

# Exploring Leadership Effectiveness

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## Today's Agenda

- Introduction - 5 minutes
- Feature Presentation and Q&A - 50 minutes
- Wrap Up - 5 minutes



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## Today's Moderator



**Katie Ratkiewicz, Practice Leader**  
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## Today's Guest



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# Presentation Objectives



- Review **employee engagement**: its key drivers (and their stability over time and geography) and its relationship to business success
- Introduce **leadership effectiveness**: index, industry ranking, impact on employee engagement and business success
- Target needs/approaches in **building leadership talent**



# EMPLOYEE ENGAGEMENT



# Poll



***Does your organization currently conduct an employee engagement survey or a similar type of employee survey program on a regular basis (i.e., at least every 24 months)?***

- a) Yes
- b) No
- c) Not Sure

# Employee Engagement Defined



The extent to which employees are *motivated to contribute* to organizational success, and are *willing to apply discretionary effort* to accomplishing tasks important to the *achievement of organizational goals*



# Employee Engagement Index

- Employee Engagement Index (EEI) is comprised of four items:
  - **Pride:** I am proud to work for my organization.
  - **Satisfaction:** Overall, I am extremely satisfied with my organization as a place to work.
  - **Advocacy:** I would gladly refer a good friend or family member to my organization for employment.
  - **Commitment:** I rarely think about looking for a new job with another organization.

*Engaged employees care more, perform better, stay longer*

# Poll



***The employees of which country produce on average the highest Employee Engagement Index (EEI) scores?***

- a) Australia
- b) Brazil
- c) Germany
- d) India
- e) United States

# Country-Level Engagement Scores



## Higher Scores

- India
- China
- The Netherlands
- Mexico
- Denmark

## Above Global Average Scores

- United States
- Switzerland
- Canada
- Brazil
- Russia
- Spain

## Below Global Average Scores

- Australia
- United Arab Emirates
- Sweden
- Finland

## Lower Scores

- Kingdom of Saudi Arabia
- Germany
- United Kingdom
- France
- Italy
- Japan



# Global Engagement Drivers

1. Confidence in organization's future
2. Promising future for one's self
3. Organization supports work/life balance
4. Contribution is valued
5. Excited about one's work
6. Opportunity for growth and development
7. Safety is a priority
8. Leadership has communicated a motivating vision
9. Organization's CR efforts increase overall satisfaction
10. Quality and improvement are top priorities

