation:

- ✓ They enjoy taking the initiative
- ✓ They want challenge
- ✓ They are enthusiastic.

People with self-motivation find the reason and have the strengths to do what it takes even when it gets difficult. They take on the challenge without needing encouragement.

Self-motivation is related to personal success. But only as long as it is balanced with the complimentary personal trait of stress management. Without sufficient self-management the engaged employee is at risk of becoming a workaholic or a victim of burn out.

Employees' satisfaction and motivation on the job is influenced by their current work experiences. Engagement is not only influenced by the employees' current experiences at work but also by their view of the future. To commit they need to feel confident about:

- ✓ The purpose
- ✓ The outlook on their future within the organisation.

3.1.1 INITIATIVE

Initiative is the first step towards realising something.

A prerequisite for taking personal responsibility for action is enjoying the activity and wanting to take the necessary steps in the first place. Seldom will organisations enquire after what an employee wants or needs, or what their interests are. Instead, they assume. But wouldn't it be painful to appoint someone, for example as a gardener, if that person is not creative, hates working outside and prefers to sit when working? To avoid such situations there are now tests that not only assess the eligibility but also the suitability of candidates for roles by assessing their needs, wants, and their interests. Only then can the employment contract become an agreement between the individual's needs, wants and interests, and the needs of the company. Such an agreement can be the basis from which personal initiative can grow, rather than a job description detailing all the To Do's.

Example (from personal experience):

In the first years of my career I was part of one of the most efficient Fast Moving Consumer Goods (FMCG) companies I have worked for. The reason why they were (and still are) so successful is their continuous attention to personal initiative, on all levels of the organisation. They did not carry out yearly performance reviews, instead they performed a monthly one-to-one conversation. They did not have detailed job descriptions, but instead they maintained space for initiative. My own experience in the first weeks is typical of their approach. I had just started working for them and proudly entered the office of the 'big boss' to interview him for the company newspaper. But he reversed the interviewer/interviewee situation and made me share my impressions about the company. I gave my opinion and then he asked me: "What do you want?". After a moment of silence, he said: "When you enter my office you need to know what you want". This is what made the difference in that company: all employees and workers on all levels of the organisation knew what they wanted, what initiatives they wanted to take, and what they needed to be successful, and they always found open doors to converse about these things on all levels. No detailed job descriptions and no performance reviews. The monthly individual conversations about personal responsibility for sensible initiatives drove the continuous improvement, sustainable growth, and the company's vital competitiveness on costs and quality.

3.1.2 CHALLENGE

Tackling a challenge is bridging the perceived gap between the current state and the desired state under difficult circumstances (lack of resources like money, people, knowledge, leadership, safety and security).

When situational factors make it difficult or impossible to achieve the objectives made at the beginning of a project, once-motivated employees may give up if their only motivation was the carrot linked to the achievement of the objectives. This might happen in times of crisis, for example in a task-oriented organisation when it cuts back on the resources previously given to project teams.

Engaged employees however will say: 'So what can we achieve?'. They continue:

- ✓ Their efforts, despite knowing that they will not get all the extrinsic motivators which were linked to the original objectives
- ✓ Their efforts to realise their interests while overcoming the challenges posed by organisational constraints or by the business environment
- ✓ Using their strengths to realise something even in difficult circumstances and regardless of the lack of extrinsic or intrinsic motivators.

Example (from personal experience):

A big not-for-profit organisation had defined major change projects with specific objectives to achieve a global reach within a certain time. During the project work, the budgets fell through making it impossible to realise some of the original milestones. As a consequence the project leaders might not be re-assigned after the foreseen end date of their project phase. They might lose a very important extrinsic motivator (money) and intrinsic motivator (work itself). Regardless of losing these motivators, they got together and decided what could be realised within the changed organisational constraints. They invested many hours in accomplishing what they found to be important goals. This showed the difference between those who were motivated by the extrinsic motivators when they took on the projects and left when the budgets fell through, and those who were engaged and tackled the challenge while drawing positive energy from their dissatisfaction caused by the new organisational constraints.

A company can choose to give retention bonuses (extrinsic motivator) when it is important to retain key players during a specific period of change. A retention bonus might help to retain employees but is not a guarantee that all those retained will show the initiative and enthusiasm needed to deliver when challenged, and therefore are not a guarantee for engagement.

To retain engagement during periods of change, it is important that the organisation:

- ✓ Knows and respects the EWANs
- ✓ Allows the engaged key players to co-create the vision and the goals for the change at hand
- ✓ Gives sufficient time for ICE.

The engaged employees then fulfil some of their own interests while contributing to the realisation of the new organisational wants and needs that would apply during such period of change.

3.1.3 ENTHUSIASM

Enthusiasm is the passionate interest in the purpose of the team or in the vision of the organisation of which one is part. This is what gives focus to engagement.

Example (from personal experience):

When I visited a chemical plant where we were completing 24/7 heavy industrial cleaning projects, one of our workers suddenly popped out of a manhole. There was this long-haired man with a big grin on his face, giving the thumbs up. I remember there was dirt all over him (except where his mask had been). He was very tired and had worked the whole night near or in the narrow, dark and dirty small environment of a chemical cracker. The use of dangerous high-pressure cleaning lances had made it a long night requiring his constant concentration. When I asked him why he was so pleased he replied that the client had presented him with the challenge on the spot. He could have declined the job but he didn't. He figured out how to do it and he did it. He said that he was proud that he had completed it with a quality that our competitors had never reached before. The client's safety and quality management would confirm that. By deciding on the spot to do this job he had taken the risk to fail but he had not failed. He had used all his learning from past mistakes. Using his strengths, he was proud that he had contributed directly to the goal of our company to be the best (not the cheapest) industrial cleaner in the industry and to keep all industrial plants safe. He didn't need extra money to deliver, to smile and to put his thumbs up. His site manager's contribution had 'simply' been to co-create with the workers the objectives for the jobs at hand, understand the strengths of the individual workers, give immediate positive feedback about such strengths, allow them to take initiatives on site, trust them to take on challenges in line with their strengths and the goals of the teams, and to sustain the enthusiasm of the workers by ensuring enough resources.

Through conversations and common goals, the workers found in this industrial cleaning company a place where they not only could contribute positively to society but also be highly respected for the kind of work they were doing. The managers would know the EWANs. The workers would know the OWANs. There were no hierarchical barriers in the communication. This was a 24/7 community of leaders and 'ICE-workers'.

3.1.4 WHAT DOES ICE BREAK?

When organisations cannot compete on price, it is important to compete through creativity, improvement and innovation. Creativity, improvement and innovation can only result in change when the resistance against change is lower than the combination of Vision (enthusiasm), Dissatisfaction (challenge), and First Steps (initiative).

Gleicher's (as referred to in Beckhard, 1975, pp. 43–55) formula of change is:

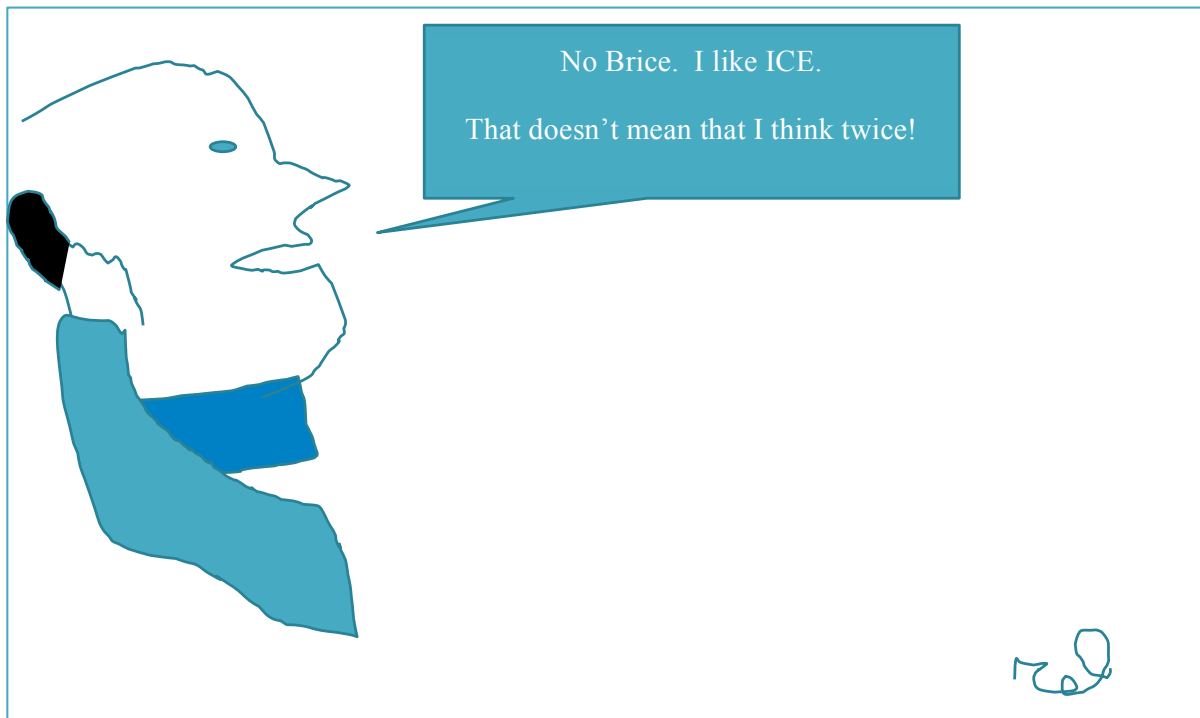
$$V \times D \times F > R = C$$

Change (C) can happen if Vision (V) × Dissatisfaction (D) × First Steps (F) is higher than Resistance (R) against change. Without V, D, or F change will not take place.

