“The current economic crisis has underlined how traditional means of managing people are no longer effective. Too many businesses underperform because they can no longer count on the commitment of their workforce. Only by treating employees as key stakeholders and engaging them will organizations be successful. This timely book provides a practical roadmap for companies to create an engaged workforce and is essential reading for all business leaders.”

Professor Klaus Schwab, Founder and Executive Chairman, World Economic Forum

“This is an important contribution to leaders and managers across all types of organizations. I believe readers of this book will be more confident and better equipped to address the issues their organizations are facing.”

David MacLeod, Chairman of the UK Government-sponsored Employee Engagement Task Force and co-author of the influential report to the UK Government Engaging for Success

“This book highlights in a very understandable and comprehensive way, one of the most important HR concepts of our age, ‘engagement’. During difficult times, we need more than ever to engage our workforce, to get them involved and committed. This book shows how to do it, and is a ‘must read’ for all line managers and HR professionals.”

Cary L. Cooper, CBE, Distinguished Professor of Organizational Psychology and Health at Lancaster University Management School, UK

“A must read, timely and practical primer on how to engage any workforce – warts and all.”

Will Hutton, author of Them and Us: Changing Britain – Why We Need a Fair Society, Principal at Hertford College, Oxford, UK, weekly columnist at The Guardian and The Observer Newspapers
"An engaging book about engagement! Linda and Geoff have produced an authoritative book that makes the business case, the emotional case and developed an easy to understand model that will allow HR practitioners and line managers to accelerate implementation. Recognizing there is no ‘one size fits all’ approach, the book is full of practical case studies that will inspire and enthuse.”

Dean Royles, Director, NHS Employers

"The topic of employee engagement has caught the imagination of researchers and practitioners. But for many it is not clear what exactly it is, how you measure it and more importantly if, when and why it is related to productivity. In this well researched, easy to read, and eminently practical book Linda Holbeche and Geoff Matthews answer all the central questions about engagement. The book is topical, very up-to-date and highly practical.”

Adrian Furnham, Professor of Psychology, University College London, writer on leadership and management topics and regular columnist for the Sunday Times

"This book is a major contribution to helping managers take action to improve employee engagement in their business context. It’s packed with ideas and advice for managers who want to foster commitment and energize their organizations. The authors’ ideas around creating a new employment relationship built on engagement will have wide currency in the years ahead, and are as necessary as they are revolutionary for all business executives.”

Mike Cullen, Ernst & Young Global Managing Partner – People
Today’s volatile global economy has created both opportunities and risks for companies around the world. Most are under increasing pressure – in terms of costs and also their ability to attract and retain great people – from a wider range of global competitors than ever before. An organization’s greatest asset is its people, but only if they are engaged. If they are willing to give that extra discretionary effort, the benefits to the bottom line can be substantial. Companies are increasingly recognizing this potential and the need to foster a new kind of relationship with employees. This book, offering a practical slant on employee engagement, is therefore well timed.

Our own research has proven that there is a business linkage between an engaged workforce and a better service for our clients, which in turn leads to greater job satisfaction and increased opportunity and reward for our people. Business strategy must therefore be focused squarely on shaping a culture that motivates employees to go the extra mile, leading to a greater competitive edge. It sounds simple enough in theory, but it’s not always easy to pinpoint what it is that successful businesses are doing to create these high engagement levels. The case studies involved in this book all have their own story to tell and help add pertinent and practical insight to the theory. They have achieved exactly what the title outlines – unleashed potential.

Globalization presents huge opportunities, but a new breed of manager needs to be able to manage effectively across borders. This requires a shift from a ‘one-size-fits-all’ style of management to one that is more inclusive. Engaging an entire workforce is a complex challenge, but doing it over multiple geographies is even more so. It is one of the greatest business challenges of the 21st century. Creating
inclusive leaders requires taking a new look at tried and tested programs to develop the right talent to manage across borders in both developed and emerging markets.

At Ernst & Young we are always looking at how to build on our global people strategy to increasingly engage our people through empowering them as they move through their career lifecycle. All geographical areas will have to meet the same high level of management standards to ensure a consistent global proposition for our people, but different approaches will reflect differing local perspectives. We want all employees’ relationship with the firm – whether they stay three months as an intern or 30 years as a partner – to last a lifetime. In an increasingly networked world, it’s these relationships, connections and experiences that deliver great results for our people and our clients.

No strategy can be implemented without involving line managers. This book rightly concentrates on how they can drive engagement through establishing a psychological contract, or a non-contractual relationship, with all employees. Business strategy cannot be set without consulting with line managers throughout the whole process. In turn, line managers will need to demonstrate that they can get the best out of their teams through sensitivity to local markets, through making everyone feel valued, and through being adept at harnessing diverse opinions to produce better results for customers or clients. By doing so, line managers can cut through the complexity with a people strategy that fits their specific market.

This book is a major contribution to helping managers take action to improve employee engagement in their business context. It’s packed with ideas and advice for managers who want to foster commitment and energize their organizations. The authors’ ideas around creating a new employment relationship built on engagement will have wide currency in the years ahead, and are as necessary as they are revolutionary for all business executives.

