

Building Employee Engagement and High Performance in Times of Stress

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Organizations can make use of the human need to socialize to reduce stress. In order to cope with the stressful arena in which most corporations operate, management must, paradoxically, look at the same time into the distant past to see how humans are hard-wired to operate.

“AIF is an old company,” its CEO told me on the first day we met. “... an old company that needs to rapidly adapt to survive.”

“Adapt?” I asked.

“Yes. Our technology has to change. We have people who’ve been with the company for over thirty years and they cling to 20th Century ways of doing things. We’ve been servicing an aging client base. The company has tried to change, but those change initiatives have not been successful. Frankly we don’t know why, and unless we do we may not be around in ten years’ time.”

Amalgamated International Finance (not its real name) is an Asia-based client, my colleagues at Fortinberry Murray Consulting and I recently worked with, to help resolve a number of crippling problems. Like many firms in their industry, they have been through – and are still facing in many locations – a period of extreme turbulence. The Geelong Football Club (GFC) had eroded their financial base, there have been natural disasters in Japan, Australia and elsewhere and a number of their recent takeovers have not been performing as predicted.

But the real reason for its decline, including its inability to adapt to new circumstances, lay deeper. Over the past few years, AIF has had a number of changes in its top management. Each change has brought new initiatives; each initiative has led to increased staff uncertainty. In one of AIF’s key divisions, the attrition rate was over 75%. When we looked in depth at the internal problems facing the company, two main problems stood out: a complete breakdown of trust and a very high level of stress at all levels. Below the C-suite few felt any degree of safety. The majority of the senior-level managers in AIF had received no management training (though on an internal survey the majority of them rated themselves as “very good” to “exceptional” as managers). Despite the many problems that were particular to the company and its business environment, AIF shared many of the difficulties facing most organizations now and in the foreseeable future.

Most researchers agree that the modern workplace is extremely stressful to human beings. The increasing rate of workplace stress has been noted by researchers studying a wide range of occupations and professions from

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nursing staff¹, to small business owners², lawyers³, and indeed workers at all levels⁴. Stress is believed to trigger 70% of all visits to doctors, and 85% of serious illness.⁵

Commentators also agree that overall workplace engagement is at an all-time low. Active engagement ranges from an average of 18% in Germany to 33% in New Zealand. Engagement is, of course, directly linked to retention but also, as firms are increasingly discovering, to overall profitability.⁶

Workplaces Unfit for Humans

AIF's executives realized this, but had no viable plan to turn their abysmal engagement scores around. As the world becomes more turbulent and more stressful, employee engagement becomes ever more important, and harder to come by. In my experience, businesses and organizations are woefully ignorant about how to create good workplace engagement. In fact, very few companies are creating workplaces that are fit for humans: that sustain rather than burn out, motivate rather than disengage, and foster innovation rather than rigidity.

Why are we not robustly and effectively addressing this imperative? To some extent this is because the priorities of management, as had been the case with AIF, are more focused on cost-containment, productivity enhancing systems, 'strategy' and sales. To a large extent, corporate leaders and managers simply do not understand what makes a human being tick.

There is really no excuse for this, the science is in. However the science is ignored – and not just by corporate management. Our firm did a culture change program for one of the three big management consultancies not long ago and we were struck by how little they knew about this area and, worse, how little they cared. Partly, the problem is that companies take advice from consultancies whose ideas, systems and models

were forged in the days before we knew as much as we do now about neuroscience and genetics. As James O'Shea pointed out in his book, *Dangerous Company*, they are very reluctant to change those models, even when they are shown to be mistaken.

Who Really Works Here?

It shouldn't come as a major surprise to corporate leaders, but the fact is that their employees, their managers and their board members are human beings. It took millions of years for evolution to create our member of the family of great apes. We are the product of a genetic specialization which equipped us to earn our living on the African savanna as hunter-gatherers.

Nothing was more important to a hunter-gatherer than to be surrounded by a nexus of supportive relationships. Exclusion meant death. It's for this reason that approximately 80% of our biology (including our neurobiology) is geared towards forming and maintaining relationships.⁷ Our greatest fear remains exclusion from the groups to which we belong – the family, the tribe, the clubs and associations, the churches and temples, and the workplace;⁸ perhaps especially the workplace.

We are primarily relationship-forming animals, and our prime need is to feel that those around us value us and will support us so that we become attached to the group.