In terms of engagement this means:

$$I \times C \times E > R = C$$

ICE breaks Resistance against change if: Initiative (first steps) × Challenge (dissatisfaction) × Enthusiasm (vision) is higher than Resistance against being changed. Change will not happen when the organisation does not have enough critical mass in Initiative and/or Challenge and/or Enthusiasm. ICE will not have any effect as long as, for example, an autocratic leader does not trust others in the organisation to take initiative, or if a leader does not allow challenge and fights dissatisfaction.



3.2 EMPLOYEE ENGAGEMENT AND PERFORMANCE

Studies (Rayton, Dodge, D'Analeze, 2012) have shown that companies that did invest in engagement (with their engagement scores in the top quartile) obtained the following results (compared to the bottom quartile):

- ✓ Twice the annual profit
- ✓ 2.5 times greater revenue growth
- ✓ 18% higher productivity
- ✓ 12% higher customer satisfaction.

This improved performance is due to the fact that engagement makes change happen. Therefore engagement builds and maintains the organisation's longevity through continuous improvement, innovation, and disruption of the market.

But why do so many organisations find it difficult to build, sustain, and reward engagement? In the UK alone it seems that only one third of employees acknowledge being engaged. Worldwide less than 20% of the workplace appears engaged. No wonder that engagement is on the agenda of companies.

4 HOW TO REWARD ENGAGEMENT

While it is not possible to force engagement upon someone, it is possible to provide the work environment that sustains engagement by allowing “**I.C.E time**”:

- ✓ Time and space for initiative
- ✓ Time and space for challenge
- ✓ Time and space for enthusiasm.

Providing such time and space can be a reward in itself to those employees that value these factors as important to have. And it is important to the company because initiative, challenge and enthusiasm drive achievement.

Therefore compensation professionals in people-oriented organisations should extend their notions of ‘total remuneration’ to include ICE time.

A word of caution: as previously stated, ICE doesn’t work in autocratic and bureaucratic cultures.

4.1 TIME AND SPACE FOR INITIATIVE

Initiative is the beginning of a process, the first steps taken without direct managerial influence or encouragement.

Example:

After the Second World War 3M needed to become innovative or else it would cease to exist. 3M decided to allow the staff to work on their own ideas, their own pet projects, during 15% of their paid time. The only obligation was to share the ideas and inventions with the others in the company. The well-known Post-It was the result of one such pet project (Goetz, 2011).

When giving time and space for initiative the organisation should:

- ✓ Allow failure and avoid blame
- ✓ Trust instead of control
- ✓ Foresee the necessary budget for allocated time.

It is possible to provide the work environment
that sustains engagement by allowing
“I.C.E time”.

To which degree can an organisation allow failure, decrease managerial control and foresee money for initiative? This depends on its strategy, which may change over time.

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Example:

Google has diminished their 20% time rule for pet projects and introduced a rule that the ideas should first be discussed with management before allocating time for innovation (Ross, 2015). This is done to have more top down focus. Google was a fast bottom up experimenting and innovating start-up that ensured it got its place in the market. Its 20% rule delivered products like Gmail. Today as a global multibillion company it feels the need to exploit all the possibilities of its existing projects and products worldwide. This shifts the focus of innovation from experimental products to operational processes and the introduction of the top down management element. The shift is a reflection in the change in its purpose and its strategies while evolving from a start-up to a global player that is forced to compete against technology companies.

Allowing time and space for initiative can help recruitment and retention of engaged personnel. When extrinsic motivators (e.g. base pay) are the same or lower than the market median, the paid time for initiative can be an important reward for the engaged candidate to sign up and for the engaged employee to stay.

4.2 TIME AND SPACE FOR CHALLENGE

This is about giving the time and space to bridge the perceived gap between the current state and the desired state.

The three critical organisational imperatives for challenge are:

- ✓ Ability to perceive relevant gaps between As Is and To Be
- ✓ Known and accepted organisational purpose
- ✓ Acceptance by leadership to be challenged.

Example (from personal experience):

In the sixties, a major distributor defined its purpose: to always offer, at the lowest price, consumer goods products in the market (including branded products). Still today it guarantees to customers that it always sells all its products at lower prices than the competition, while nevertheless continuously growing its profitable revenue and safeguarding its margins. It put in place various strategies and tactics to realise this. In this highly competitive environment their innovation is focused on the processes (not on the products that they sell – many of which are branded and manufactured by other companies). Since the sixties this distributor allows time and space for every employee to challenge. It introduced training that is open to every level in the organisation (directors and blue collars participate together). Those who are interested (read: engaged) learn to look at processes from the perspective of continuous improvement and how to formulate their proposals. This enables blue collars in the centralised warehouses to challenge the way things are done and to propose feasible alternatives relevant to the purpose of the organisation. They always find the doors of their leaders open for positive discussions about such challenges. The productivity of every blue collar is continuously measured in the distributor's warehouses. Therefore some prefer not to challenge but to execute orders ASAP. However many others acquired, through training, the ability to challenge-at-work without jeopardising their productivity while doing so. Alternatively, they are given time for ICE which does not impact the measurement of their productivity time. As a result of ICE the process times have decreased, wind energy has been introduced, purchasing processes have been reviewed, accidents are down and waste is sold instead of thrown away. This has increased productivity and lowered costs.

By receiving time and space for challenge, engaged personnel feel they can use their strengths. While using their strengths they help to realise the purpose of the organisation. Their ideas and the results of their challenges are shared with the rest of the organisation. They enjoy this recognition and therefore continue to use (and grow) their strengths for the benefit of relevant improvement, innovation and productivity.

4.3 TIME AND SPACE FOR ENTHUSIASM

Enthusiasm is wasted if it isn't focused towards a bigger goal.

By allowing time and space to enjoy one's active interest in the purpose that one likes, the company provides focus for engaged energy. Furthermore, vision as a shared object of enthusiasm brings the workforce together. This is important in an increasingly global work environment where people of different cultures work together.

The organisational imperatives for this enthusiasm are:

- ✓ Regularly discuss the link between the individual wants and the organisational purpose
- ✓ Ensure consistency between the short-term goals of the job and the long-term purpose of the organisation
- ✓ Go beyond the performance review to inspire engagement on a daily basis.

It is a shared responsibility to realise and maintain ICE. Enthusiasm is wasted if it isn't focused towards a bigger goal, a shared purpose. This avoids the trap of runaway enthusiasm. Runaway enthusiasm occurs when an interest fuels you with immense energy during a week or two, only then to die out. After that you and the organisation are left with the wreckage.

5 SATISFACTION, MOTIVATION AND ENGAGEMENT

5.1 HOW TO KILL EMPLOYEE ENGAGEMENT

Engagement can easily be killed and ICE can be broken by:

- ✓ Ensuring that things are done the way they were always done
- ✓ Top down instructing, directing, controlling, and only rewarding through extrinsic motivators
- ✓ Not allowing any dissatisfaction in your team or organisation
- ✓ Blaming people when things go wrong
- ✓ Lack of trust
- ✓ Not managing stress.

Controlling organisations with autocratic leadership or with bureaucratic and routine activity are pretty good at all of the above. By not allowing any questioning of the policies, procedures and rigid reviews, initiative is stifled. Things will be done like they have always been done. Top down controlling leadership will budget mainly for extrinsic rewards and not much for intrinsic rewards.

Autocrats and bureaucrats don't like to be challenged, they don't need others to identify challenges. They frown upon dissatisfaction. Follow the controlling leadership or go, that's the choice. My way or the highway.

In a controlling organisation no one finds positive energy to identify challenges, to overcome challenges, or to drive change. On the contrary, the blaming culture will ensure that any remaining enthusiasm is killed. If not, then the stress will do the job in its place.