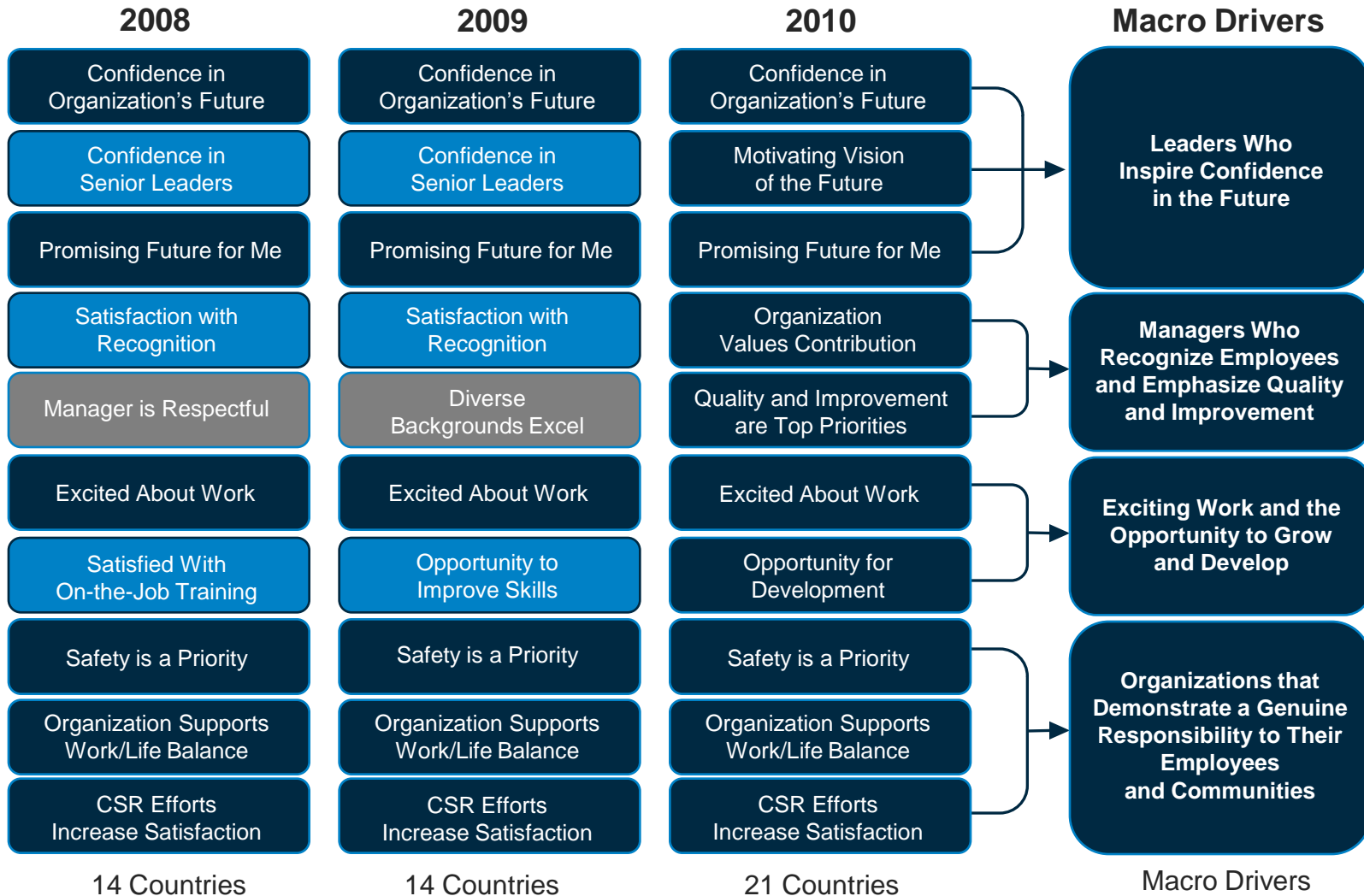


# Engagement Macro Drivers

- Leaders who **inspire confidence** in the future
- Managers who **recognize employees** and **emphasize quality and improvement** as top priorities
- **Exciting work** and the opportunity to **grow and develop**
- Organizations that demonstrate a **genuine responsibility** to their employees and communities



