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Kenexa HR Thought Leadership®: **EMPLOYEE ENGAGEMENT IN ASIA**

By Kyle Lundby, Ph.D.

HOST: Welcome to the Kenexa HR Thought Leadership Podcast series. This series was created to educate, inspire, and fuel the evolution of leadership in our organizations, our communities and our world.

I'm your host, Jace Bonsall.

The following presentation was originally delivered at the 23rd Annual Society for Industrial and Organizational Psychology conference. The original purpose of this talk was driven by a need to understand the key drivers of employee engagement outside of the U.S., and specifically within Asia.

The current economic crisis has put a damper on business growth across the globe. However the question of what drives employee engagement remains critical for organizations as many are forced to downsize while maintaining their productivity levels. It is important to understand what drives employee engagement, what motivates employees, and what keeps them around.

In today's episode, we will listen to a presentation entitled Employee engagement in Asia. This episode is presented by Dr. Kyle Lundby who is based in Hong Kong, and serves as a Kenexa consultant in the Asia Pacific region.

DR. LUNDBY: Let me give you a little bit of background on the whole topic of engagement very quickly, how we got to this point. If you go back to the 1980s, there is research conducted by a professor named Benjamin Schneider from the United States. Ben Schneider did quite a bit of research looking at the opinions of employees in bank branches and other retail organizations to find out which employee opinions link to, or if they do, to what your customers think about the business, the quality of the service they receive, and also financials, same store sales, revenue growth, shareholder returns, and those types of things. And in fact he found a link between employee opinions and these important outcomes, specifically with regard to customer orientation. Stores that had strong orientation, had more satisfied customers with more repeat visits, and low and behold, tended to do better financially relative to those that had a weaker customer orientation. About the same time, the Harvard Business Review published an article called "Service Profit Chain," about research that was done at Sears, where they looked at kind of a similar thing, where they were looking at employee opinions and what those employee opinions linked to. And like Ben Schneider, the folks that did research at Sears also found a significant link between what the employee said and customer behavior, those sorts of important outcome metrics. It really gave rise to the whole topic of employee engagement, something that obviously if you are listening to this podcast, you're interested in—most organizations are. And some of the work that was done to really bring the concept of employee engagement to the front of the CEO's minds was done by Harvard Schmidt and Hayes.

Most of this early research, whether it was Ben Schneider or the Service Profit Chain was really done with U.S.- based companies, with U.S. employees working within the United States. But obviously today, many companies operate in a global environment. And so can we assume that the models of employee engagement that were developed way back when the common drivers of engagement that were developed and still hold when you look outside the U.S. And even if we are doing the analyses today, the drivers of engagement that we find in the United States aren't necessarily saying what we'll find outside of the U.S. It's a big topic, but we can learn something by studying the employee opinions from the various countries. It is really what we did in our research. Why is this an important topic? More organizations are operating in a global environment. Asia is making a higher proportion at the world GDP, so it understanding what really

drives employees, what engages them, what keeps them around, is really critical in today's global workplace. Traditionally, if you think about what the drivers are in the United States, what are the typical drivers of engagement in the U.S.? I'll read a few of these to you, but you can boil them down to at least 6 different topics or items.

Employees who are confident in the future of the organization, if they are, tend to have higher levels of engagement. Employees who feel they have a promising future for them with their organization, feel confident in its leadership's ability. They are recognized for their efforts. They feel valued by their organization, and finally managers who treat the employees with dignity and respect. These are some of the top drivers of engagement in the U.S. Now within any particular organization, obviously, they are going to move around, may become drivers, but in general if you just take a broad brush when you look at the U.S., these are the common drivers.

Now this brings us to the research question, which is whether the U.S. drivers of engagement would be the same drivers you would find in Asia. And if so or if not, what are the implications of organizations in Asia that could maximize their employee's engagement.