As a result the organisational status quo is guaranteed, until the organisation is bypassed by competitors or destroyed by whatever change it did not foresee in the market. Unless the autocratic leader has forced the change top down.

The controlling organisation applies what Herzberg (Herzberg, 2003, pp. 48–55) calls the ‘kick in the pants’. This includes the negative physical and psychological kicks (bullying for example) as well as the whole history of positive kicking through:

- ✓ Work time reduction
- ✓ Wage increases
- ✓ Total remuneration benefits
- ✓ Human relations training
- ✓ Sensitivity training
- ✓ Town hall meetings
- ✓ Various so-called two-way communications, including the anonymous satisfaction surveys.

Engagement can be killed and ICE can be broken.

The problem with kicking is: it is the kicker who is intrinsically motivated, not the kicked!

The kicked may be moved to action for a while, until the next level of kicking – or until (s)he is kicked out.

Example (from personal experience):

I witnessed the following not so long ago. It happened in an environment with a highly educated and competent workforce delivering a very significant operating margin year on year. A major client had taken its business to a competitor. According to the CEO this was because someone in the company had failed to follow up on certain things that were important to that client. The CEO was convinced that this was the result of not following his monthly advice: ‘Stop being complacent!’. As this had happened during the period of performance reviews, he thought he had found a great way to eradicate that complacency. He communicated to all personnel that due to what had happened to that client, no one would receive a performance-related bonus that year. In other words: he counteracted the workforce’s expectation of receiving a positive kick by not giving it, which didn’t seem to work for everyone. One ‘leader’ even shared that he didn’t care because he already had so much money anyway. Naturally this remark did not make his staff any less dissatisfied. When the CEO came around and gave the bonuses anyway, it did make some staff less dissatisfied but not more satisfied.

It is the kicker who is intrinsically motivated,
not the kicked!

Engagement is not sustained by kicking or by actions that only focus on countering dissatisfaction or on increasing extrinsic motivation. What then can employers do to sustain the engagement of their employees? Before answering that question it is important to know the differences between job satisfaction, motivation and engagement. Because: satisfying a motivated employee doesn't necessarily make an engaged employee. Nor is an engaged employee always satisfied or motivated.

5.2 SATISFACTION AND/OR MOTIVATION AND/OR ENGAGEMENT

There are many definitions of motivation and engagement that can lead to confusion (see a list of definitions in: Dicke, date unknown).

For the purposes of this book the following definitions apply:

- Satisfaction = **extrinsic** motivation (the individual is driven to action by others. The stimulus is outside of the nature of work and given by others)
- Motivation = **intrinsic** motivation (this is self-applied motivation where the individual adopts his/her behaviour for his/her own benefit after stimulus received through his/her relationship with the situation of which (s)he is part)
- Engagement = **self**-motivation (independent of others or of the situation).

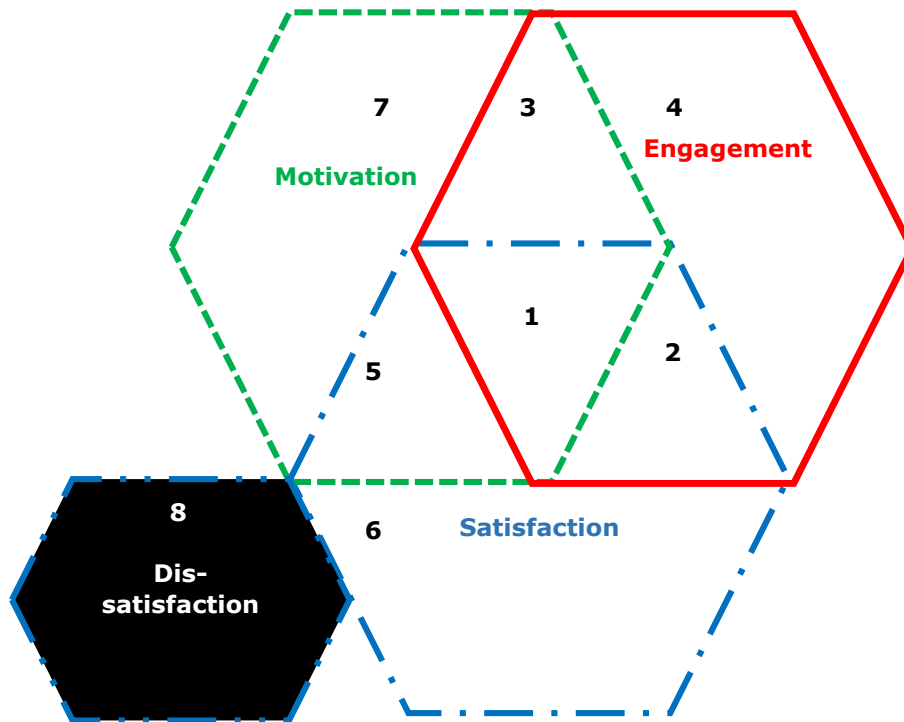


Figure No 2: eight levels of alignment where 1 = SME (satisfied, motivated, engaged), 2 = SNE (satisfied, not motivated, engaged), 3 = NME (not satisfied, motivated, engaged), 4 = NNE (not satisfied, not motivated, engaged), 5 = SMN (satisfied, motivated, not engaged), 6 = SNN (satisfied, not motivated, not engaged), 7 = NMN (not satisfied, motivated, not engaged), 8 = DNN (dissatisfied, not motivated, not engaged)

Engagement is a shared responsibility. There needs to be an alignment that fulfils the employees' expectations while sustaining their motivation in achieving the organisational goals. Engagement is an exchange relationship in which employees feel that over time there is a balance between what they give to and receive from the organisation.

A good alignment of the extrinsic factors with the intrinsic motivators and with the employees' self-motivation is the prerequisite for organisational success and longevity. This becomes even more important today where employees are being asked to do more with less. Organisations expect employees' maximum contribution to the organisational imperatives and goals. Individual employees, meanwhile, each look to some degree for satisfaction, motivation and purpose.

| | Level of alignment | Level of success |
|---|--|---|
| 1 | SME = satisfied + motivated + engaged | long-term personal + organisational success |
| 2 | SNE = satisfied + not motivated + engaged | mid-term personal + organisational success |
| 3 | NME = not satisfied + motivated + engaged | mid-term personal + organisational success |
| 4 | NNE = not satisfied + not motivated + engaged | short-term organisational success |
| 5 | SMN = satisfied + motivated + not engaged | bureaucratic success or derailment |
| 6 | SNN = satisfied + not motivated + not engaged | red tape success |
| 7 | NMN = not satisfied + motivated + not engaged | short-term bureaucratic success |
| 8 | DNN = dissatisfied + not motivated + not engaged | no success |

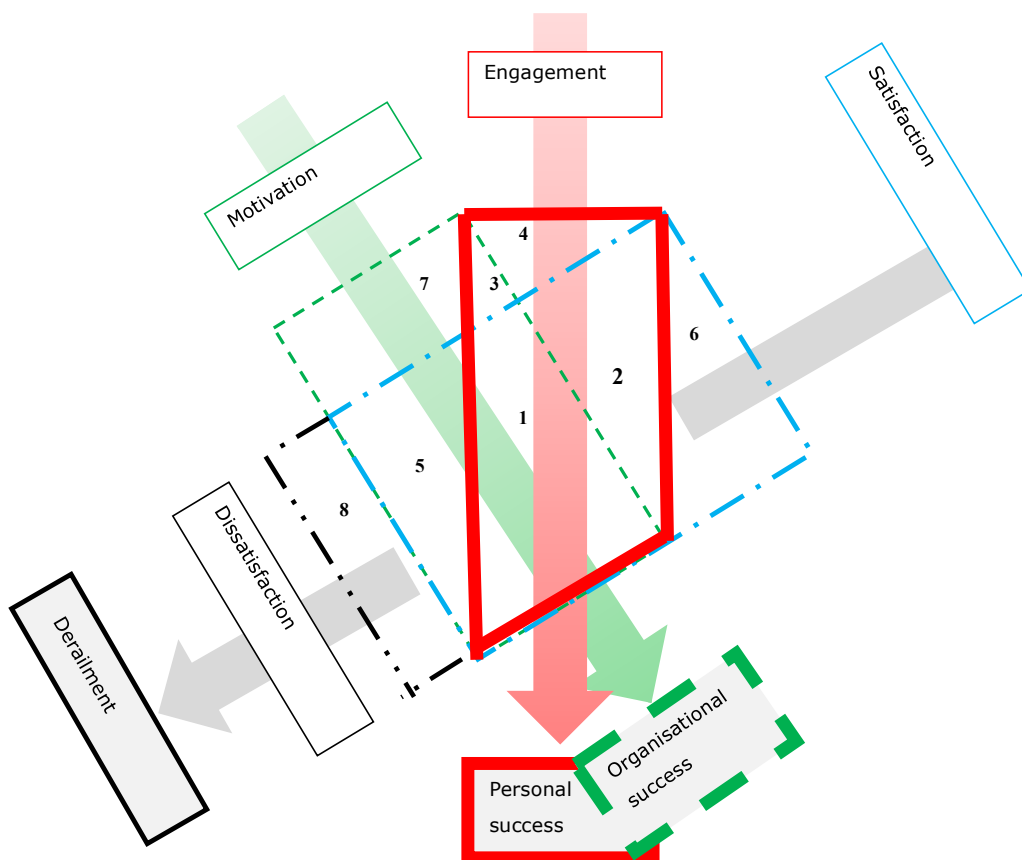


Figure No 3: engagement matrix

1 = SME = satisfied + motivated + engaged

Engagement is a shared responsibility!