# Stability of Engagement Drivers





# Poll



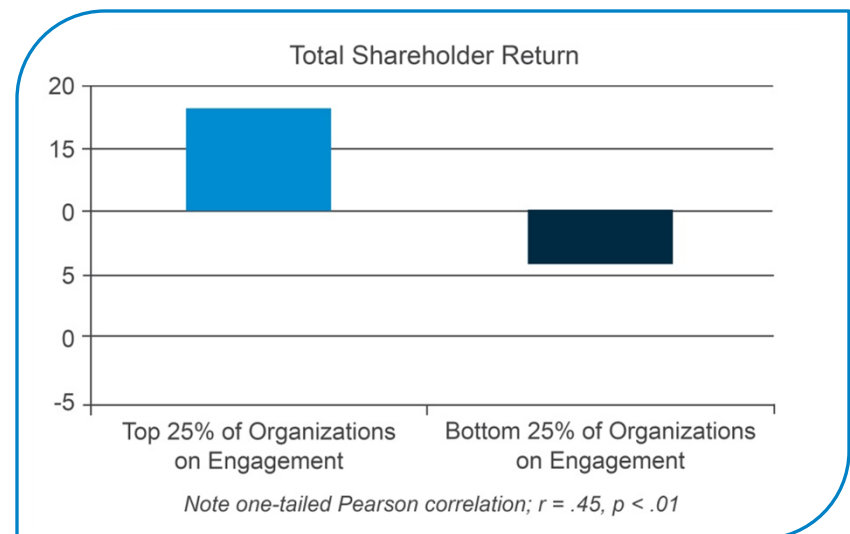
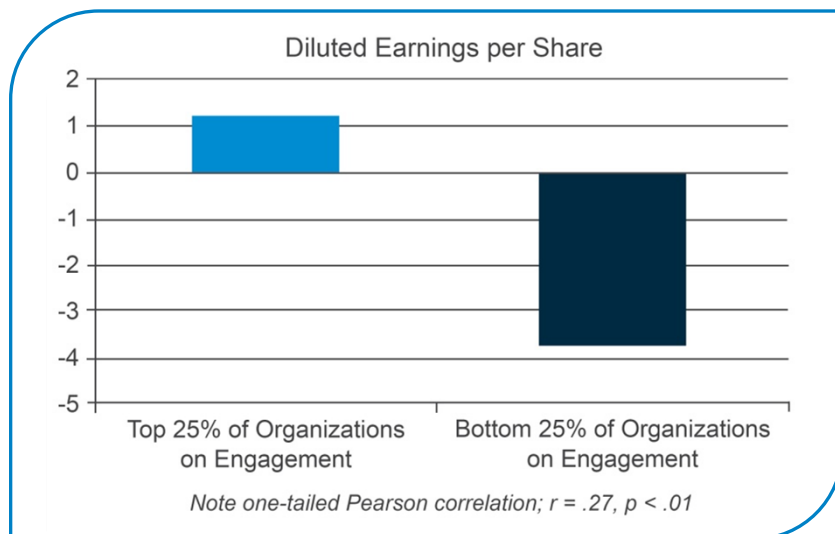
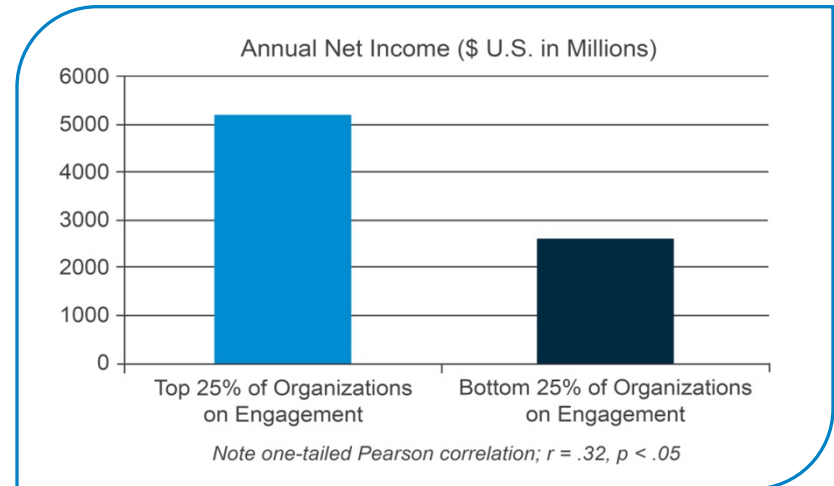
***My organization has statistically correlated our employee survey results to:***

- a) Employee turnover or retention
- b) Customer satisfaction or loyalty
- c) Profitability or shareholder return
- d) More than one of the above measures
- e) Some other measure of business performance
- f) None of the above (even though we do conduct employee surveys)
- g) My organization does not have an employee survey program

# Employee Engagement and Business Performance



- These studies document the engagement and business performance relationship
- They are among the first to examine the relationship across industries and countries





# THE IMPORTANCE OF LEADERSHIP



# Leadership Effectiveness Index

- Leadership Effectiveness Index (LEI) is comprised of five items:
  - **Vision:** *Senior management gives employees a clear picture of the direction the company is headed.*
  - **Ability:** *Senior management at my company has the ability to deal with the challenges we face.*
  - **People:** *Senior management demonstrates that employees are important to the success of the company.*
  - **Quality:** *Senior management is committed to providing high quality products and services to external customers.*
  - **Confidence:** *I have confidence in my company's senior leaders.*