Mike Cullen
Ernst & Young
Global Managing Partner – People
Given the extent of the challenge facing our economy we can only expect to succeed if we harness the full capability and potential of all our people. Nita Clarke and I through the last four years writing Engaging for Success and in the follow-up work have seen wonderful examples of employees delivering outstanding organizational outcomes. They illustrate the point that this can be achieved if we create the right conditions at work. When we get it right it is a win for the organization, a win for the country and a win for the employee.

Linda Holbeche and Geoff Matthews’ book is an important contribution to help organizations set about improving their levels of employee engagement. They have included practical help and insights through case studies, ideas for action and in how to follow up and act on engagement surveys. This is an important contribution to leaders and managers across all types of organizations. Linda and Geoff are experienced and knowledgeable leaders who have significantly contributed to this issue in a number of ways including by being experts contributing to the Government-sponsored Task Force on this topic.

I believe readers of this book will be more confident and better equipped to address the issues their organizations are facing.

David MacLeod
Chairman of the UK Government-sponsored Employee Engagement Task Force and co-author of the influential report to the UK Government Engaging for Success
When we decided to write this book, we wanted it to be a resource for managers. While much has been written about employee engagement in the Human Resources (HR) world, there’s been far less for leaders and supervisors ‘at the sharp end’. So if you are reading this book, you are interested in, or at least a little curious about, employee engagement. Or you may want to understand more about what it is, what drives it and what difference it can make to business success. You may be an executive who knows that your organization is capable of higher performance, but you can’t understand why this is not happening. Or you may be a line manager who wants to get to grips with what might engage your team, especially in today’s challenging times.

You may have read about employee engagement, but wonder if it is genuinely a new concept or a case of the emperor’s new clothes. Or you’re a manager in Communications or HR who wants to know how to pinpoint your policies and practices to areas that will make the most positive impact on employee engagement. Alternatively, you may just want to think about your own level of engagement with the work you do, in particular about how you can become more engaged and derive more pleasure from your work.

We’ve written this book for all of you. We want the book to be useful and thought-provoking, and most of all we hope it will prompt ideas you can put into action. That’s why we’ve included several case studies and checklists in boxes, which
you can apply straight away or refer to later if you want to read on without interruption. So you can read this book all in one go or use it as a resource to come back to again and again.

In essence, we cover:

- why you should want employee engagement
- what steps you need to take to get it
- what you need to do to measure it
- what it looks/feels like when you’ve got it
- what organizations and line managers can do to stimulate engagement
- what benefits you get from it.

We have many people to thank for their kind support and willingness to share their ideas and company practices. Sadly we cannot mention everyone, but we would nevertheless like to express our particular appreciation to the following for their help in developing the case studies and other contributions that appear in the book:

- Krista Baetens and Sarah Keizer of ING Bank
- Cris Beswick
- Wayne Clarke and Ceri Ellis of Best Companies
- Eric Collins of Nampak Plastics Europe Ltd
- David Clymo of Schindler Group
- Rita Cruise O’Brien
- Charles Donkor of PricewaterhouseCoopers
- Jean Halloran and Cynthia Johnson at Agilent Technologies
- James Furber of Farrer and Co.
- Andrew Lycett and Sarah-Ellen Stacy of RCT Homes
- Carol McCarthy of Infosys
- Graham Valentine of Choy-Valentine
- Oscar Zhao of Blue Focus
- Peter Ziswiler of Sika AG.

We are also delighted to feature examples of interesting practice from Bentley, Bir-
We are most grateful to the different companies surveying employee engagement for generously sharing their research and suggestions, and for the thought-provoking work of many leading researchers, practitioners and professional bodies around the world that are seeking to develop leaders and make workplaces more effective.

We are especially grateful to Mike Cullen, Global Managing Partner – People at Ernst & Young, and to David MacLeod, co-leader of the UK Government’s Engaging for Success Taskforce, for their forewords to this book.

We would also like to thank the editorial, production and marketing teams at John Wiley and Sons for their wise counsel and active support, in particular Michaela Fay, Natalie Girach, Sam Hartley, Nick Mannion and Claire Plimmer, as well as Tom Fryer at Sparks Publishing Services.

Above all we are infinitely grateful to our partners and families who showed no end of patience, encouragement and (most of all) engagement.

*Linda Holbeche and Geoff Matthews

*April 2012*
Introduction

To say that we’re living in uncertain times is to understate the case. Who could have foreseen some of the dramatic political upheavals and global events that have taken place since the Millennium? Or the discrediting of some of our most visible business leaders and the dramatic closure of several major corporations? Or that social media, designed to connect dispersed populations, would become a tool for mobilizing social protest to unseat governments and topple autocratic leaders? Who would have thought that the credit-fuelled economic model of globalization would implode, revealing the shakiness of supposedly ‘rock-solid’ banks?

Many of yesterday’s ‘certainties’, ‘facts’ and ‘truths’ risk looking more like hypotheses or wishful thinking in the light of current developments. Even if the turbulence following the recent financial crisis eventually comes to be seen as a temporary aberration, there is no doubting that the trend towards faster and faster change will be ongoing. Back in the 1990s, Richard D’Aveni coined the phrase ‘hyper-competition’ to describe the competitive dynamics of the business world (D’Aveni, 1994). He argued that all competitive advantage is temporary and is based on continuous creative destruction, improvement and out-manoeuvring competitors. Today, D’Aveni’s prediction is a reality; barriers