



# WHAT EMPLOYEES WANT TODAY AND WHY IT MATTERS

## Executive Summary

Workplace culture drives all forms of optional and discretionary behavior by each employee. Culture is shaped by how people behave and experience being in the workplace together. Character researcher, Pam Boney expresses this important discovery. “A person can be competent, intelligent and driven but who they are when they show up with others determines the nature of their influence and contribution. The missing element is Character.”<sup>1</sup>

Character development is essential to fuel a culture dedicated to organizational learning and coaching. The data presented in this paper builds the business case for investment in character development, especially in leaders, in order to drive a learning and coaching-centered workplace culture. There are specific direct and opportunity costs from ignoring this investment that will cause any CFO pause. Research is also offered about attitudes and preferences for each generation of the workforce. The data reveals insight about what employees want in today’s workplace environment. Here are some of the most important evidence-based principles for making culture investment decisions.

- Investing in people can generate value for organizations over time that significantly exceeds initial financial outlay.
- People represent value generation capability to organizations in two ways: potential and appreciation.
- Well-crafted learning and coaching interventions, that focus on character-development, boost critical leadership competencies 20%-30%.
- Happier and more productive teams are correlated with great managers, defined as being a good coach and one who empowers without micromanagement.

<sup>1</sup> Researcher Pam Boney, Founder & Creator of Tilt365 Suite of Character Development Tools, [www.tilt365.com](http://www.tilt365.com)



- Scalable learning is essential and occurs in teams rather than functional groups, making effective team leadership a critical development priority.
- Millennial personnel comprise more than 50% of the workforce and more than 50% are in leadership roles with three to four direct reports.
- For two-thirds, an organization's purpose is the reason a Millennial will choose an employer and, even then, only one-third believe they are truly used to their full potential at work.

Perceptions are created and reinforced by leaders through daily interactions. Leaders who make learning and coaching important consistently return higher engagement and job satisfaction ratings. Learning to lead in this way requires development of character and a day-to-day commitment to self-awareness and self-development choices. Character development solutions that fuel culture evolution is therefore a strategic imperative for organizations who seek sustainable excellence.

### Why It Matters

Human capital represents to the global economy a potential value of \$1,215 trillion, 2.33 times that of physical capital (technology, real estate, inventory). Human capital is the greatest value creator available to organizations. For every \$1 invested in human capital, \$11.39 is added to GDP<sup>2</sup>. Investing in people can generate value for organizations over time that significantly exceeds initial financial outlay.

Two principles about value generation, when applied to the people in an organization, are very important to examine: potential and appreciation. The way a leader behaves in daily interactions influences perceptions and therefore choices for action. That employee performance may be influenced means by definition that there is great potential in each employee. A learning and coaching culture focuses on realizing and maximizing that potential through the way leaders behave. By creating a healthy environment, leaders also raise performance and release discretionary effort. People will go the extra yard and hustle in ways that a machine will never do. Something else machines cannot do is gain experience and knowledge over time. The contribution from each person in the workforce appreciates over time through the wisdom of experience and the opportunity to expand knowledge to increase contribution. People, when considered as assets, appreciate. However, 64% of leaders say they see people as bottom-line cost, not a top-line value generator. That's either depressing or a signal of opportunity for more enlightened organizations to use character development solutions to influence potential and accelerate appreciation of workforce talent.

The ultimate measure of leader effectiveness is the performance of the team and organization. Effective leaders enable a group to outperform other groups. The best show higher levels of integrity – to create a fair and just culture – and are generally more emotionally intelligent / use empathy – to stay calm under pressure and have better people skills. Well-crafted learning and coaching interventions boost critical leadership competencies between 20%-30%. Data from this 2016 study<sup>3</sup> raises the importance for focusing on leadership development in earnest.

<sup>2</sup> Korn Ferry Institute 2016 Research on Human Capital: Korn Ferry commissioned the Centre for Economics and Business Research to develop a robust economic model.