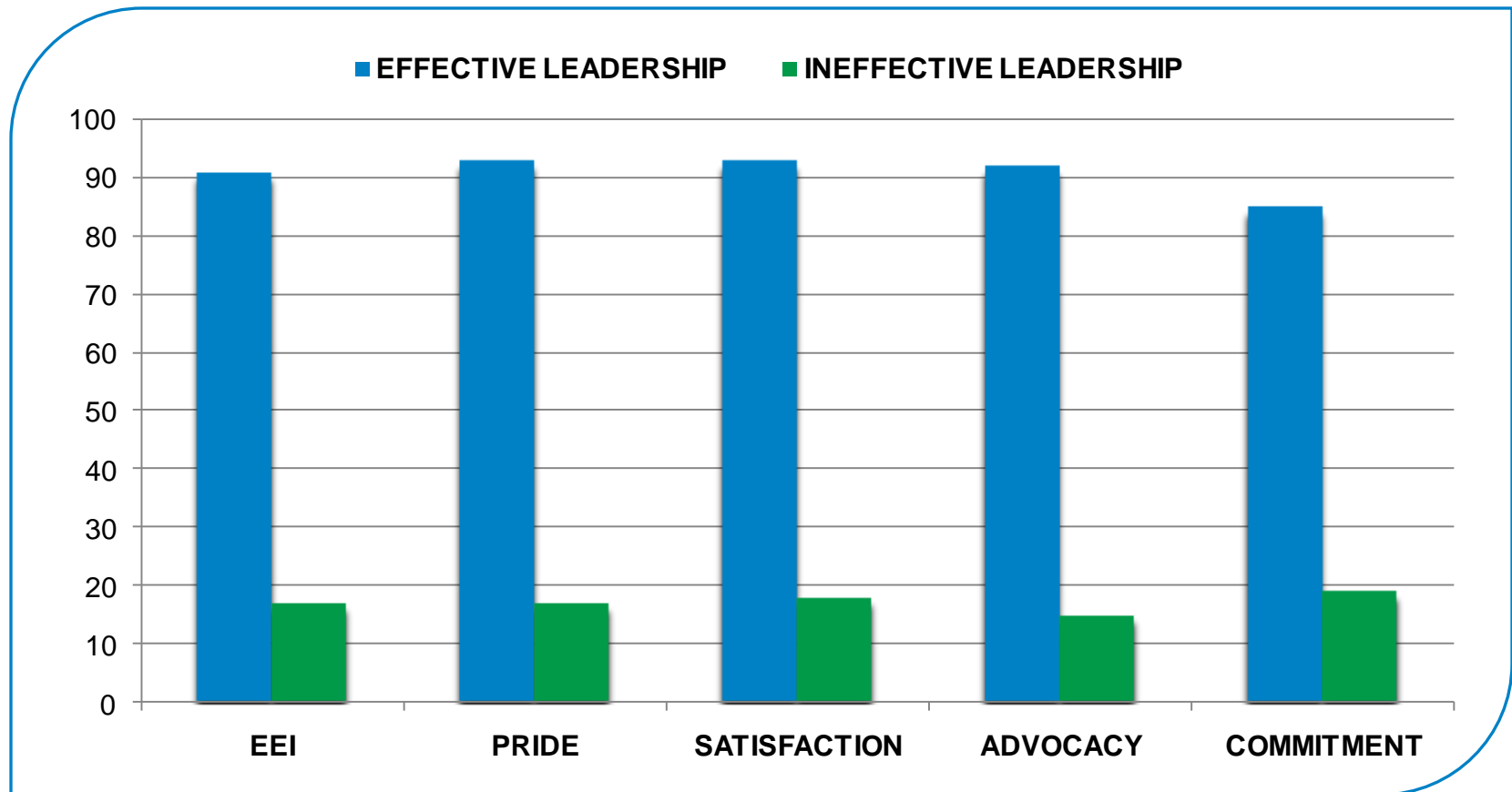
# Poll



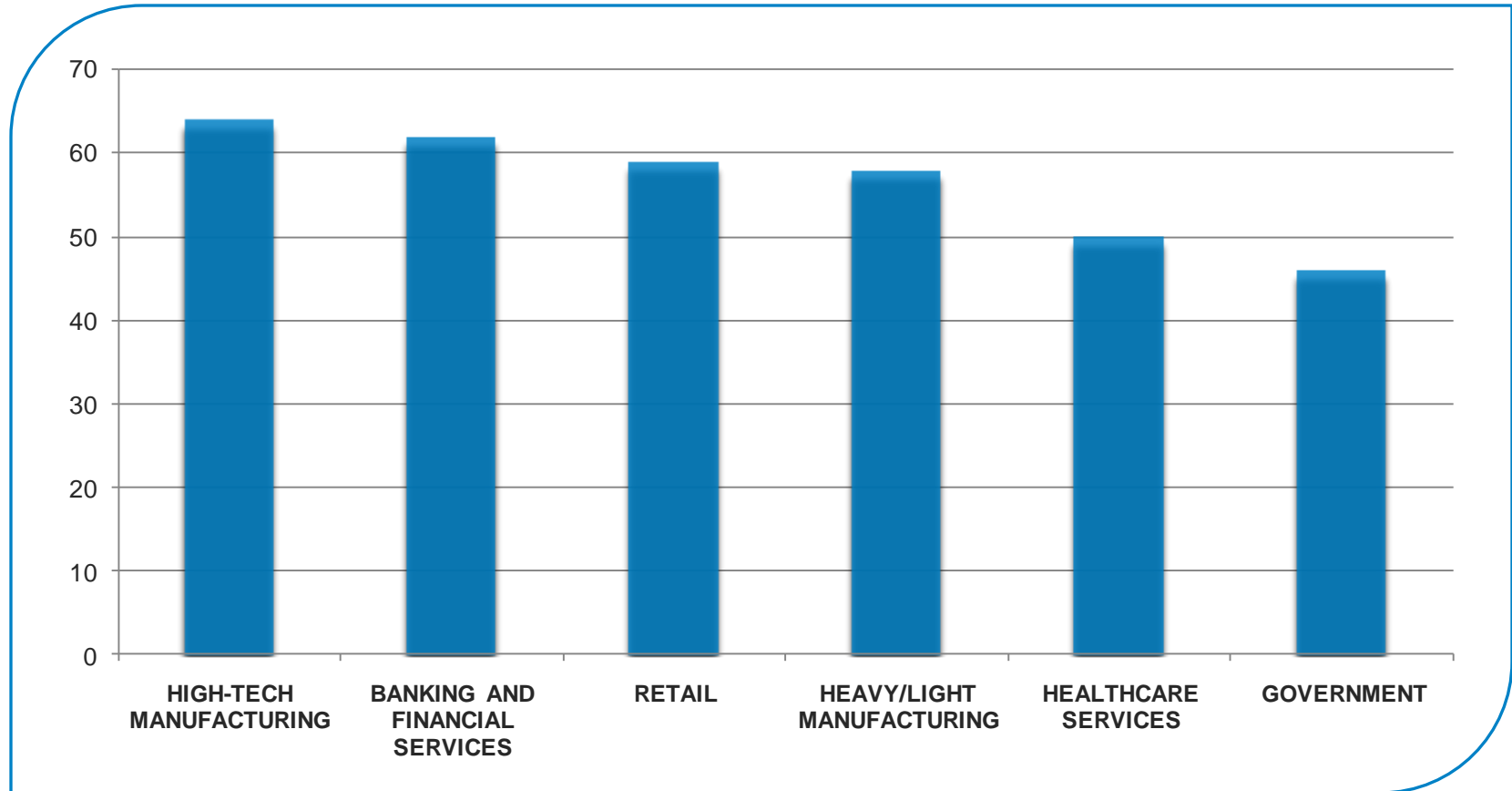
***Research has shown that employees who rate their leaders as effective have Employee Engagement Index (EEI) scores that are how many times higher than those who rate their leaders as ineffective?***

- a) 2x
- b) 3x
- c) 4x
- d) 5x
- e) 6x

# The Impact of Leadership Effectiveness on Employee Engagement



# LEI by Industry





# Global LEI Drivers

1. Trust organization's leadership
2. Quality and improvement are top priorities
3. Communication is open and two-way
4. Organization serves interests of multiple stakeholders
5. Employees are recognized for outstanding customer service
6. Action taken on new ideas
7. Employees motivated to work hard
8. Confidence in organization's future
9. Productive employee recognized
10. Performance evaluated fairly



