



BRIDGING THE EMPLOYEE PASSION DEFICIT - 2014 UPDATE

Why people are passionate about their work but not their employer – and what you can do about it

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INTÉGRO RESEARCH DESK REPORTS

Intégro's Research Desk was launched in 2011 as a way to share our research findings with the wider business audience.

The reports tackle leadership issues that concern small, medium, and large companies around the world. It is in working with such a wide array of organization types and sizes that we have discovered the common themes of importance to leaders – no matter where in the world they work: How to create an environment where employees want to come to work and do their best, every day? How to ensure that leaders get the most from their employees – and themselves? How to go beyond engagement and create a team of passionate employees? How to get senior team members aligned on the critical decision-making issues that arise each week?

Not only is it our passion to provide exceptional value to our clients, and to operate our own workplace by the principles we espouse in our consulting work, it is also our commitment to share the solutions we have uncovered that help leaders like you to deliver exceptional value to your customers.

As always, we welcome your comments and suggestions. If you would like to propose a topic for the Research Desk to tackle, or would like to discuss any of the issues we've covered, please send an email to support@integroleadership.com.au with the subject line: "Research Desk."

Sincerely,



Keith E Ayers,
Founder, Intégro Leadership Institute

ABOUT THE AUTHORS

Keith Ayers is the Founder of Intégro Leadership Institute, author of *Engagement is Not Enough: You Need Passionate Employees to Achieve Your Dream* (Elevate, July 2008), and one of the world's most respected experts on the topics of employee engagement, leadership development and workplace trust.

Having joined Intégro as a consultant in 1977, Keith took over the ownership of the organization in 1982, and developed it to become one of Australia's top specialist leadership development consulting firms. With an increasing proportion of his time allocated away from Australia, Keith moved to Pennsylvania in August 2001, where he grew the U.S. division of Intégro to over 60 certified associates. Keith returned to Australia in 2009.

Keith's first career was as a Navigator in the Royal Australian Air Force, which included a term of active duty in Vietnam. His expertise is working with CEOs and senior executive teams to help them create a high performance culture, one that is based on a high level of

trust and personal responsibility. Keith has worked with executive teams in Fortune Global 500 organizations and SMEs in Australia, New Zealand, Hong Kong, China and the U.S. He has also been a keynote speaker at conferences in Germany, Finland, the U.K. and the U.S.

A long-held view that training events do not produce business results, led Keith to create Intégro's Leadership Development Process™ and Senior Team Alignment Process™. These integrated processes include before and after measurement and application projects that help executive teams and managers take their company culture head-on, and get all employees committed to achieving outstanding results. Most recently his work has focused on measuring employee passion and workplace trust, culminating in the launch of Intégro's range of "trust inside" assessments.



Dr. Frank Cahill has had over 25 years experience working with organizations to improve the quality of their leaders and the performance of their teams. Frank is a registered psychologist who holds a BA (psychology), a graduate diploma in applied psychology and a professional doctorate degree in counseling psychology. He is a member of the Australian Psychological Society (APS), the college of counseling psychologists and a member of the college of clinical psychologists.

Frank's doctoral thesis explored the relationship between personal values, workplace experiences and organizational commitment. His research showed that an employee's emotional commitment towards his or her organization is strongly influenced by the quality of the relationships with both work colleagues and his or her direct manager. This research has highlighted the important role that ongoing training in emotional intelligence for both employees and leaders has in building commitment to the organization.

Frank's research with Intégro has also identified the importance that trust plays in building a workplace

where employees are motivated to operate at their best. His research has shown that when employees experience high levels of trust within their workplace they are more self-directed, self-motivated and more engaged in what their organization is trying to achieve than those who perceive their organization to be less trustworthy.

As a senior Intégro consultant Frank has specialized in developing and delivering leadership processes for Australian organizations. In working with leaders and their teams, Frank draws on his research and extensive experience to build strong leadership, effective teams and engaged workplaces.

Frank's experience has extended into such industries as hospitality, manufacturing, finance, commonwealth government, technology and aviation. Frank's current clients include Melbourne Water, Catholic Church Insurances, Kraft Foods, Victoria University, Sensis, Ausco, Ego Pharmaceuticals, Jetstar, Bupa, VMIA and TAC.