These are the engaged employees. They enthusiastically link into the purpose of the organisation and take personal responsibility for their actions while also being valued and rewarded. They are committed and overcome challenges. The organisation will need to keep an eye on them to ensure they don't fall back in any of the other categories. This would be a loss for morale and detrimental for the long-term organisational success.

2 = SNE = satisfied + not motivated + engaged

While receiving extrinsic rewards in line with their expectations these engaged employees may walk away due to a lack of intrinsic motivators within the organisation. There is a mismatch between individual and organisation. These employees see the purpose of the organisation, are indeed committed to that but their action is not rewarded with the desired intrinsic motivators. They may have job security but don't seem to see a way out of their current job into new challenges. They fail, for example, to get a next career step up the ladder. Such an intrinsic motivator could satisfy their need for challenges but without challenges, they will go. The organisation probably doesn't value learning nor promotes it. Because of their engagement, these individuals may challenge the organisational culture to sustain initiative, challenge and enthusiasm. Or they may challenge the way of supervision (e.g. a blaming culture) to enhance the intrinsic motivators within the organisation. Unless the organisation and leadership is open to such challenge, this SNE combination will not offer more than mid-term success for organisation and individual.

3 = NME = not satisfied + motivated + engaged

This can be an individual who has received some wanted intrinsic motivators (e.g. development, career plan) as recognition of their initiative, taking on challenges, and their enthusiasm. However this individual evaluates the received extrinsic motivators as insufficient. This might be the situation where the company offers some time for ICE but with a level of salaries that are below the market median. There is not a mismatch between the organisational culture and the individual's values. In fact, performance has been discussed with a focus to the future:

- ✓ What will be performed?
- ✓ How will it be performed?

The intrinsic rewards offered were probably aligned to that discussion. But the individual's needs regarding the base salary are higher than what the company awarded. The engaged employee would then challenge the supervisor on the nature and the level of the basic extrinsic motivators. Another example is the employee who does not accept the expert team-leader in the task-oriented organisation. This lack of satisfaction will pose a threat to the long-term contribution for the company.

If it is not solved by reviewing the mix of extrinsic motivators (e.g. salaries, communication, supervision, security), the NME combination will not offer more than a mid-term contribution to the success of the organisation. The time and space offered for ICE, is the only reason why the employee is still there. The employee will leave for an environment where more of his/her EWANs are respected including his/her needs regarding extrinsic motivators.



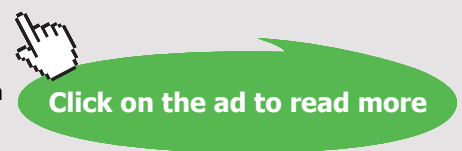
What if you could build your future and create the future?

The innovation accelerator

One generation's transformation is the next's status quo. In the near future, people may soon think it's strange that devices ever had to be "plugged in." To obtain that status, there needs to be "The Shift".

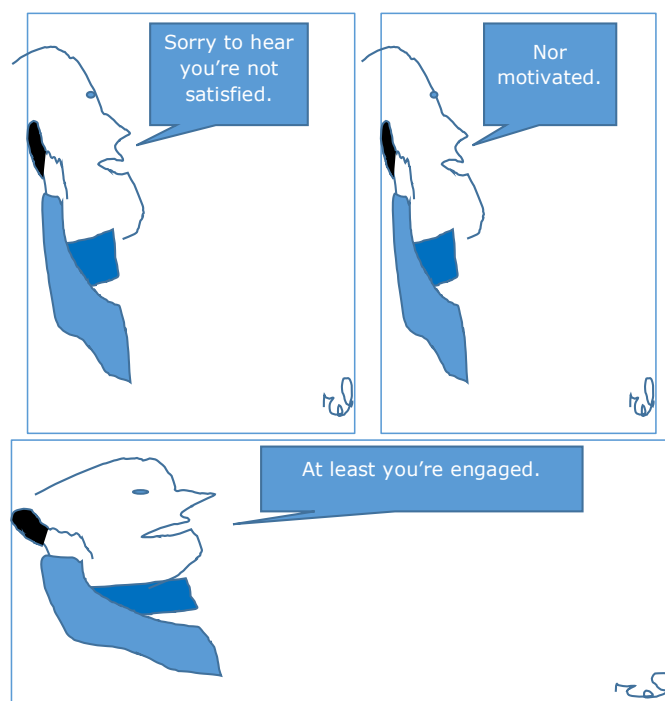
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4 = NNE = not satisfied + not motivated + engaged

This individual is burning all her/his energy – and does not feel as though s/he is getting anything back. If the engagement remains unvalued, the individual will leave – or burn out hopelessly in an attempt to be valued. It may be that the relationship between the organisation and the individual began well. The organisation was aware of some of the individual’s needs and the individual was buying into the organisational purpose. But when the direct supervision and/or the local organisational culture changed, it caused a mismatch between organisation and individual. This employee is open for other job opportunities in other organisations or departments. It will not be long before the self-motivation is taken elsewhere.



5 = SMN = satisfied + motivated + not engaged

This individual feels comfortable and valued for what (s)he does. Which is no more than what is in the job description and specific orders of the supervisor. The individual doesn't know or doesn't bother too much about the purpose of the organisation, nor about how things could be done differently. Both organisation and individual do not really try to understand or link with each other's values. The vision is defined and communicated by the top. It is possible that the individual does not buy into the organisation's values or products.

The organisation controls the individual's work by using a mix of extrinsic and presumed intrinsic motivators (or kicks). This individual feels satisfied and motivated but nevertheless not engaged. They will not challenge the leadership, the purpose, the organisational values or the products. The individual's contribution may be exceeding the specific and short-term job expectations and therefore the individual has been rewarded with a step up from junior to senior. Or perhaps the individual maintained the same title but moved to another department/location. However, if faced with challenges no initiatives are to be expected from this employee.

Whilst this individual contributes to the day-to-day routine, the lack of initiative, challenge and enthusiasm does not contribute to the success of the organisation in the long term. Nevertheless, for the time being, the organisation may be content with this. Especially if this individual is part of a team where (s)he significantly contributes using his/her specific individual strengths. But mostly these individuals will stay within their own silo. They are not going anywhere else. Which is fine as long as they realise the short- and mid-term goals as defined by the autocratic, bureaucratic, or task-oriented leadership.

The SMN could also be the top leader of the company. Imagine a company that is foreseen to stop its activities. Its leader will have short-term performance goals but no long-term purpose.

Example:

Imagine a CEO from a private company that received instructions from the private equity owner to prepare for an IPO (initial public offering). If the CEO is only in it for the money and some temporary status but not for the long-term purpose of the company, (s)he becomes a derailed leader. The derailed leader is (s)he who manages and controls the short-term performance indicators to ensure maximum personal gains (share value, bonus) at the moment of the IPO, after which (s)he intends to retire from his/her job. In doing so the derailed leader may endanger the longevity of the organisation unless such derailment is recognised and proper succession planned. Proper succession in this case means succession that is accepted by the public market and trusted to ensure the future of the new public company.

6 = SNN = satisfied, not motivated, not engaged

The performance management of the controlling organisation of autocrats and bureaucrats leads more to extrinsic than to intrinsic motivators. The organisation defines the various rating levels and the links to the extrinsic rewards that it considers. The performance reviews generate a performance rating that is mostly linked to:

- ✓ A level of base salary increase
- ✓ A level of bonus award
- ✓ A level of shares award.

Some other tangible rewards may be added to the mix. Not everyone will see the benefits of such creativity. The organisation defines which positions can have what rewards – if any.