# LEI Drivers by Job Type



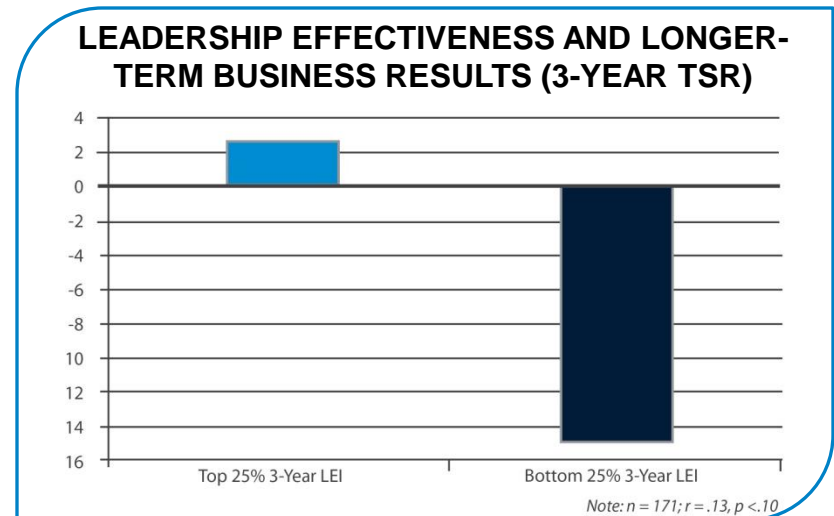
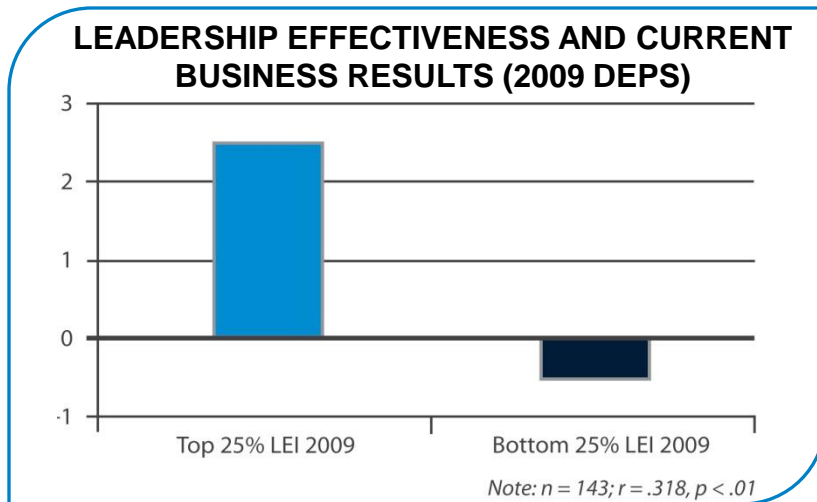
Direct Match
Conceptual Match
No Match

	Senior/Middle Managers	Supervisors	Professional/ Technical	Service/ Production	Sales	Clerical
Trust leadership	Direct Match	Direct Match	Direct Match	Direct Match	Direct Match	Direct Match
Quality/improvement prioritized	Direct Match	Direct Match	Direct Match	Direct Match	Direct Match	Direct Match
Open, two-way communication	Direct Match	Conceptual Match	Direct Match	Direct Match	Direct Match	Conceptual Match
Multiple stakeholders served	No Match	No Match	Direct Match	Direct Match	Direct Match	Conceptual Match
Recognition for service	Direct Match	Direct Match	Direct Match	Direct Match	Direct Match	Direct Match
Employees' ideas used	Direct Match	Direct Match	Conceptual Match	Conceptual Match	Conceptual Match	Direct Match
Employees motivated	Direct Match	No Match	Direct Match	No Match	Direct Match	Direct Match
Confidence in future	Direct Match	Direct Match	Direct Match	Direct Match	Direct Match	Direct Match
Recognition for productivity	Direct Match	Direct Match	Direct Match	Direct Match	Direct Match	Direct Match
Performance evaluated fairly	Direct Match	No Match	No Match	No Match	Direct Match	No Match

