Mending the Engagement Gap:

Driving Organizational Success
Through Employee Engagement
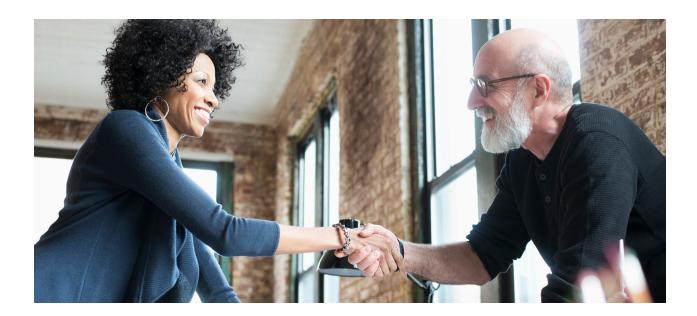
PXT SELECT™

A Wiley Brand

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Picture yourself smiling and shaking the hand of a new employee on their first day of work. You're excited because, well, you hired them. This person might be a completely new hire or someone who moved to your team from within the company. Either way, you feel pretty good about them. After all, they came to you with an impressive resume, solid experience, and glowing recommendations.

You think to yourself, "What could go wrong?"

Now imagine things going wrong. Slowly but surely, you watch this employee burn out, underperform, and under-deliver. Picture them showing up late, bored out of their mind, and dragging down the rest of the team with their negative attitude. Imagine your coworkers and teammates feeling defeated and discouraged as they struggle to work with someone who doesn't seem to care about the work they're doing. Picture yourself frustrated when, after months of non-productive work and hours of training, this new employee quits or is asked to leave.

Now you ask yourself a different question, "Was there anything I could've done to prevent this?"

The answer, of course, is "Yes!" We'll toss in an exclamation point for good measure.

Although employee engagement remains one of the most vexing problems facing organizations today, companies around the US are finding success in boosting engagement using a variety of strategies. Yours could be one of them. In his work on employee engagement, world-renowned HR analyst Josh Bersin lays out five basic conditions employees need met to engage with their work fully. In this eBook, we examine those five factors, how PXT Select™ helps companies meet them, and what other organizations are doing to engage their employees and beat the odds *right now*.

Let's get started.

Here's the Deal With Employee Disengagement

It's a hard problem to fix.

Writing for *Harvard Business Review* in March 2017, Jacob Morgan points out that although companies spend hundreds of millions of dollars on engagement programs, engagement scores remain low—like really, really low.

Drawing on data from 350,000 respondents over three years, Gallup's 2017 "State of the American Workplace" survey discovered that:

- 30% of employees are engaged

- 52% are disengaged

- 18% are actively disengaged

Imagine employee disengagement this way: if we represent the American workforce as a 10-person bicycle, then three people (the engaged employees) would be pedaling. Five people would be pretending to pedal (disengaged employees), and two people (the actively disengaged) would be jamming the brakes.

How far do you think this team will go?

Overall, actively disengaged employees cost the US between $450 billion and $550 billion each year in lost productivity. That's close to the annual GDP of Thailand or Poland. To get their workforces moving, organizations need to address engagement. It's not just a buzzword or a biking metaphor. It's a necessity.

The Five Conditions for Employee Engagement

We'll be the first to admit that employee disengagement is a complicated issue—one that might, in the end, demand a complicated solution. But to make an impact on employee disengagement, sometimes it's best to start with simple steps.

According to Josh Bersin, employees require **five basic conditions** to engage in their work. By meeting these five conditions, organizations can take meaningful action against the root of employee disengagement.

Bersin's five conditions include:

1. **Meaningful Work:** Focuses on putting people into roles they're most likely to perform well in and enjoy. Research demonstrates that when companies instill work with meaning and give employees more autonomy, decision-making power, and support, the company earns more.

2. **Hands-On Management:** Focuses on selecting and training managers with a natural talent towards being "managers of people." Effective managers establish clear and simple goals, prioritize activities, recognize efforts, care about their people, and coach them to success.

3. **Positive Work Environment:** Encourages individuals to be the best version of themselves, comfortable in their work environment, and willing to create a space that values diversity, recognition, and inclusion.

4. **Growth Opportunities:** Allows employees to develop new or existing skills, take on a role or assignment that challenges them, or move up within their organization.