We try to answer these questions from a global client database, the world trend's normative database. Some of you may be familiar with this client data from Kenexa, spanning 3 years of time. Opinions come from millions of employees working in different industries all over the globe, so it's an enormous database of employee opinions we can turn to do some data mining. For this research, we focus specifically on employees from these countries in Asia. These are Australia, India, Hong Kong, Japan, Malaysia, the Philippines, Singapore, New Zealand, China, Taiwan and Thailand. So those are the countries that we deal with. Obviously there are more countries, but those are the ones we had a really robust database that would allow us to do these sorts of analyses. We look country by country at what the top drivers of engagement are. We ran some statistical analyses to see what were the key drivers of employee engagement and what would we find. Actually we found a significant amount of overlap when you look across the Asia countries that we studied when we look at what drives employee engagement. So whether you're in Thailand, or Australia, or Hong Kong, or Japan, what gets you going isn't drastically different.

Now let me read some of these items, some of the top drivers. They were items like, my company values my contribution. So insert your company name there. *I believe my company has an outstanding future. The leadership of my company has communicated a vision of the future that motivates me. I feel that I'm part of a team. My job makes good use of my talents, skills and abilities. I trust the leadership, and my opinions are valued.* These are the common drivers of employee engagement within Asia, so a lot of similarity across those various countries. If you think back to what the drivers were for the United States, they're also not drastically different, so we're seeing the same kinds of topics. The people want to be respected, they want to be recognized and valued. They want to feel confident in their organization for long-term prospects. They want a career, they want to have tools to do their jobs. Or as Kenexa's Research Institute (KRI) has boiled it down to a smaller number of buckets, they want leaders who inspire confidence. They want managers who respect and recognize their employees. They want exciting work that they know how to do. And they want the organizations to demonstrate a genuine responsibility for the employees in the community. When organizations do these things, we tend to see great intervals of employee engagement.

However, things aren't entirely the same when you look at the absolute scores, so percent favorables on these sorts of drivers. And in fact, you see more consistency within country rather than across countries. And you can look at those absolute scores and favorables on the drivers, and you can rate all those Asian countries from high to low. And what you find is at the top, those countries tend to show the more favorable results are the Philippines, Taiwan and India. Generally in these countries, employees tend to be more positive on the drivers of employee engagement. In fact, if you extended that and looked at all the questions on their surveys, they tend to be more positive than most countries. Where they were least positive were Japan, China and Hong Kong. Whether it's the drivers of employee engagement or just about any of the other items on this typical employee survey, we tend to see lower scores coming from those countries. Obviously that's not true in every case. In particular, your organization might see some satisfied employees and some very dissatisfied employees at the company level. That's kind of the pattern that we see.

And what's behind these differences. Particularly, if you're on the lower end of this scale, what's behind this is I think partly culture, partly reality. I think if you look at Hong Kong, China scores, in particular, while we see lower absolute values, we tend to see more people using neutral categories on a 5-point survey scale, so is there a culture component in there? You can certainly make an argument that there is.

The other part is possibly reality. People in Japan work very hard; they work very hard in Hong Kong. Certainly this could have a dampening effect on how they respond to surveys.

So what does all this mean? Obviously, we need to look beyond the drivers, we need to understand what the drivers are, not just at the country level, but within your particular organization, within particular functions. You need to understand what those drivers are, but you also need to understand the absolute scores, so how our employers are responding. And I think it also points out at a country level the value of having normative, comparative information to provide employment contacts so you can really understand if you're dramatically different than other organizations in the types of scores you receive.

In order to summarize these results, the drivers of engagement that we've seen based on the client data we looked at, are really not that different than what we see in the U.S. We tend to see the same sets of drivers cross Asia-Pacific countries, and they do overlap quite a bit with what we see in the U.S. So the same kinds of things engaged employees.

However, there is variation, as I noted, within Asia when you look at those favorable scores, the Philippines, Taiwan again being most positive, Japan, China, Hong Kong are the least positive. So at the country level, the ASP organizations, the Asian-Pacific organizations, appear to have some common drivers or some common issues as evidenced by the drivers. The specific actions that would be taken to drive up employee engagement, if that's your objective, obviously would vary in the favorability function of those scores.