¹ Chang E, et al "Why do Registered Nurses Come to Work When Ill?" *Journal of Nursing Admin*, 35:1:2005.

² McGee J, et al "Occupational Stress and the Small Business Owner" paper submitted to the USASBE/SBIDA conference 2001.

³ Gibb F, "Long Hours and Stress Drive Lawyers to Drink and Drugs" *The Times*, October 6, 2008.

⁴ Survey of 5000 employees by the Australian Council of Trade Unions, 2009.

⁵ UK HSE stress statistics, 2009.

⁶ Cook S, *Employee Engagement* Kogan Page, 2008.

⁷ For more on this see e.g. Grinde B, *Darwinian Happiness* Darwin Press, 2002 and Stevens A & Price J, *Evolutionary Psychiatry* Routledge, 2000.

⁸ Baumeister R, et al "Social Exclusion Reduces Prosocial Behavior" *Journal of Personality and Social Psych* 92:1:2007.

Our hunter-gatherer background has left us other needs as well: for certain kinds of exercise (primarily walking), unprocessed foods (over-processed foods make us ill), for sunlight and an open view (without which we become depressed), for contact with nature (lack of which engenders depression and other mood disorders).⁹ We also have the need not to sit at a computer screen for hours on end – doing so doubles our chances of getting colon cancer and substantially increases our chance of getting rectal cancer.¹⁰

In terms of the workplace, we have the seemingly paradoxical needs to be both in control of our work lives (autonomy) and to feel that there is a parent-like higher power who has a coherent vision and who is in control.¹¹ In today's workplace, this parental or tribal elder figure is the supervisor and ultimately the CEO. Having a vision – or a strategic goal – is one of the indicators that someone is in control.

We have a need to regulate our work ours. If you define work as gathering/hunting, preparing food and making clothes and shelter; hunter-gatherers worked, on an average, 5-10 hours a week. Not a day, a week. And even that was primarily done not just to collect food but because they enjoyed the process of the work.¹² Work was fun. I have observed this for myself having lived for almost a year with a band of hunter-gatherers. The women gossiped as they foraged, and sang as they washed clothes by the river. Men prepared excitedly for the hunt and gossiped for days afterward about their prowess and “the huge antelope that got away.” As many researchers have shown, we are genetically programmed to do best that which gives us the most pleasure.¹³ The conditions at most of the offices and factories are, simply, not fun.

Humans have the need for relationships, but it's not the case of the more the merrier.

Researchers such as Professor Robin Dunbar of Oxford University have shown that the size of the neocortex – that part of the brain which is used for language and thought – limits the number of close friendships or relationships that we can have to 150.¹⁴

It's fairly easy to see that the modern workplace meets very few of these fundamental needs. Why should that matter? Surely, it might be argued, we have moved on since the days when hunting and gathering were the main occupations that humans engaged in. Of course in many ways that's true, we live in a very different social environment with hugely different population pressures and with a completely different technology. NASA bioethicist Paul Root Wolpe, in his wonderful Ted.com lecture, speaks of three kinds of evolution: Darwinian Evolution – essentially how we came to be how we are biologically, Civilization – how we began to change our environment through farming and industrialization, and finally Design – when we began to alter the biological basis of living things, perhaps even, eventually, our workers.¹⁵ My aim as a consultant to many major corporations and professional services firms is to create workplaces that are suitable for human beings. Such workplaces that go with the grain of our biology and neurobiology will be more productive and profitable.

⁹ Murray R and Fortinberry A, *Creating Optimism*, McGraw-Hill, 2004.

¹⁰ Boyle T, et al “Long Term Sedentary Work and the Risk of Subsite-specific Colorectal Cancer” *Am J Epidemiology* 17:10:2011

¹¹ Parker SK, et al “Designing a Safer Workplace: Importance of Job Autonomy, Communication Quality and Supportive Supervisors” *Journal of Occupational Health Psych* 6:3:2001.

¹² For more on this see e.g. Hayward J, *Illustrated History of Early Man*, PRC Publishing, 1995.

¹³ Csikszentmihalyi M, *Flow: The Psychology of Optimal Experience*, Harper and Row, 1990. See also Grinde, B above.

¹⁴ Dunbar R, *How Many Friends does One Person Need?*, Faber, 2010.

¹⁵ http://www.ted.com/talks/paul_root_wolpe_it_s_time_to_question_bio_engineering.html

What is Stress?