<sup>3</sup> *Science of Leadership* reported in HBR Blog 9/21/16 by Tomas Chamorro-Premuzic, faculty Columbia University



- Only 30% of employees are engaged costing the US economy \$550 billion a year in productivity loss.
- 82% of people don't trust their boss.
- 50% of employees quit their job because of their managers, confirming the anecdotal hypothesis that 'people join companies, and quit their bosses.'
- 30%-60% of leaders act destructively with an estimated cost of \$1-\$2.7 million for each failed senior manager.

70% of the variance in employee engagement is driven by the manager-employee dynamic according to talent management research conducted by the Human Capital Institute in 2016 with 252 companies.

96% of HR leaders report that managers are vital to driving business success, increasing employee productivity, improving team functioning and increasing engagement levels. Yet only 48% agree they adequately invest in front line manager development.

- Only 20% of training budgets are dedicated to front-line managers. Further technology-based learning is dominant over peer and experiential learning, creating a big missed opportunity to develop emotional resilience.
- Only 38% of companies provide onboarding for internal promotions to the front line manager role. 68% of companies only provide for an HR business partner to check with the manager informally to see "how things are going."
- Leadership Development initiatives often focus on mid and executive level leaders while ignoring the development needs of first-time, front line managers. The average age of a supervisor is 33 years old; most leaders don't participate in leadership training until they are 42. They spend almost a decade practicing incorrect and subpar leadership behaviors, or, they focus on hard skills in the job and ignore the soft skills.
- Researchers at Google found that technical expertise was the least important quality in a manager; teams with great managers were happier and more productive. The top manager behavior from a set of eight identified, "Is a good coach" and the second, "Empowers team and does not micromanage."
- 68% of the organizations report that coaching skills for managers and leaders are in the top five most important competencies to invest in and develop across an organization.

## What Employees Want

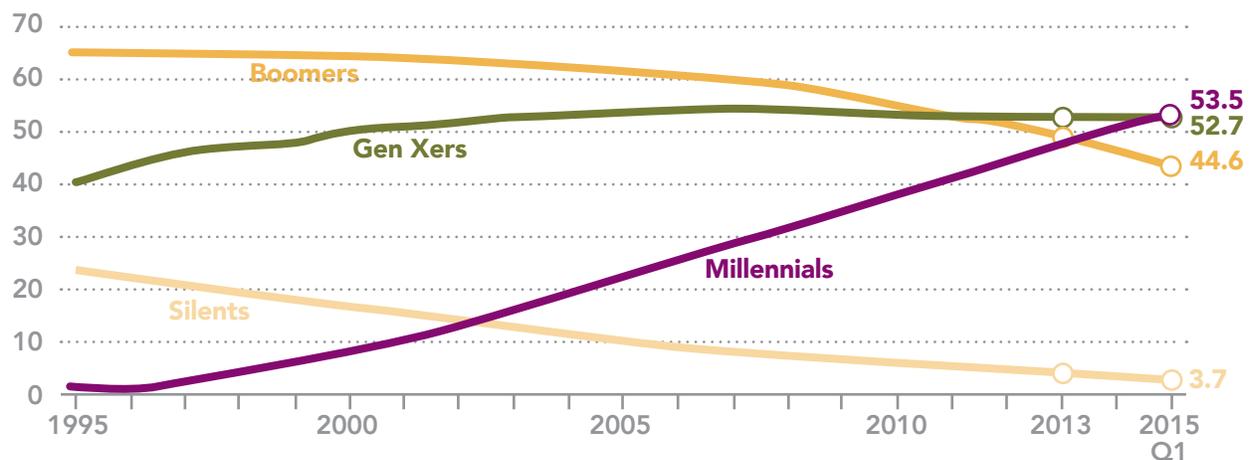
Data compiled from 20,000+ respondents to the 2016 Glassdoor Employee survey about the 20 key drivers of engagement indicates almost no change has occurred over the last seven years, even for the "best" companies.