5. **Trust in Leadership:** Requires an organization to adopt a mission in its work, embrace transparency, invest in the well-being and development of its members, and inspire its employees toward the development of a common vision.

How PXT Select™ Helps Employers Meet the Five Basic Conditions for Employee Engagement

Heard of the term "baby steps" before? When it comes to increasing employee engagement, there are many baby steps companies can take to get active. In defining the five conditions for employee engagement, Bersin lays out several actions companies can take towards this goal. By providing data that helps employers understand their employees, PXT Select™ gives companies the information they need to find confidence, direction, and strength as they make moves towards engagement.

Baby steps today, marathons tomorrow.

Let's look at Bersin's five conditions and how PXT Select can help your organization move towards them.

Condition #1: Meaningful Work
The PXT Select™ Solution: Establish Strong Job Fit

According to Bersin, less than 40 percent of employers use pre-hire assessments to measure the degree of fit between open jobs and applicants. By focusing on factors like GPA, college credentials, and prior experience, hiring managers try to answer the question, "Is this the right person for the job," without asking the additional questions, "Can they do the job? How do they do the job? Would they *enjoy* doing this job?" That last part especially—enjoying the job—is what meaningful work is all about.

Helping employees find meaning in their work starts with matching them to positions they're likely to succeed in *and* enjoy. It's not an "either-or" situation. It's a "both at the same time" situation. We call "Job Fit" the degree of compatibility between an individual's characteristics and what the job requires. To establish Job Fit, PXT Select begins by gathering information on an employee's personal characteristics—such as their cognitive abilities, behavioral skills, and motivational interests. Then, PXT Select helps employers match the characteristics of the employee to the characteristics of the job. PXT Select measures 20 traits and, if an individual's characteristics fit within the spectrum of characteristics required to do a specific job, Job Fit is established.

How does that look in real life? Well, say you run an electric car dealership and you're looking for a new person to staff the salesfloor, interact with customers, and connect them to the story of why electric cars are a great choice. That's a big job. A lot is riding on the person who fills this position.

Between two hypothetical candidates, who do you think makes the best fit for the position?

1. Mr. Bubbly with the winning personality (who knows a lot about electric cars)

2. Mr. Mysterious, the applicant who is more reserved, thoughtful, and focused

At first glance, you might think candidate #1 is the obvious choice. After all, they fit the stereotypical view of what makes a successful salesperson. But after taking a closer look at each candidate, PXT Select reveals a different perspective.

In this case, PXT Select™ helps the hiring manager determine that candidate #2—Mr. Mysterious—is the better choice. Candidate #2's cognitive ability better matches what the job requires compared to that of candidate #1. Although Mr. Bubbly might seem like a better fit for the job from a personality standpoint, that doesn't necessarily give the dealership what it needs.

Compared to Mr. Bubbly, Mr. Mysterious operates at a more urgent pace, which means they're better able to meet deadlines, focus on their quota, and move quickly. That, the dealership knows, is what they need more than anything for this role. Even though Mr. Bubbly knows a lot about electric cars, being interested in electric cars doesn't necessarily predict job success in this instance, nor does it give the dealership what it needs. Mr. Mysterious provides the dealership with what it needs, and that's what PXT Select makes clear.

In this case, the less obvious candidate proves a better fit for the job. But how would you know that if you only considered the two candidates based on their GPA, education, interview performance, and experience? The thing is, you probably wouldn't know. PXT Select, however, can help you see what's below the surface. Finding the right fit for the job—looking at interests, motivations, and soft skills—well, that's exactly what our researchers designed PXT Select to do. PXT Select excavates valuable information that resumes and recommendations can't provide. That information leads to smarter decisions when it comes to hiring and selecting.

Match the right person to the right role, and you get an employee who finds more success, stays with an organization for longer, and is less likely to quit. In the end, that adds up to savings in time, money, and stress. And if you're a Tesla dealer, it might end up selling you a few more vehicles too.

Condition #2: Hands-On Management
The PXT Select™ Solution: Create Strong Managerial Fit

People don't leave their *jobs*. They leave *managers* who fail to support them. According to psychologist Michelle McQuaid, most Americans feel unhappy in the workplace. Who do these worker bees blame for their unhappiness? Managers. McQuaid reports that 65 percent of American workers would take a new boss over a raise if given a choice. McQuaid also found that 55 percent of workers declare they would find greater success in their roles if they had a healthier relationship with their supervisors—not looking good for American managers.