Essentially stress in a biological system is the same as stress in a steel bar. It's fine so long as you don't put it to a use that it wasn't designed for, so long as the stress you put it to doesn't exceed its design specs. Because of the advances in modern biology and neuroscience, we know pretty accurately what the design specs of a human being are. Some of them are outlined above.

As any engineer or metallurgist will tell you, no matter how strong a steel bar is, too much stress will break it. The same is the case with a human. Too much stress and we become ill; mentally and physically. We break, just like the steel bar.

That is not to say that all stress is bad; far from it. We need a certain level of stress in order to keep our mental and physical immune system in top condition. We need the occasional cold or bout of flu to keep our immune system in fighting shape, we need the sporadic crisis to keep us mentally on the alert. Without a certain level of stress we die, literally. Employees pulling the occasional all-nighter in the company of people they enjoy working with are doing themselves no harm, quite the reverse.

It's when the late-nighters become the norm, or when you have to pull them alone or with people you don't know or don't get on with, that problems arise. When the crises pile unremittingly on, when a person is bullied or harassed or criticized with few ways to defend him or herself then the stress becomes cumulative and stress hormones such as cortisol literally destroy the system. Our design specs are exceeded and we succumb. The same is true when humans are cut off from nature, companionship or support or when our other physiological, mental or spiritual needs are consistently unmet. We become "stressed out." We are no longer able to cope effectively, or at all.¹⁶

The top-ten stressors in the modern workplace – the ones that cause the most harm – are fairly

well known to researchers, but they are largely ignored by employers such as AIF's previous leaders. They are:

- ◆ Lack of Autonomy (having a sense of some control over your working conditions)
- ◆ Lack of supportive relationships at work
- ◆ Being delegated responsibility without authority
- ◆ Being expected to produce more work with fewer resources
- ◆ Job and career uncertainty or insecurity
- ◆ The pace of change
- ◆ Balancing work and family obligations
- ◆ Bullying, harassment or criticism
- ◆ Being unsure of your role
- ◆ Too many emails.

Not all will affect everyone equally, just as some people are genetically less predisposed to the effects of high stress than others. It's also true that stress most affects those at the lower end of the pecking order. Executives tend to overlook the causes of stress among their employees perhaps because they feel it the least. The more control you have over your work life, the less stressed you will become. However, the persistent presence of one or more of these stressors will rapidly reduce employees' ability to function at their peak and lead to burn-out.

Each of these stressors is amenable to amelioration but it takes the consistent commitment of senior management and their willingness to dedicate resources and money to change the culture of the organization. Is it worth it? Most certainly it is. The annual lost productivity cost of avoidable stress in the US workplace amounts to over \$600 bn according to a 2008 study by Richard Citrin of UPMC Health Plan.¹⁷

¹⁶ McEwan BS, "Stressed or Stressed Out: What is the Difference?" *Journal of Psychiatry and Neuroscience*, 30:5:2005.

¹⁷ Reported in the *Pittsburgh Business Times*, Nov. 14, 2008.

As an example of what can be done, consider sausage maker North Side Foods, which operates in Georgia and Pennsylvania. Recently, it spent \$184,000 in leadership training aimed at employee stress reduction. As a result of its efforts in this space, their gain in productivity alone amounted to over \$905,000 in the first year. It also saw a substantial rise in employee engagement and reported job satisfaction.¹⁸

Why Safety Matters?

Firms such as AIF spend millions in ensuring employees' physical safety, yet in terms of productive engagement, that is not the safety that matters. What does matter most in this context is emotional and relationship safety. People will only work hard for an organization if they believe that the organization has their best interests at heart and will, to the extent that it can, keep them safe; safe in the continuity of relationships that they have created at work. If workers fear being let go, or if those that they have formed relationships with are dismissed, their productivity will decline.

Employers used to think, and some still do, that fear is a motivator. They believed that if they didn't enforce stretch goals and set targets which had to be met under threat of job loss, then their workers would slacken off. Recent research shows that this is the reverse of the truth. Fear is a demotivator.¹⁹

Although the fear of job loss is increasing, it is not the only demotivating factor. The emotional pain of criticism, harassment or bullying also demotivates people. According to the Government of the Australian state of Queensland, the following are some examples of bullying²⁰

- ◆ Yelling or abuse
- ◆ Constant criticism of work
- ◆ Impossible deadlines
- ◆ Constantly changing targets

- ◆ Withholding work-related information or resources
- ◆ Making someone the brunt of teasing, pranks or practical jokes
- ◆ Tampering with personal effects or equipment
- ◆ Giving tasks which are meaningless or beyond the skill of the person.