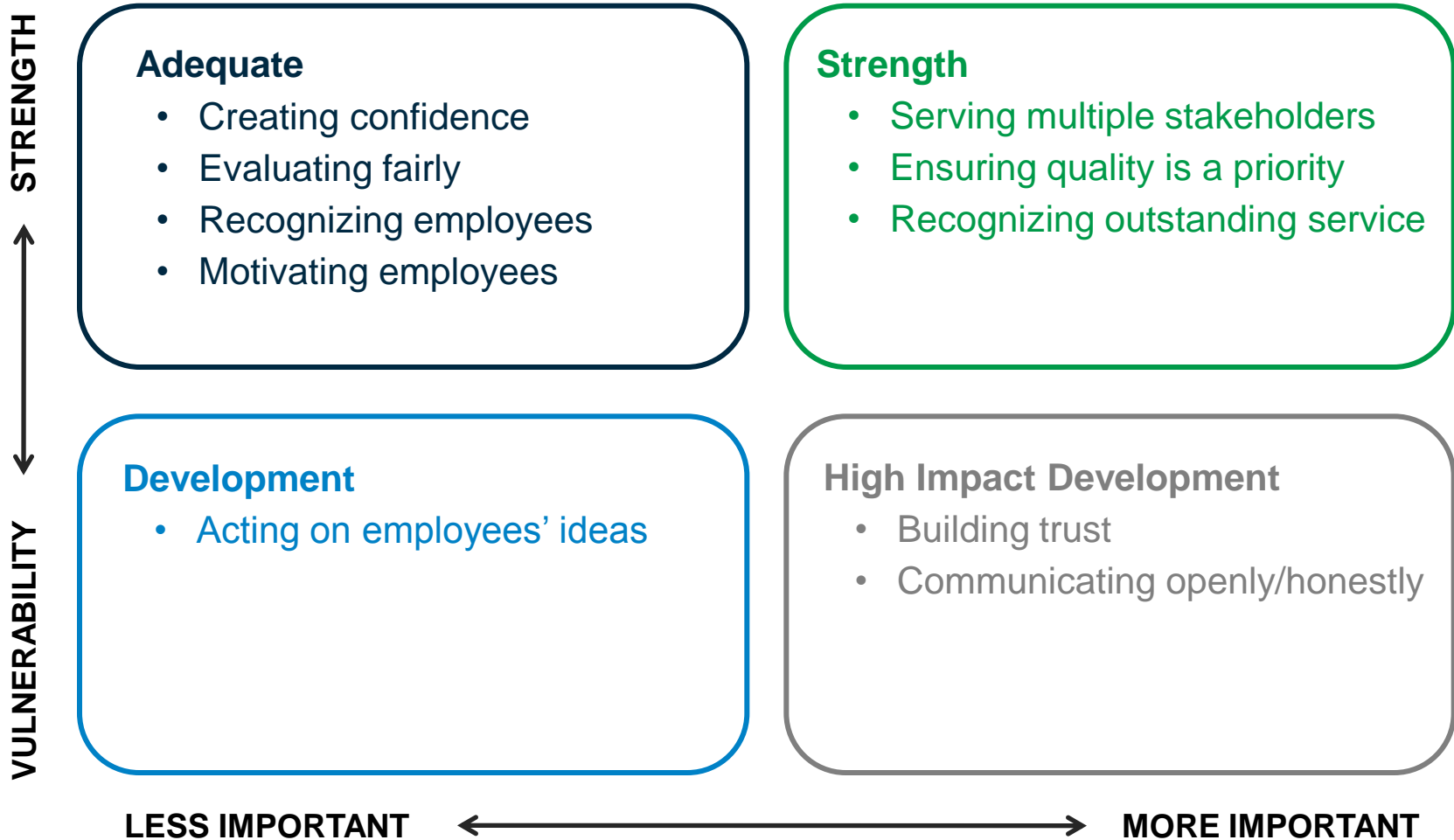
# Leadership Effectiveness and Business Performance



Recent KRI research indicates that leadership effectiveness is positively and significantly related to Diluted Earnings Per Share (DEPS) and Total Shareholder Return (TSR)



# Leadership Effectiveness Priorities



# LEI Macro Drivers



Employees describe effective leaders as:

- Inspiring trust and confidence
- Valuing quality and customer service
- Open and communicative
- Holding a multi-stakeholder perspective
- Holding managers accountable to be good managers