Considering all that, how do you increase the effectiveness of managers? You could hire or promote better managers. Sure. And, of course, PXT Select helps with that. But hiring the right managers is only *part* of the solution. Start by selecting the right managers *and then* use the right information to make sure they have the training and resources they need to support the individuals they're in charge of managing. As you might've guessed, PXT Select™ can help with that too.

So, what causes managers to drop the ball?

Managerial problems occur when:

1. **Organizations fail to select managers with natural talent:** Organizations often fail to match the right individual to the right managerial position or the right team of employees. If organizations fail to place managers where they're most likely to succeed or fail to train and support them in their roles, managerial issues can arise. This causes under-supported workers to drip out of the organization's talent pool.

2. **Organizations fail to help good managers become great managers:** Managerial problems also occur when managers lack the ability to onboard, coach, build career paths, and nurture the success of the people on their teams. When managers struggle to establish clear expectations or miss opportunities to leverage the skills of the individuals they manage, they run the risk of increasing turnover and disengagement.

By collecting information on how employees think and work, PXT Select assists managers in onboarding, coaching, and developing employees. PXT Select might, for instance, provide information that helps a manager have an expectation-setting conversation with an individual they manage. That same information might also give the manager the insight they need to help an employee establish goals or a career development plan.

According to Josh Bersin, when workers have clearly defined and written goals, they feel more comfortable and productive. To him, defined goals allow for alignment between the company's needs *and* the employees' needs, which leads to more direction and job satisfaction. To get to that point, managers need to sit down with those they manage and have the right information to approach those conversations in a productive way that meets the needs of each worker.

With PXT Select, a solution that provides objective data from validated pre-hire assessments, organizations can determine who's ready to manage a team and give managers the tools they need to achieve success. With managers better equipped to meet the needs of those they manage, employees are likely to feel supported and valued. And that, in the long run, leads to higher employee engagement and lower turnover.

Condition #3: Positive Work Environment
The PXT Select™ Solution: Create Strong Culture Fit

To bring out the best in employees, you need to foster a healthy culture that allows employees to operate at their best. That's where supportive and productive teams play an especially valuable role.

As collective units, teams carry a social force to create, spread, and develop a healthy work culture. They can bring in a sense of "positive peer pressure" that encourages individuals to adopt healthy cultural norms. When individuals feel part of a team, they benefit from a sense of inclusion and inspiration, which drives engagement further. When people work together as a team, they achieve more than they could on their own. That sense of accomplishment—that "We've got this" attitude—propels individual engagement beyond expectations.

But even high-performing teams encounter challenges. Conflict, lack of alignment, and personality clashes often hinder teams in their ability to spread and support a healthy culture. While employees on a team might fit their individual roles, they might not fit together well as a team.

To meet this challenge, PXT Select™ gives managers information that allows them to assemble teams out of people they know will work well together. There's no need to toss individuals together and hope for the best. Through the information it collects on each individual, PXT Select helps organizations build teams that achieve results and promote a healthy culture along the way.

Condition #4: Provide Growth Opportunity
The PXT Select™ Solution: Help Build Succession Plans & Career Paths

For organizations aiming to increase engagement, giving employees room to grow can make a significant difference. Top-performing employees enjoy a good challenge, the chance to solve problems, and opportunities to develop new skills. They prefer to keep the door open to personal and professional advancement.

As Josh Bersin reports, employees under 25 years old rank professional development as the number one way they engage with their work. For employees under 35, professional development ranks in second. On top of that, Deloitte University reports that over two thirds of millennial workers say it's up to their *employers* to provide those development opportunities.

Think about it—if an individual wants to advance in their career, increase their job security, and improve their marketable skills, they're going to want plenty of opportunities to grow, learn, and develop while on the job. They want resume-building experiences to help them succeed in their current role *and* in opportunities that arise later.

So, when organizations fail to provide talented employees with opportunities for development, those employees often seek growth opportunities elsewhere.