Most of us have seen examples of these behaviors in the firms we work for, very often with the connivance or active encouragement of the management (especially items 2, 3 and 8). When subjected to any of these, a person's sense of safety, and therefore their productivity and engagement, decline appreciably.²¹

The victim is not the only person who suffers. Those witnessing the bullying become less engaged and less productive as well – especially if there's no obvious and forthright management intervention to stop it.

What Resilience Really is?

Fortunately, most human beings are naturally resilient and if the stressors – the bullying, the lack of autonomy, the job uncertainty and so forth – stop a person will, in all likelihood, eventually recover. However, that eventual recovery may take time and may well happen only after the individual has cost the company a lot of money in presenteeism, absenteeism, sick-pay, disruption, attrition and increasingly in the US and other countries, law-suits.

Resilience is not a trait that people have or don't have; it involves behaviors, thoughts and actions that can be learned and developed in anyone. Perhaps the most powerful behavior

¹⁸ Reported in the *Pittsburgh Business Times*, Nov. 14, 2008.

¹⁹ Burchell B, et all (ed), *Job Insecurity and Work Intensification*, Routledge, 2002.

²⁰ "Bullying at Work" Queensland Govt. Report, 2010.

²¹ Kelly DJ, "Workplace Bullying—a Complex Issue" Conference paper, Conference of Industrial Relations Academics of Australia and New Zealand, 2006.

that can be adopted to cope with stress is to reach out for support to other people, inside and outside of work. People too often try to hide their distress, their fears, from their fellow workers. Yet, research has shown that the primary factor in resilience is having a nexus of supportive relationships around you that you can share your problems with.²² Too often, bullying and harassment go unreported. Studies have shown that something like 64% of victims don't report bullying or harassment.²³ People often see bullying or unfair job loads as 'normal,' something that they just have to get used to. Coping under these conditions soon becomes impossible.

Unfortunately it is almost inevitable, due to the rapid changes in society and in the market place, that work stress in the years to come will get worse, may be much worse. Employers will have to devise strategies to build resilience into their companies. Resilience strategy will become as important, if not more so, than strategic business plans, or marketing or sales strategy.

A way forward can be seen in the experience of Cisco Systems. Some years ago, Cisco tried to improve productivity by doing away with water-coolers. People were spending too much time, they thought, just standing around and chatting rather than getting on with their work. The net result was that their output per employee and employee engagement went down. When they restored the water-coolers and encouraged people to spend more time chatting to each other, engagement and output went up. Cisco has now taken that experience and moved it into the digital age by establishing what they call 'virtual water coolers,' areas where people can get together and, using the latest in teleconferencing technology, chat across company's various national and international locations. Obviously, physical meetings are more powerful mood lifters, but even virtual ones help.

Organizations can make use of the human need to socialize to reduce stress. Like Cisco, they must learn that their workers do better when they can break off from what they are doing and go and chat, have a coffee with mates, be with their children or pets, or even just walk in the park.

Employers can make use of the human need to be in contact with nature to increase output and reduce stress. Macquarie Group, at its new headquarters in Sydney, has an area in which workstations are surrounded by greenery and trees. Staff can go there to work, or just to sit. Other firms allow pets into the workplace and many more have crèches where employees can go and visit their young children. This reduces parental anxiety and is good for the babies. Pets, crèches, gardens and real and virtual water coolers all add up to more resilience, less stress and higher output per employee.

Many firms are coming to realize that output is not necessarily directly related to the amount of time that a person spends 'working.' Giving an employee the autonomy to arrange his or her work time, or even location, is a resilience and productivity enhancer.

Working in Line with Our Genetics?
Members of traditional hunter-gatherer bands would sacrifice almost anything, even their lives, for the wellbeing and preservation of the group. The intense togetherness among hunter-gatherers may well account for the absence of major depressive illness, PTSD or other serious mood disorders which other researchers have also noticed.²⁴ If the band stays united – which it usually does – then

²² See "Road to Resilience" American Psychological Association, <http://www.apa.org/helpcenter/road-resilience.aspx>

²³ Illinois Anti-Harassment/Bullying Taskforce report December 2010.