So taking a step back in a 50,000 foot view, they are not all different at the country level. ASP is not that dramatically different than the U.S. So a global universal approach to drive an employee engagement cannot necessarily be assumed. You still need to look at the drivers between an organization. So if you're a global company, don't assume that you drive up employee engagement across your company by focusing on the same set of drivers. It's going to be from variation across different parts of the globe and you need to understand that, and part of understanding that is looking at those favorability scores where the variation is. However, there may be some cases where that universal approach where the universal intervention may still be appropriate. So obviously, if you do that analysis, if you look at the drivers across the globe, and you find that in fact they are the same, and you look at the absolute scores, and those are also the same, that would tell me it's okay to make a universal initiative because we are seeing the same drivers and scores. So that's one situation where you have a universal and common approach. Another is where the item on the issue is important regardless of the statistical importance. So we must all emphasize something because our CEO says so, for example, or something that the organization really wants to be known for. They may want to create an internal brand and so they might really push some sort of topic, even if it doesn't come up as a significant driver across the entire organization, or whether your intervention can foster a common culture. We all want to be viewed as a green company so we focus on this topic. Those are just some areas you can implement a universal approach.

The final addendum, if you will, in light of the economy, just some more recent findings, since this is originally presented in April of 2008. Obviously, we all know the world economy has been on a roller coaster ride and we want to look at how this has impacted engagement levels. And there are a couple of ways we can do that. We can look at our client data that we have for this research. We can also look at a different set of normative data that Kenexa compiles annually and that is a work trends survey. There is a difference in the database, but in general when you look at your client data or our work trends data roughly over the period of the economic downturn, we've actually seen somewhat of an uptick in employee engagement levels, kind of a general upward trend. It's not true in every organization; it's not true in every case, obviously, but in general we're seeing some increase in employee engagement levels.

So what's behind this are a couple of possibilities here. Obviously, organizations might be working harder and doing a better job of these things, but some other explanations are employees pull together more during difficult times, so apparently in all the external pressure, employees may feel more of a sense of family or team within their organization. As a result of all of the tumultuous things going on outside of their organization, they think it's bad out there, but things could be worse. At least I'm here and I still have my job, so in some way that makes me feel a little more psychologically engaged or motivated, a little more tied to my organization.

So what does this maybe mean for you as an HR leader, or practitioner with an organization? If we actually have some current goodwill as a result of this, don't squander that. Take advantage of that. The economy will definitely improve at some point. We don't know when that's going to happen, but it will improve eventually, and will you be ready? Think about these things. You may have lost valuable talent due to voluntary turnover. You may have uncovered some stars during the downturn. As the economy improves, the us vs. them benefit; if that's what's driving it, it is eventually going to go away. And certainly other companies, if the economy rebounds, are going to come looking for your top talent. So what you shouldn't do, don't forget about the drivers of engagement now, and in fact, you need to know what your drivers of engagement are now. This may in fact be a really good time to do a survey or a pulse survey where some organizations will pull back at times like these. I would argue that this might be the most important time to find out what's driving employee engagement in your organization and how employees are perceiving your organization.

If you must downsize, obviously, think about how that's communicated and managed. Again, it might be a good time for a pulse survey to see how people are feeling, but think about how that takes place in your organization, how it's communicated to the employees because they're going to remember that when things get better and job opportunities pop up outside of your organization.

Then obviously, be an opportunist, be proactive, and be prepared to pick up top talent when the economy rebounds. Again, it will rebound eventually, so be prepared to pick up that top talent when it comes up.

We began this with the question of, "Can the drivers of engagement be identified?" and we have studied this for many years in the United States. Are they the same as what we find in Asia? And in fact, as we looked at the data, we did find a lot of overlap, but again, we saw some variance in the scores when you look across the countries within Asia. So as in any part of the world or organization, you always need to drill down into the data to identify where you're going to focus your attention to drive up employee engagement in the future.

HOST: Thank you for joining us today for the Kenexa HR Thought Leadership Podcast series, where we seek to educate, inspire, and fuel the evolution of leadership in our organizations, our communities and our world. If you have questions regarding today's episode, please feel free to email Dr. Lundby at Kyle.Lundby@kenexa.com.

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