A new way of addressing engagement is needed. Engagement is currently evaluated by the quality of the relationship between an employee and his or her manager. Diversity of the workforce today has raised the complexity and therefore the sophistication required from leaders to be consistently effective. In particular, the recipe for success requires focusing on interpersonal communications, sensitivity and creating a welcoming client for learning. All of these factors are included in the scope of character development.

### U.S. Labor Force by Generation, 1995-2015

In millions



Companies are adopting “always-on” listening tools to monitor engagement such as pulse surveys, exit interviews, stay interviews and open anonymous networking tools. Leaders are sharing feedback after every major company change and they are conducting open meetings to encourage people to speak up. All generations are seeking greater transparency, inclusion and autonomy for action as a result of what is learned.

Actions for always on listening and learning are well supported by a recent Tiny Pulse survey reporting:

- 64% of employees said they wanted a check-in every two weeks
- 42% of millennials want feedback every week

The clear message—more communication and collaboration.

We also see in our work with companies that feedback is central to agile performance and it takes many forms.

- peer-to-peer interactions
- ad hoc dialogue
- collaboration
- open networks that connect people and groups emotionally

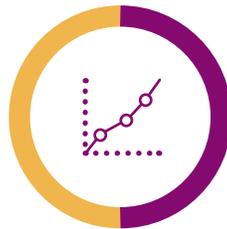


Each of the forms above require leaders to have effective relating skills and an ability to be approachable and likeable. Building positive influence through consistently relating to others effectively is a choice motivated by one’s mindset and is a central focus of character-development.

The top priorities for employees today are: 1) work that is fulfilling given skills and experience, 2) opportunities for personal growth to grow skills and experience, and 3) meaningful work that creates a positive impact in the world. Pay has fallen behind meaning in the workplace for the first time. Meaning has become so important that the Institute for Healthcare Improvement holds it as important as cost, quality, and safety in its new Quadruple Aim.



Fulfillment



Personal Growth



Meaning > Pay

Implementing these approaches requires a commitment to character development, the source for strengthening excellent interpersonal presence and emotional resilience. This information foreshadows a new frontier for leadership development, achieved through a culture dedicated to learning and coaching.

## 20 Key Drivers of Employee Engagement

14 of the 20 drivers of employee engagement, highlighted in the table below, are directly influenced by learning and coaching solutions based upon the science of character.

Meaningful Work	Great Management	Fantastic Environment	Growth Opportunity	Trust in Leadership
Autonomy	Clear goal-setting	Flexible, humane work environment	Facilitated talent mobility	Mission and purpose
Selection to fit	Coaching and feedback	Recognition-rich Culture	Career growth in many paths	Investment in people, trust
Small teams	Leadership development	Open, flexible work spaces	Self and formal development	Transparency and communication
Time for slack	Modern performance management	Inclusive, diverse culture	High-impact learning culture	Inspiration



The data from Gallup is consistent over the last forty years, confirming that the most important relationship for an employee is the one with the manager. This is the person most influential in determining fulfillment, personal growth and meaning on the job. What distinguishes higher and lower level performance as a leader, is interpersonal sensitivity, resilience and ambition/ learning orientation<sup>4</sup>. The Gallup study asserts this idea: “No matter what your favorite definition of leadership is (there are 462 million Google® entries), we believe it’s largely dependent on a single ingredient: mastering successful conversations. By the end of each day, leaders likely have had multiple conversations with a range of their constituents. Each of these interactions will collectively determine their ultimate success as a leader.”

The rapid advance of technology appears on the surface to be at odds with what employees want. Upon closer examination, we see a couple of bright lights on the horizon. A 2016 study conducted by MIT in collaboration with Deloitte indicates that one of the hallmarks of high-performing companies in today’s digital world is the ability to learn fast. Rather than ‘do digital’ it is necessary to ‘be digital’ so a customer-centric way of doing business and decision-making occurs as close as possible to the first point of customer contact, usually at the edges of the company and not at headquarters or even a regional center. Character development directly addresses autonomy and competence in the exercise of effective judgment, integrity in decision-making as well as diligence and focus with fulfillment of processes and structure.