This could be the employee who has built many years of service, without the promotion and losing all engagement along the way. The employee is stuck in the golden cage of extrinsic motivators (total remuneration). This may cause a dip in the organisational climate when others who are motivated and engaged receive only the same or fewer motivators. Probably time to say goodbye, but the organisation needs to say that and won't because of the costs involved in terminating the golden cage. As long as there is enough 'kicking in the pants' the employee will at least perform to what is required – and no more than that. The organisation may red circle (parts of) the individual's total remuneration package. Perhaps while hoping that over time the gold will fade and the individual will go.

7 = NMN = not satisfied, motivated, not engaged

This individual feels rewarded by the leadership through some recognition expressed by the supervisor, a job review taking into account some of the wants of the job holder and perhaps giving a bit more responsibility too.

However the insufficient salary, relationships with colleagues, status, and security cause dissatisfaction. The individual lacks engagement with the needs and purpose of the organisation. The vision is probably defined, communicated or sold by the top, without any input from the individual as to what the vision is on a local level. Any recognition is limited to that which is within the boundaries of the job. There is insufficient space and time for initiative, challenge and enthusiasm.

The motivation will fade. The NMN will go to SMN (when the extrinsic motivators are brought to a sufficiently high level) or to DNN. Or the individual will leave for that other place where the grass is always greener.

8 = DNN = dissatisfied, not motivated, not engaged

Here the employment agreement does not cover the needs of both parties anymore. If this is due to a change in circumstances than both parties can try as soon as possible to come to a new agreement. The existing agreement needs to end.

Performance in a controlling organisation can be killed by rewarding lower than expected extrinsic motivators and the wrong intrinsic motivators to a member of staff who has never been engaged. Awarding the expected extrinsic motivators is not a long-term solution since it only avoids dissatisfaction but does not necessarily create satisfaction. The staff member may still leave to where the grass is perceived to be greener.

6 ENGAGED PERFORMANCE MANAGEMENT (EPM)

Engaged performance management focuses more on co-creating the future than the controlling performance management systems that review past performances.

Example:

Deloitte counted all the hours needed in their organisation to fuel their performance management (cascading objectives, yearly reviews and 360 feedback tools) with the ratings: almost 2 million hours (Buckingham, Goodall, 2015). To drive performance and engagement better, different approaches are considered. For example: the leader does not give one rating but instead indicates what (s)he would do with his/her team member (regarding development, career, etc.). And because the chance to use one's own strengths on a daily basis facilitates high performance, frequent one-on-one conversations may be initiated by the team members with their team leaders. This would allow them to discuss their own insights, impact and strengths. Through these conversations the focus on the future becomes a continuum.

The above is an example of a task-oriented organisation that tries to shift from reviewing the past to co-creating a future while respecting the complexity of individuals with their needs and strengths.

Engaged performance management (EPM) is the result of combining transparent performance intelligence (PI) with conversational intelligence (CI) and engagement intelligence (EI).

$$EPM = PI \times CI \times EI$$

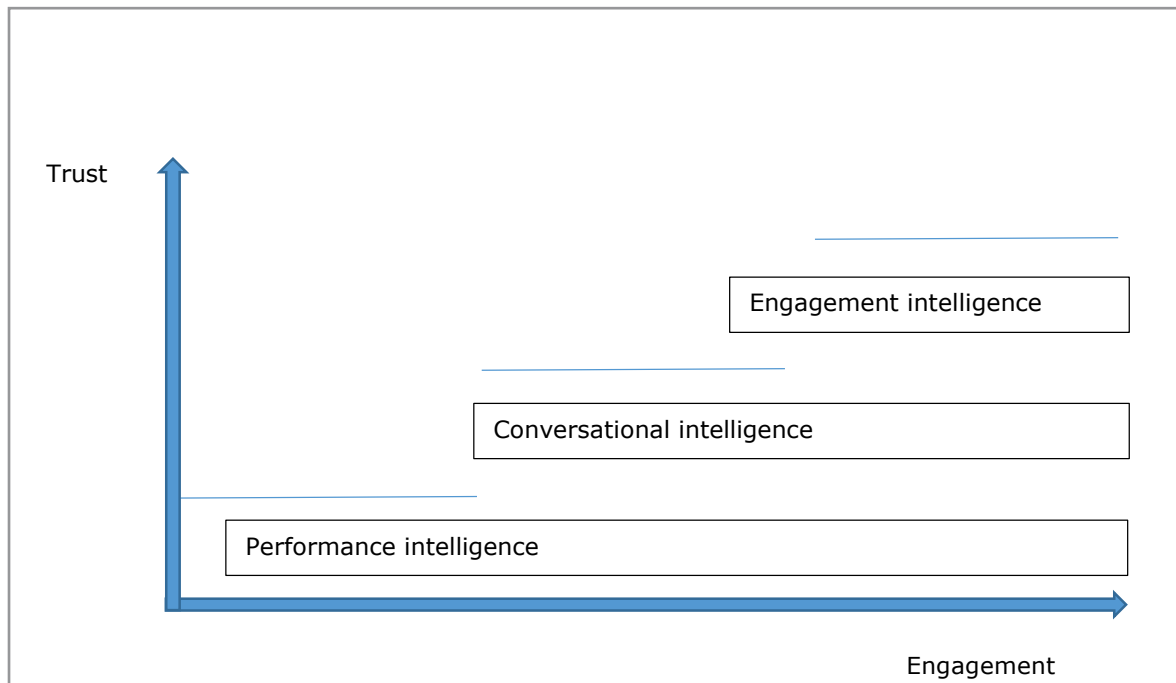


Figure No 4: intelligence

6.1 TRANSPARENT PERFORMANCE INTELLIGENCE

Performance intelligence is the data concerning what one currently does and how it is done. Team leaders can use this information to evaluate the impact of the views, strengths and actions of their team members. The team leader can then be asked to formulate what to do with the team member going forward in terms of projects, career, and development (rather than giving one rating hoping that it reflects what (s)he thinks of the team member).

For this evaluation to be engaging, the organisation must allow a degree of transparency towards the team members. At the same time it must avoid creating false expectations with the team members. If the organisation fails to achieve a degree of transparency and does not value learning, development and building experience through ones career, than it should not ask the team leaders what they would do with their team members going forward, as this would then create false hope. It would be no more than window dressing.

Transparent performance intelligence can only work in a people-oriented organisational culture because such a culture values people, their strengths, their needs, and their learning. In the people-oriented organisation transparent dialogue takes place while its leaders walk the talk.

6.2 CONVERSATIONAL INTELLIGENCE

Conversational intelligence is the way the organisation focuses on initiative, challenge and enthusiasm through regular heart-to-heart and head-to-head dialogue.

A successful conversation is one that creates a win-win situation: the team member makes progress towards realising personal goals and the team leader unleashes commitment and motivation to achieve business results.

To be successful the conversations:

- ✓ Should be seen as a shared responsibility throughout the whole organisation
- ✓ Take place on every organisational level
- ✓ Include meetings with senior management and not only with line management
- ✓ Include meetings with line management that are driven by the engagement of the team members who propose the agenda and write the minutes of the meeting.

To have successful conversations the team leader:

- ✓ Keeps in mind the strengths of the team members
- ✓ Discusses the alignment of the team member's needs with the organisation's objectives
- ✓ Discusses the team member's interests and enjoyment factors
- ✓ Is open to be challenged
- ✓ Is not defensive
- ✓ Informs and consults where needed
- ✓ Asks for solutions rather than giving solutions.

Once these basic imperatives and attitudes are in place, conversational skills grow and conversations can take hold as a way of doing and being. Nevertheless, differing cultures will have an impact on the extent of interactive behaviour at work (for examples of cultural differences in Europe and worldwide see: Guirdham, 2002).

If companies succeed in drastically reducing the number of hours invested in their current classic performance review of the past, then the team leaders and team members will have more time to focus on future performance. In the people-oriented organisation time such as this is invested in the various types of conversations for (as mentioned by Hayashi, 2012):

- ✓ Building awareness
- ✓ Identifying motivators
- ✓ Identifying what team members do well
- ✓ Creating development plans
- ✓ Developing new skills
- ✓ Getting back on track
- ✓ Accountability
- ✓ Recognition
- ✓ Succession planning
- ✓ Co-creating a local vision (Roberts, 1994, pp. 337–339).

Engagement analytics go further than the so-called employee satisfaction surveys.

Example (from personal experience):

In the first years of my career, I entered the office of my director, sat down, told him about all my achievements of the last 12 months and added that I wanted a salary increase. He listened and agreed with the description of my achievements. He asked what I would do differently in the coming months to merit a salary increase. I had to formulate what other things I would do within my current role. He was prepared to give an increase based on what I would do more in the coming year. Not based on what I had done.

Through this conversation he established an opportunity for me to co-create a vision and for him to show me his trust in my strengths by awarding an increase for my commitment to achieve more than before. This put pressure on me to ensure I would deliver what I was being paid for (my commitment).