# Improving Leadership Effectiveness



Global Macro Drivers	How Measured	Factors that Influence
Inspire Trust and Confidence	<ul style="list-style-type: none"> <li>• Multi-Rater Feedback</li> <li>• High Performance-Engagement Surveys</li> <li>• Employee Retention (esp. Hi Po)</li> </ul>	<ul style="list-style-type: none"> <li>• Executive assessment/selection</li> <li>• Leadership development</li> <li>• Behavior modeling</li> <li>• Communication styles</li> <li>• Performance management systems</li> </ul>
Valuing Quality and Customer Service	<ul style="list-style-type: none"> <li>• Quality Ratings</li> <li>• Customer Satisfaction Surveys</li> <li>• High Performance-Engagement Surveys</li> </ul>	<ul style="list-style-type: none"> <li>• Market differentiation strategy</li> <li>• Belief in customer loyalty as market share driver</li> <li>• Customer service culture/processes and procedures</li> <li>• Balanced scorecard</li> <li>• Reward systems</li> </ul>
Open and Communicative	<ul style="list-style-type: none"> <li>• Multi-Rater Feedback</li> <li>• High Performance-Engagement Surveys</li> <li>• Team Performance/Alignment</li> </ul>	<ul style="list-style-type: none"> <li>• Executive assessment/selection</li> <li>• Leadership development</li> <li>• Two-way communication culture</li> <li>• Performance management systems</li> <li>• Reward systems</li> </ul>
Multi-Stakeholder Perspective	<ul style="list-style-type: none"> <li>• Quadruple Bottom-Line</li> <li>• Most-Admired Company Lists</li> <li>• Corporate Responsibility Initiatives</li> </ul>	<ul style="list-style-type: none"> <li>• Understanding employee-customer-performance dynamic</li> <li>• Influence of customer feedback</li> <li>• Corporate responsibility philosophy</li> <li>• Green initiatives</li> <li>• Public relations and employee awareness</li> </ul>
Hold Managers Accountable	<ul style="list-style-type: none"> <li>• Multi-Rater Feedback</li> <li>• High Performance-Engagement Surveys</li> <li>• Employee Retention (esp. Hi Po)</li> </ul>	<ul style="list-style-type: none"> <li>• Executive assessment/selection</li> <li>• Leadership development</li> <li>• Behavior modeling</li> <li>• Communication styles</li> <li>• Performance management systems</li> </ul>



# #1: Inspire Trust and Confidence

## ***How to Measure Trust and Confidence:***

- Multi-Rater Feedback
- High Performance-Engagement Surveys
- Employee Retention (esp. Hi Po)

## ***Factors that Influence:***

- Executive assessment/selection
- Leadership development
- Behavior modeling
- Communication styles
- Performance management systems



## #2: Value Quality/Customer Service

### *How to Measure Quality and Customer Service:*

- Quality Ratings
- Customer Satisfaction Surveys
- High Performance-Engagement Surveys

### *Factors that Influence:*

- Market differentiation strategy
- Belief in customer loyalty as market share driver
- Customer service culture/processes and procedures
- Balanced scorecard
- Reward systems



# #3: Open and Communicative

## ***How to Measure being Open and Communicative:***

- Multi-Rater Feedback
- Team Performance/Alignment
- Innovation Track Record

## ***Factors that Influence:***

- Executive assessment/selection
- Leadership development
- Two-way communication culture
- Performance management systems
- Reward systems





# #4: Multi-Stakeholder Perspective

## ***How to Measure Leaders Holding a Multi-Stakeholder Perspective:***

- Quadruple Bottom-Line
- Most-Admired Company Lists
- Corporate Responsibility Initiatives

## ***Factors that Influence:***

- Understanding employee-customer-performance dynamic
- Influence of customer feedback
- Corporate responsibility philosophy
- Green initiatives
- Public relations and employee awareness



# #5: Hold Managers Accountable

## ***How to Measure Holding Managers Accountable:***

- Multi-Rater Feedback
- High Performance-Engagement Surveys
- Employee Retention (esp. Hi Po)

## ***Factors that Influence:***

- Executive assessment/selection
- Leadership development
- Behavior modeling
- Communication styles
- Performance management systems, including progressive discipline



# MEGATRENDS

# Employee Engagement and Leadership Effectiveness Megatrends



Characteristics of organizations possessing effective leaders and engaged employees:

- Employees have **confidence** and **trust**
- **Quality** and **customer service** are top priorities
- **Communication** is open and **two-way**
- Employees are **recognized** for their contributions
- Employees can **grow, develop** and meet career goals
- There is a general and pervasive concern for **employee well-being**



## APPENDIX



# About WorkTrends

- Ongoing study of employee opinions
- U.S. trends from mid-1980s
- Broad range of topics covered by more than 115 items
- Scientific, academic stamp of approval





# Country-Level LEI Scores

## Higher Scores

- China
- India
- Switzerland
- Mexico

## Above Global Average Scores

- Russia
- The Netherlands
- Denmark
- Canada
- United States
- Brazil
- Germany

## Below Global Average Scores

- United Arab Emirates
- Sweden
- Spain
- Australia

## Lower Scores

- Saudi Arabia
- United Kingdom
- Italy
- France
- Finland
- Japan



## It's your turn! Ask our experts...



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