Placing gifted workers where they're most likely to succeed is the first step to retaining employees. Giving them opportunities for growth is the next part of the equation. And, yes, PXT Select™ has a solution. After helping organizations place individuals into the right roles, PXT Select uses personalized information to help management determine what professional development opportunities employees need and want.

For example, PXT Select could give a software company information about one of its sales reps that helps the company realize, "Oh, this person is outgoing and has a real interest in collaboration and relationship building. Maybe we should have a conversation about how these traits fit into their career development."

Having a conversation like that could, in the end, make all the difference in helping an employee feel like their position is worth sticking around for. If they have the chance to learn—if their interests and goals are respected and heard—then an employee gains an additional sense of motivation for staying with their employer.

Companies already provide benefits for their employees in the form of health and dental insurance and paid time off. Imagine employee development and training as another one of those benefits that incentivize retention. In this case, a little personal insight goes a long way, and PXT Select can provide just the right information to make it happen.

Condition #5: Trust in Leadership
The PXT Select™ Solution: Provide Leadership Skills Development

Here's the truth about leadership—*anyone* can lead. Leadership isn't a title. It's not earned through degrees or determined by the neighborhood you grew up in. Leadership is a mindset *and* a skill set that can be taught and learned.

PXT Select™ allows organizations to support the development of leadership skills within teams and individuals by focusing on the development of the Six Critical Leadership Skills. These skills include the ability to:

1. **Create a Vision:** Leaders excel at creating a vision and innovations for the future. They think big and redefine the boundaries of what's possible for their teams, organizations, and industries.

2. **Develop Strategies:** Leaders know how to transform goals and ideas into innovating and achievable action plans. They understand their organization's resources and challenges and use them as agents of change.

3. **Ensure Results:** Leaders implement organizational priorities and make sure these priorities get carried out. Results-oriented leaders set the pace and establish expectations of quality throughout their teams.

4. **Inspire People:** Leaders inspire those around them when they create clarity and unity around ideas. Effective leaders communicate the merits behind their cause with enthusiasm.

5. **Be Approachable:** Being approachable as a leader encourages team members to seek clarification, address concerns, and present ideas. Approachable leaders cultivate a sense of openness to feedback. They build morale by making others feel heard and respected.

6. **Mentoring Others:** Effective leaders know that mentoring others is an investment in the future of their organization. They help team members develop the skills, connections, and confidence to do their jobs effectively, growing the next generation of leaders in the process.

Understanding core leadership skills won't, on its own, help your organization develop better leaders. You need each individual to know personally what they do well and where they struggle as a leader. That's where PXT Select comes in.

PXT Select's psychometric assessment allows individual leaders to identify their strengths and challenges as leaders, building self-awareness in the process. Data from the assessment sheds light on someone's leadership potential and provides insight into how they might confront the complexities of a leadership role. Having that personal insight allows each individual to practice improving as a leader in a targeted and focused way.

After all, we all have our strengths and areas for improvement as leaders. How could we think that the same approach towards leadership development will work for everyone? How can we assume we all need to practice the same skills? With PXT Select™, there's no need to assume or waste time. Leaders should be able to take individual action where they need it most and maximize their time and effort towards growing in a way that makes sense for them.

Everyone must take their own leadership journey and choose their own path. As an individual, you might not know where this journey leads. But with PXT Select, you know the journey starts on solid ground, and you know which steps to take along the way.

Exploring Engagement: How Real-World Companies Engage Employees

So, how are real-world organizations implementing Bersin's five conditions for employee engagement?

We explore that question next.

In creating a culture of engagement, we don't need to reinvent the wheel. We simply need to take notes from the organizations finding success already. To that end, we'll examine the policies and actions of Patagonia and Starbucks. Although both companies operate in different industries and face different challenges, they each offer lessons about employee engagement that organizations in any industry can learn from.

Let's take a look.

Case Study: How Starbucks Serves Up a Culture of Engagement

At Starbucks, there's no "employee engagement." There's only "partner engagement." So, what does Starbucks do to keep its employee turnover rate at around 20 percent in an industry where turnover ranges from 150-400 percent? It all starts with the company's investment in management and the individual employee.

After 2007—a year when Starbucks lost 42 percent of its estimated value—the company decided to deepen its partnership with its employees by doubling down on helping managers develop their leadership skills. In 2008, Starbucks hosted its first-ever Leadership Lab—a $30 million conference that brought thousands of store managers to one place for training, inspiration, and education.