Now, many years later, I cannot remember what salary increase I got that day. But I do remember the motivating effect of the conversation and the joy of co-creating a vision and the empowerment of the extra challenges. I stayed because in that work environment my inner motivations were answered. I only left years later when I saw my next challenging career step to be outside that company. It was the only company I worked for that had no yearly performance review and increased my remuneration based on what I said I would do next year. It still is an enormously competitive and strong company today.

Such one-on-one, heart-to-heart conversations can be fuelled by ‘engagement intelligence’ data.

6.3 ENGAGEMENT INTELLIGENCE

Engagement intelligence is the data that gives insight into individual expectations, values, strengths, and the internal factors that need to be addressed to create a shared responsibility for achievement.

Armed with engagement intelligence, team leaders can have a relevant dialogue with the team members and create workplace opportunities that answer individual needs and motivators.

Reliable engagement analytics avoids wasting time in trying to second-guess the employee's expectations, needs, points of concern and internal barriers. Organisations cannot manipulate employees into being engaged at work. Employees cannot expect organisations to fulfil all their individual needs without being actively involved themselves. Engagement analytics enables organisations and the employee to create a culture of engagement together. It helps to reach personal and organisational success.

Engagement analytics goes further than the wide-spread so-called employee satisfaction surveys. Most satisfaction surveys are anonymous. They provide only generalised data about extrinsic motivators and perceptions on the organisation and leadership. It is hard for a manager to use general data effectively in one-on-one conversations with employees.

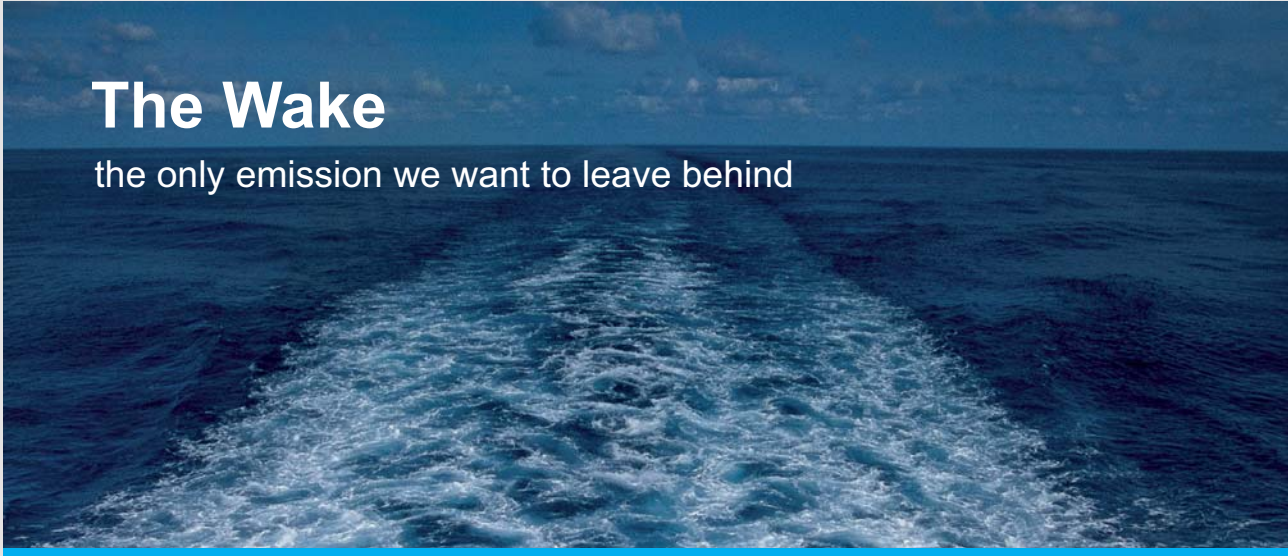
Engagement analytics, through self-assessments, are reports that offer clarity on the internal factors of engagement and provide insight into individual needs, wants, passions, priorities, motivations, attitudes and related behaviours (Harrison, 2014).

To provide reliable and useful engagement data the analytical tool must:

- ✓ Be a valid self-assessment of individual needs, desires, interests, strengths and the behavioural dynamics linked to that (including “ICE” – initiative, challenge, enthusiasm)
- ✓ Measure the reliability of the answers of the individual respondent
- ✓ Take into account the company's role in success factors and derailleurs if the survey is taken by employees
- ✓ Provide data that can be used for career counselling, recruitment, selection, development, coaching, performance improvement, benefits, retention, career planning, succession planning, work place improvement, and organisational culture improvement.

Contrary to generalised satisfaction surveys, the individual self-assessment is by preference not anonymous. The reason for that is simple. The organisation that shows trust and appreciates the individual strengths, complexity and dynamics, will use such data to:

- ✓ Discuss, through regular conversations, wants, needs and strengths with the individual team members
- ✓ Assess any barriers that individuals may be struggling with and help to define action
- ✓ Actively involve employees to create and sustain a culture of engagement together
- ✓ Generate group data to identify trends and co-create vision and action within teams, departments and other local levels in the organisation.



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7 CO-CREATING VISION

7.1 FOCUS THROUGH COLLECTIVE ASPIRATION

If engagement means being enthusiastic about a purpose and enjoying the activities and challenges related to that, then there is little place for engaged personnel in autocratic or bureaucratic controlling organisations. In such organisations vision is told or sold to the employees: they don't get to co-create it.

Traditional models of centralised power and authority become increasingly dysfunctional. Especially when competitive advantage is no longer through costs but through innovation and creativity which require time for initiative, challenge and enthusiasm. The autocratic controlling organisation doesn't need initiative, challenge and enthusiasm because everyone is expected to perform as instructed. The controlling organisations have a hierarchy of goals set by a few decision makers. The purpose typically is short- or mid-term and, for example, limited to pay shareholders.

Example (from personal experience):

I once met a CEO who said, "The real product produced by this company is money. The product we make and bring to the market is a by-product". He added that anyone who wanted to know more about his company should talk to him, because he was the only one who knew the company.

Autocratic companies review past performances and punish employees who fail to do as they have been told. Employees in such organisations will settle for the lower levels of participation and do not participate in setting the direction and priorities. If they learn anything it is how to say what management wants to hear, and get a reward for that. Any opportunities to participate in decision-making or organisational design is no more than a cosmetic exercise in such organisations. Any sense of responsibility is replaced by doing as one is told within the boundaries of the job description. There is no or little sense of what happens elsewhere in the organisation. A fixation on what can go wrong within the silos of one's own function or department can lead to missing opportunities in the market. There is no focus on the company as a whole and, consequently, a lack of collective aspiration.

If engagement means being enthusiastic about a purpose and enjoying the activities and challenges related to that, then there is little place for engaged personnel in autocratic or bureaucratic controlling organisations. In such organisations vision is told or sold to the employees: they don't get to co-create it.



reel



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In people-oriented organisations, time and space to co-create vision are important in order to become better and better at achieving collective aspirations. If we only learn what we, as individuals, want to learn, then the organisation will not benefit. It is only a collective aspiration that can ensure that what is ‘wanting to be learned’ is also what the organisation needs. This collective aspiration has to transpire from an integrated process of co-creating vision on the various levels in an organisation, in departments and in teams. It is not the review of past activity but the co-created vision and the collective aspirations that provide a focus for the initiative, challenge and enthusiasm of the engaged work force.

In the organisation where people expand their capabilities in order to create the results they truly desire, a good performance review does not result in engagement but engagement does result in good performance.

7.2 QUESTIONNAIRE TO CO-CREATE VISION

The following simple list of questions can be used during conversations to co-create vision in teams (inspired by Roberts, 1994, pp. 337–339).

Imagine you are in the organisation five years from now. Sit down with your team and try to answer the following questions in whatever order is relevant to you. Change and add questions that are relevant for you and your team, for the organisation, and for its environment. It may help to think about the history of the company too and how previous generations would have answered.

| |
|---|
| What is our contribution to the world? |
| What impact do we have on the world around us? |
| What role does our organisation have in the community? |
| Who are the stakeholders inside and outside this new organisation? |
| How do we add value for them? |
| What is our image in society and the market place? |
| How do we compete? |
| What are the relevant trends in our sector? |
| What does our organisation look like? |
| What are the important elements of our organisational structure? |
| How do these elements interact? |
| What are the organisational values? |
| What are the values of the organisational members? |
| How is performance recognised? |
| How do we value people? |
| What do we do to safeguard the future of our organisation for ourselves? |
| What do we do to ensure its future for the next generations? |
| How can we measure each of the above answers? |

After the exercise, return to your organisation as it is today and try to answer the following questions.

| |
|---|
| What is our current strategic plan and how do we use it in our organisation? |
| Who are our current stakeholders? |
| What changes do we need to make that will benefit our stakeholders? |
| What are the current trends that impact upon our activities? |
| What are the important elements of our company history? |
| What are the forces driving change inside and outside our organisation? |
| What are the forces restraining change? |
| What aspects of the organisation engage people? |
| What aspects of our organisation could potentially disengage people? |
| What losses do we fear? |
| What don't we know that we need to know? |

By answering the above questions the team can try to formulate a shared vision and purpose. By answering the following questions each individual can decide how far the vision makes sense personally.

| |
|---|
| What was your first reaction upon seeing or hearing this vision? |
| Which part(s) of the vision statement do you personally think to be important? |
| What does it change for you, if anything? |
| How do you feel about such change? |
| Is this 'your' vision? If not, what would you change to make it yours? |
| Do you feel the need to challenge this vision? |
| What are the first steps you will take to realise this vision? |
| How will you overcome any barriers? |

These questions can be discussed after the presentation of the shared vision. Some of the questions may present themselves again in future conversations with peers and managers in order to help maintain on-going engagement.