Top-down hierarchy is being rapidly replaced with a network of teams in which people are iterating and solving problems in a dynamic, agile way. Agility is the ability to make timely, effective, and sustained change when and where it provides a performance advantage. Becoming agile occurs through character development. The shift in structure, roles and careers changes the way we lead, manage, reward and move people throughout the company. It also pushes us to continuously learn – faster than ever.

Scalable learning is essential and occurs in cross functional teams, rather than functional groups. These teams are smaller, flatter and more empowered by an engaged leader rather than one who leads from behind a desk. Modern leaders integrate always-on learning, exploration and dialogue to enable continuous invention, relentless communication between teams and bringing people together in a shared culture.

86% of business leaders rate ‘culture’ as one of the more urgent talent issues and yet only 14% understand what the ‘right culture’ really is<sup>5</sup>. Culture is transparent due to technology. Employees talk about your company every day in public and over social media, either reinforcing or diminishing your brand. Culture drives brand, and brand drives the ability to attract and hire the right team members that ultimately reflect who you are to customers. Keep in mind in the Millennial employee group, who are now about 50% of the workforce, two-thirds report that the organization’s purpose is the reason they choose an employer and stay. Only one-third believe they are being used to their full potential at work and perceive the company’s policies do not meet their needs for work-life balance.

<sup>4</sup> DDI 2016 report on High-Resolution Leadership (15,000 leaders, 300 organizations, 20 industries, 18 countries)

<sup>5</sup> Deloitte’s 2016 Human Capital Trends



More than 50% of Millennials are leaders with four or more direct reports. Research shows that this generation does not aspire to ‘mimic’ the styles of older senior leaders. Instead Millennial leaders are actively reinventing the role of leader.

- Many large companies lag in their investment in new leaders. Millennials believe they are not getting the development they need and only 15% of companies believe they have a strong millennial-focus leadership program.
- A systemic leadership approach is required that focuses on culture, exposure, organizational context, continuous feedback and coaching. Companies that are implementing this new approach<sup>6</sup>:
  - ✓ Generate 37% higher revenue per employee
  - ✓ Are 9% more profitable
  - ✓ Generate 2.3 times more cashflow per employee
  - ✓ Generate 1.4 times more revenue
  - ✓ Rate themselves 170% better at innovation
  - ✓ Are 180% better in their ability to adapt to change
  - ✓ Are 120% more capable of meeting financial targets

In conclusion the evidence shows that culture drives all forms of optional and discretionary behavior. Culture is shaped by how people behave and experience being in the workplace together. Character drives behavior, especially in relationships. Culture evolution through character development that results in a learning and coaching organization is a strategic imperative for organizations who seek sustainable excellence.

## Brief Biography

Janet M. Harvey, MCC is an early adopter for creating a coach-centered workplace working in global organizations with teams of leaders to establish a resilient and high performance culture through a coaching approach to leading and managing success called Generative Wholeness™. With 30 years of experience as both a corporate and entrepreneurial business executive, Ms. Harvey is CEO/President for inviteCHANGE, dedicated to coach certification training and talent solutions for organizations. Born and raised in mid-Western US, Janet may be low key about her leadership successes, but her audiences and professional colleagues are not. People speak of her as bold, curious, provocative, challenging, yet respectful and compassionate in her leadership roles.

<sup>6</sup> *High-Impact Leadership: The New Leadership Maturity Model*, Bersin by Deloitte / Andrea Derler, PhD, 2016.



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110 3rd Avenue North, Suite 102  
Edmonds, WA 98020  
Phone 425.778.3505  
Toll Free 877.228.2622 ext 103  
Fax 425.778.6937 or 877.228.3293  
admin@invitechange.com  
www.invitechange.com