²⁴ E.g. Turnbull C, *The Forest People*, Pimlico, 1993.

its members can be resilient in the face of almost any crisis²⁵; except, of course, exposure to our 'civilization.'

Skilled managers can make good use of the way we humans are hard-wired. They can increase productivity and promote resilience by promoting policies which encourage co-operation and collegiality among members of their workforce. They should strive to reduce internal competition. Contrary to popular management assumptions, humans do not work at their best if they are in competition with others of their group, team or tribe.²⁶ A cooperative team will work hard, and well, not just to promote themselves, but also the firm that encouraged them to bond together.

I have seen this happen in many firms and organizations that we have worked in. The high-attrition division I mentioned in AIF was completely fractured when we arrived. There were many 'personality' problems, especially among its leadership. My colleagues and I began by getting them to jointly identify values (in their case trust, cooperation and respect) and link them to a "charter" of behaviors that they agreed to abide by as a team. They arranged social gatherings to which they invited their partners and spouses. We introduced a system of peer coaching and persuaded the management of AIF to allow them to jointly set their own work hours as long as they reached their goals. These, together with leadership training for their top managers, turned the division around.

The pilot was so successful that we ran similar programs for the executive and then the entire firm, along with training in leadership, customer care and coaching and mentoring. The result has been a very significant rise in engagement, an attrition rate of around 15% and an overall increase in productivity.

Encouraging Cooperation and Autonomy

By encouraging cooperation rather than competition, management can also insulate employees – and therefore the company – from the worst effects of turbulence.

However, cooperation without some form of joint decision-making is meaningless. Managements often want their employees to be more collegiate without realizing that this necessarily involves some form of meaningful delegation of decisions, affecting such things as work practices and production or sales targets.

In most hunter-gatherer bands, no decisions were taken without the agreement of all the adults: autonomy is an integral part of their culture.²⁷ This autonomy of decision making, I believe, was another factor in their resilience. It meant that no matter what the outcome of any decision, there was universal buy-in to it. Many studies have shown that the human brain only really accepts decisions that it has had a part in arriving at; we probably feel safer and more trusting when we are involved.

Engagement Begins at the Top

Obviously, management in large organizations cannot abdicate its decision-making role. For one thing, their very size would prevent effective decision-making on the hunter-gatherer model. A hunter-gatherer band consisted of perhaps no more than 50 people²⁸ and most decisions were not that complex. Yet engagement, being a meaningful part of the decision-making process, and productivity are all linked – they are parts of the same neurobiological process.

²⁵ Stevens A and Price J, *Evolutionary Psychiatry*, Routledge 1996.

²⁶ Carlson-Gallup Study 1998.

²⁷ Kusimba Sibel, *African Foragers: Environment, Technology, Interactions*, Rowman 2003.

²⁸ Christopher Boehm, *Hierarchy in the Forest: The Evolution of Egalitarian Behavior*, Harvard University Press, 1999.

If Professor Dunbar is right, a sense of engagement with a large organization may simply be impossible. We cannot attach adequately to more than 150 people. To overcome this fact of brain physiology, engagement initiatives must be layered: top management should concentrate on getting engagement among their direct reports, their job is to create engagement among those that report to them, and so forth down to the shop floor. This turns the large corporate body or firm into a series of more manageable (human) 'bands.'

At each of these levels, real autonomy of decision-making is possible and needs to be encouraged.

In order to cope with the stressful arena in which most corporations operate, management must, paradoxically, look at the same time into the distant past to see how humans are hard-wired to operate and into the present-day neuroscience, to see how our brains actually function. This means giving up many commonly held management beliefs and assumptions. In my experience, this is something that most corporate leaders are very reluctant to do. Change

is inevitable in all organizations, but the change that is most urgently needed if companies are to survive is inside the set of assumptions and beliefs that guide the leadership styles of our top executives.

Summary

In short, in order to achieve peak employee performance and raise the level of engagement – both of which are essential to a company's profitability – leaders must:

- ◆ Encourage people to socialize, especially among peers
- ◆ Where possible enable contact with nature, pets and children
- ◆ Offer autonomy and a say in decisions, especially those affecting working conditions
- ◆ Co-create with employees the company values and agreed behaviors
- ◆ Establish a policy of nil tolerance of bullying and harassment
- ◆ Realize that engagement is primarily to teams, workgroups and departments and through them to the company as a whole. ☺

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