8 STEPS TOWARDS AN EPM MODEL

The principal activities for implementing Engaged Performance Management (EPM) should include: assess, trust, measure and integrate.

8.1 ASSESS

Assess the organisational culture before even considering an EPM model. Define what the current organisational model is:

- ✓ Autocratic
- ✓ Bureaucratic
- ✓ Task oriented
- ✓ People oriented.

Controlling organisations manage performance rather than people. Controlling organisations are not interested in the intrinsic needs of employees as drivers of action. Controlling organisations try to control the action through extrinsic motivators that are linked to performance review ratings. Objectives are only defined with short- or mid-term perspective and without a co-created vision.

As previously explained, it makes sense only for the people-oriented organisations and for some task-focused organisations to shift from controlling performance management to engaging performance management. Doing so in the controlling environments of the autocratic, bureaucratic and controlling task-oriented organisations would be merely a cosmetic exercise, which does not contribute to employee engagement.

8.2 T.R.U.S.T.

Embed T.R.U.S.T on all organisational levels.

T.R.U.S.T is a cocktail of:

- ✓ **Transparency:** share organisational and personal values, goals and strategies. Provide access to the performance-, conversational-, and engagement intelligence.
- ✓ **Respect:** encourage an open attitude to the view, suggestions, learning, and decision making of self and others.

- ✓ **Understand self and others:** provide staff with the opportunity for self-assessment of personal values, wants and needs (EWANs), discuss their strengths and EWANs during conversations with management and liaise with the organisational wants and needs (OWANs)
- ✓ **Share vision:** enable staff to co-create vision on their local levels in one-to-one, heart-to-heart conversations and meetings
- ✓ **Throw in ICE:** provide engaged employees with the space and time for Initiative, Challenge and Enthusiasm.

If your organisation has no experience with tolerating or giving ICE time you might want to start introducing the concept through corporate social responsibility (CSR) projects (or charity activities) without too much risk to your business.

Example (from personal experience):

I worked for a global company that introduced a scheme under which employees could locally define a project of corporate social responsibility and execute it. By doing so the initiative, challenge, enthusiasm and self-motivation of engaged employees was focused on a value which was also considered to be important for the company: social responsibility. At the end of the year all projects were to be compared and some would be rewarded by receiving funding for their charity project.

Those employees who engaged themselves actively in their CSR project (which was outside the scope of their daily job) received from the organisation:

- The time and space for initiative, challenge and enthusiasm
- Time to present their projects to the rest of the global organisation through all means of marketing and technology available in the company
- An election in which employees could vote for their favourite project
- Recognition with time to present their projects in the yearly global management and other meetings
- A fund to continue the project (for those that received the most votes).

By doing so the company not only retained the engaged employees who were motivated to help society, but the company itself learned more about these engaged employees while they worked outside the constraints and boundaries of their day-to-day jobs. The company (and the employees) learned how the employees would create a vision, manage, budget, network, overcome difficulties and execute many other important activities, which ordinarily they wouldn't have the opportunity to demonstrate in their day-to-day job. In addition, they made a significant impact on communities outside of the company. This positive experience with ICE time is a good example of how this concept can be linked to a company's business objectives.

8.3 SELF-ASSESS

Measure the EWANs and passion for ICE through self-assessment and discuss it during the conversations on all levels of the organisation.

Generalised employee satisfaction surveys or competence-based interviews do not reveal the inner dynamics of engagement like self-assessments of EWANs do. Use the self-assessment of ICE and EWANs during the whole employee life cycle for selecting, developing, coaching, and rewarding individuals and teams.

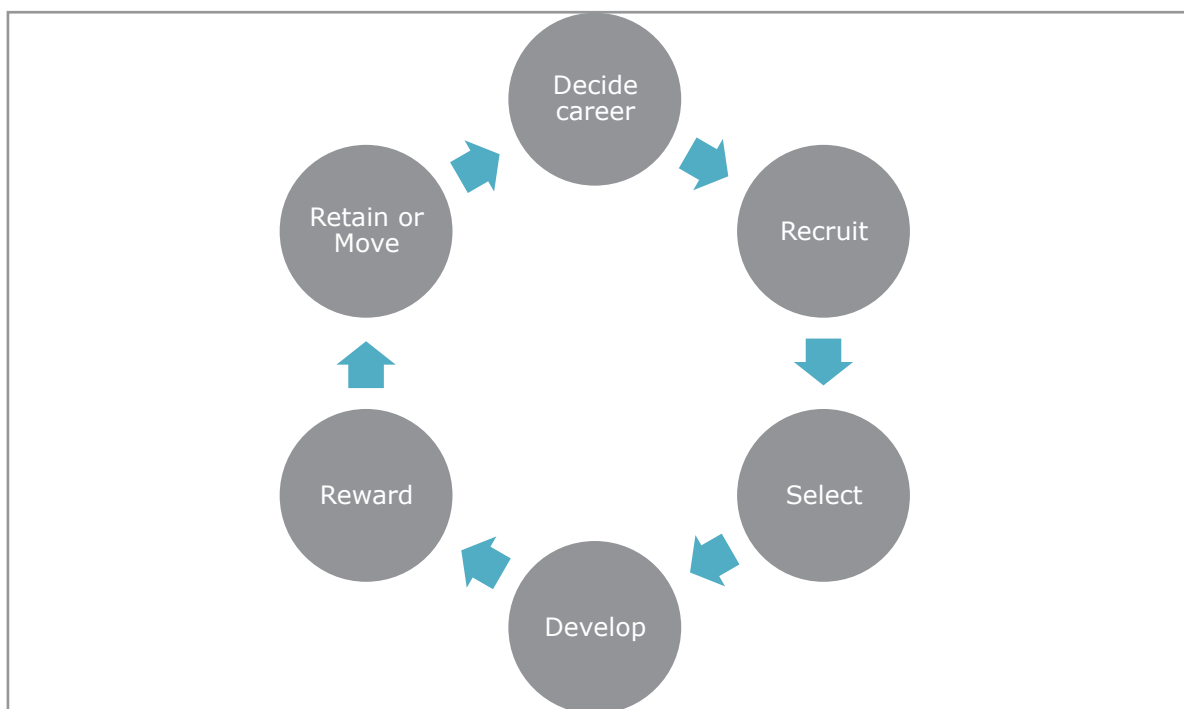


Figure No 5: employee life cycle

Combine reliable engagement analytics with trustworthy conversational intelligence and forward-thinking performance data to create an environment in which team members can:

- ✓ Use their strengths
- ✓ Feel a shared responsibility to sustain engagement
- ✓ Take personal responsibility for the actions needed to realise the co-created future perspective.

Using strengths results in enjoying positive feedback through the various on-going conversations. What one enjoys, one will do more of and in the process, the strengths will grow. This positive loop increases an employee's performance. For this to be sustainable, the engaged employees need to feel that what they get from their input is sufficient and relevant to them during every stage of the employee life cycle. Engagement analytics will provide an insight into what employees find important and what is relevant to them.

Engagement is a state of mind that requires having an interest in the subject matter and enjoying the related activities. It is therefore a waste of time to hire someone who is not interested in the subject matter or to retain someone in a position who is not enjoying the related activities. Likewise, it is pointless to provide space and time for ICE to individuals who do not care about ICE or when a leadership does not respect ICE. The self-assessment of motivators can help to avoid wasting valuable time when hiring, developing and rewarding people.