The conference gave managers the skills to establish clear and simple goals, prioritize activities, and care for the needs of the teams they managed. As they returned home, Starbucks managers did so with a greater sense of autonomy and connection to the brand's mission. This helped instill their work and the work of their teams with a sense of meaning and purpose, creating a healthier work environment in the process.

The conference had the added benefit of demonstrating the commitment of Starbucks to providing employees with growth opportunities— another tenant of employee engagement. During a time when leadership could've cut employees' wages, hours, or jobs, Starbucks instead chose to invest in its employees, which instills a sense of trust in the company's leadership. During a year marked by one of the worst recessions in American history, Starbucks's move to double down on employee training sparked *11 consecutive quarters* of record earnings—not a bad return on investment.

When 30 percent of employees called for the "freedom to wear what they want," Starbucks worked with employees to develop a flexible "Look Book." It gave partners guidelines to dress in ways that satisfied their sense of individuality while meeting the company's need for professionalism—a compromise that allowed Starbucks to create a positive work environment and help employees be the best versions of themselves.

In an industry with a staggering rate of turnover, Starbucks manages to keep employees engaged, turnover low, and coffee brewing for over 26,000 stores across 70 countries. Starbucks does so by meeting the basic conditions for engagement in ways that fit the company's specific needs *and* the needs of the company's primary stakeholders— its employees.

Case Study: How Patagonia Surfs to Success

As Patagonia, an outdoor retail company, declares boldly in its mission statement, "We're in business to save our home planet." In the process of saving the planet, the company saves thousands of dollars every year by keeping employee retention and engagement high. In an industry with an average 13 percent turnover rate, Patagonia keeps its turnover at 4 percent.

How do they do it? Like Starbucks, Patagonia pays close attention to meeting the needs of its employees.

According to Patagonia's Chief Human Resources Officer, Dean Carter, the company experiences 97 to 98 percent engagement. Compare that to what Gallup found about the average American workplace, where only *30* percent of workers feel engaged, and it's hard to deny that Patagonia is making the right moves.

One of those moves is to let employees take paid time off to volunteer with an environmental non-profit of their choice for up to two months. How does this PTO and volunteer work benefit Patagonia? It does so by helping employees feel a sense of meaning in their work—one of Bersin's requirements for employee engagement. Volunteering with a non-profit of their choice gives Patagonia employees the opportunity to grow and develop new skills—another chief condition for engagement.

Along with time off to volunteer, Patagonia gives employees time off each week to get outdoors and get active, which helps the company create a positive work environment. But the real benefit employees receive is one that's harder to quantify. Employees at Patagonia know that the company's leadership *listens* to them and values their feedback. That feedback allows Patagonia to attend to its employees' needs, which keeps employees happy and engaged.

Using innovative software, Patagonia collects employee feedback *daily*. To share their feedback, employees simply select and submit an emoji that

expresses their feelings as they leave work for the day. The software helps Carter and Patagonia's HR staff know when to intervene, check in with certain employees, or respond to employees' needs.

Collecting information this way—even through a simple emoji—greatly reduces turnover for Patagonia. Constant feedback allows the company to show it values transparency, the well-being of its members, and the creation of a healthy workplace. Together, these factors instill a further sense of trust in Patagonia's leadership and keep the level of employee engagement well above the industry and national averages. As Patagonia grows closer to becoming a billion-dollar company and an increasingly large and influential force in its industry, that level of engagement can only serve Patagonia and its mission even further.

Help Your Company Rise Above the Average

Although studies show that most Americans feel disengaged from their work, low engagement doesn't have to be an issue in your organization. When it comes to what employees need to engage, it's simple—meaningful work, hands-on management, a positive work environment, growth opportunities, and trust in leadership.

Backed by over 20 years of extensive testing and research, PXT Select™ gives managers and organizations the tools and information they need to meet these basic employee needs in ways that boost engagement and increase retention. PXT Select offers a long-term solution to furthering engagement. It's your company's ticket to maximizing productivity and creating a culture of engagement that people will *want* to be a part of.

To discover what PXT Select can do to boost engagement in your organization, connect with your PXT Select Authorized Partner or find one through our online Partner locator at PXTSelect.com/BTMPAssessmentPXT.

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