Through understanding the key motivational factors for each person, the people-oriented organisation can build the experience that it needs by appointing the people who are enthusiastic to take on the challenges of a career step, projects and assignments. This is reflected through:

- ✓ Delegating what is highly motivating for the employee
- ✓ Having continuous conversations with the employees and teams in a manner that is motivating to them and sustains their initiative, sense of challenge and enthusiasm
- ✓ Rewarding fair extrinsic motivators that are in line with what is valued by the employee
- ✓ Rewarding ICE time because engagement is fuelled by initiative, challenge and enthusiasm
- ✓ Rewarding the right intrinsic motivators that support employees' strengths and expectations, including relevant career opportunities, and giving employees the opportunity to use and grow their strengths to continuously achieve.

Such actions allow the employee to grow from strength to strength. But it presumes knowledge of the EWANs.

Example (<http://hrmcoach.harrisonassessments.eu/>):

Engagement analytics, like the Harrison self-assessment tool, offer clarity on the internal factors of engagement, the needs, wants, individual interests, aspirations, and the passion of the respondent and linked behaviours.

When students complete a self-assessment, prior to choosing a university program for example, it rewards them with a report that lists the careers that are a good fit for them personally.

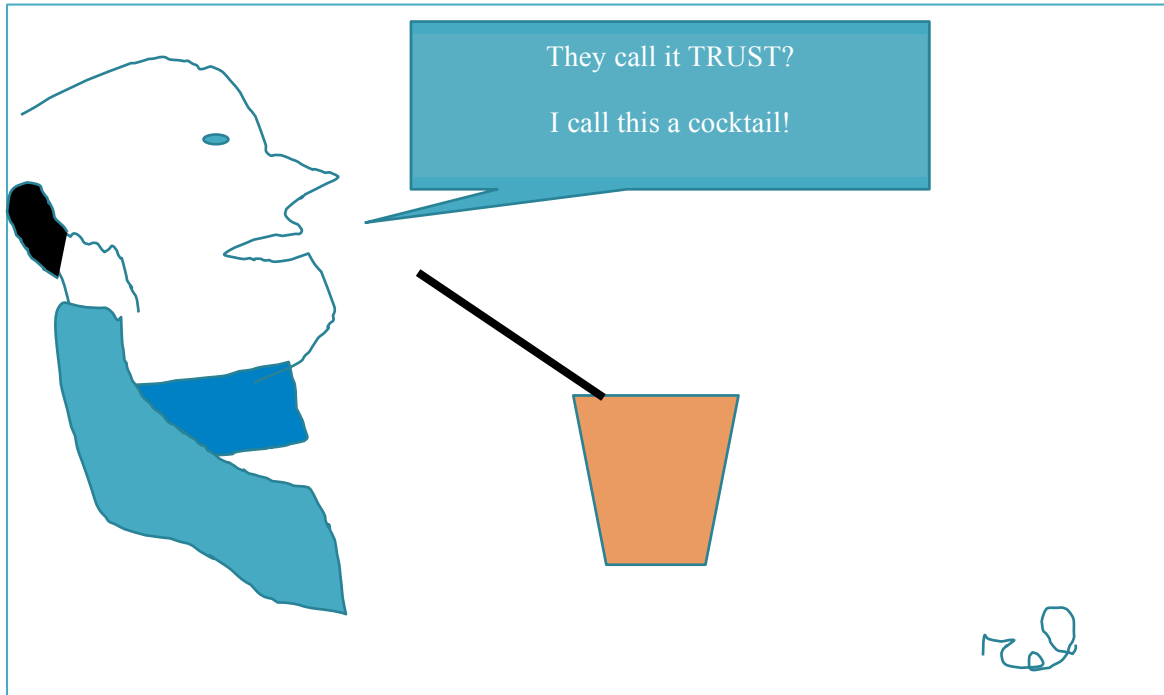
Employers can ask candidates to complete the (online) survey from which they extract the relevant information to:

- Attract the appropriate candidate
- Design the relevant interview questions for selection.

When completed by staff in a work-context, these self-assessments provide the necessary engagement analytics to help:

- Align remuneration programs and intrinsic motivators with what is really important to employees
- Get an overview of individual- and team strengths
- Write development plans
- Manage careers
- Plan succession
- Retain engagement.

This integrated attention to the individual and his/her interests, motivators, needs, and expectations, is itself a reward for the individual if it leads to a good fit between him/her and the work place.



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CONCLUSION

Whilst in the autocratic, bureaucratic and some task-force-oriented organisations the performance reviews may contribute to control performances, the people-oriented organisations need another tool that enables creativity and innovation rather than stifles it. Therefore the people-oriented organisations focus on allowing space for initiative, challenge and enthusiasm (ICE).

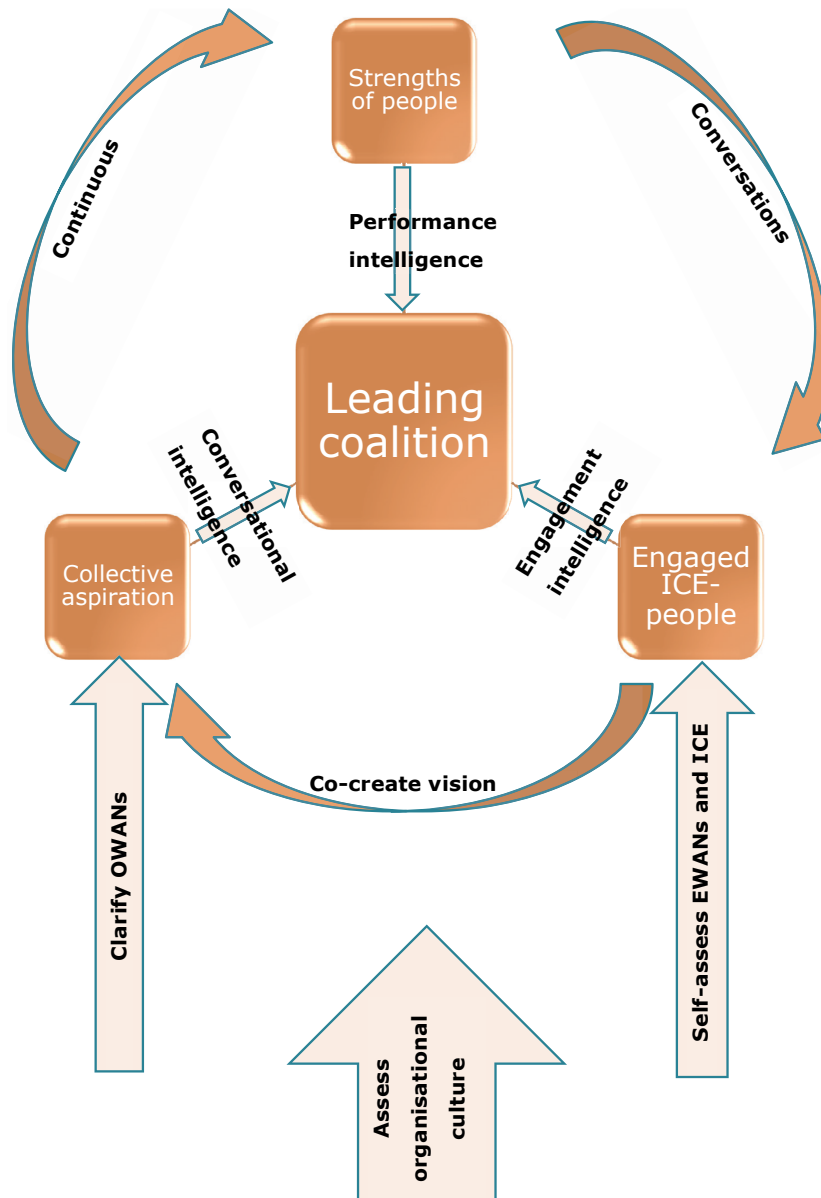


Figure No 6: Engaged Performance Management

We must keep in mind that the strategies and tools presented in this book (EPM, ICE, co-created vision, self-assessment of EWANs) must be applied in the right context and by a people-oriented leadership in order to appreciate their potential.

Surveys in the organisation and in the teams can assess the extent to which the organisational culture is people-oriented.

Provided that the organisational culture is people-oriented, EWANs can be measured through self-assessments. The reports of self-assessments can be used to discuss the shared responsibility of engagement, to define development actions, to define the relevant motivators including awarding time and space for ICE. The organisation can create a shared vision with engaged employees (those with high scores in the self-assessment for initiative, challenge and enthusiasm), as well as determining the strengths needed to realise the collective aspiration. This requires the organisation to be transparent about its OWANs.

Continuous dialogue over the boundaries of functions and departments and one-to-one, heart-to-heart conversations sustain aspiration and engagement. The organisation can then build on continuous engagement driving performance towards a common purpose rather than on individual episodes of activity. Employees can then realise OWANs while fulfilling their EWANs.

Such coalition between organisational leaders and engaged employees can lead, through the space and time of ICE, to the improvements, innovations and changes that are needed to realise the shared vision.

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