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EXECUTIVE SUMMARY

In order to establish a customer-focused culture, in which all employees act as veritable ambassadors for the organization, it is essential to ensure that employees are passionate about the organization as well as the job they do. For this paper, we tested the idea that most employees are passionate about what they do, but that many are not passionate about their employer.

We found that a large majority is passionate overall – either about the organization and/or the job. But of these employees, only roughly half are passionate about the organization. This gap – *the passion deficit* – underlines the hidden emotional disconnect among otherwise engaged employees.

Key findings:

- Of the employees we surveyed, 86% are passionate about the work they do each day, but only 47% are passionate both about the job and the organization.
- The gap between the 47% and the remaining 39% is significant. In terms of their emotional connection to the organization, the 39% are closer to totally disconnected employees than they are to the 47% who are passionate about the job and the organization.
- There are three key reasons for this significant passion deficit:
 - A perception of a lack of high standards of honesty in the organization
 - A perception of a lack of meaningfulness to the work employees are doing
 - A perception of a lack of trust and respect between management and employees

It is impossible to foster a customer-focused culture without ensuring that employees are passionate about the organization as well as the job. Leaders must establish an environment characterized by high levels of interpersonal trust. As a starting point, they should hone in on the three key drivers that differentiate between employees that are passionate about their organization and those that are not.

1. INTRODUCTION

It is no longer radical to say that employee engagement leads to better performance. Numerous pieces of research have established a link between the two, and organizations and management experts around the world dedicate significant resources to increasing engagement levels. From our perspective, this is a good thing. At Intégro, we also invest time and energy helping our clients foster more engagement in the workplace.

Suffice to say, engagement is important to us. But although a consensus has emerged on engagement's positive impact on bottom-line results, there appears to be a lack of consensus about what employee engagement is and how it should be measured.

What does it really mean to be “engaged”? This question led us over time to take a slightly different approach, and to refer instead to employee “passion.” For our research, the distinction matters. We want to understand the drivers of employee passion. Are people passionate about the actual work they do on a daily basis? Are they passionate about the organization they work for – its values, the senior leadership? We believe that what we are ultimately looking into is an emotional connection, hence our use of the more emotive term, passion.

In our experience, there is a significant difference between passion for the job and passion for the employer. Unsurprisingly, we believe that people who are passionate both about their work and their employer are substantially more committed to the organization overall. After all, if they are passionate only about their day-to-day work – their profession – they could easily do it somewhere else.

Research findings

For the research underpinning this paper, we wanted to test the idea that most employees are passionate about what they



do, but that many are not passionate about their organization. In establishing a true customer-focused culture, in which all employees act as veritable ambassadors for the organization – promoting the business and its values simply because they believe in them too – it is essential to ensure that employees are passionate about the organization as well as the job they do. Rob Markey, a partner at management consultants Bain & Company and co-author of *The Ultimate Question 2.0: How Net Promoter Companies Thrive in a Customer-Driven World*, refers to this link between employee passion and customer service as “passion advocacy.”¹



“the passion deficit underlines the hidden emotional disconnect among otherwise engaged employees”

We tested the idea that most employees are passionate about what they do, but that many are not passionate about their organization by surveying more than three thousand employees at a variety of organizations in Australia and the United States. We found that a large majority are passionate – either about the organization and/or the job – and broadly fit into the “engaged” category. But of these employees, only roughly half were passionate about the organization. This gap – *the passion deficit* – underlines the hidden emotional disconnect among otherwise engaged employees.

This is a challenge for employers. First, clearly those who are not passionate about the organization will be more difficult to retain. This is a shame – high potential and otherwise engaged employees are the ones you most want to keep. Second, those

¹ Markey, Rob, “Transforming your Employees into Passion Advocates,” *Harvard Business Review* (January-February 2012).



who are not passionate about the organization are less likely to deliver excellent customer service than those who are passionate. After all, why would they promote an organization they are not passionate about?

But this also presents an opportunity. In the second part of our research, we identified the four key drivers of what we call Level 5 employees (see page 20) – those that are passionate about the job and the organization. By focusing on these four elements, leaders can bridge the passion deficit, develop more “passion advocates,” and ultimately contribute to better bottom-line results.

2. ENGAGEMENT AND PERFORMANCE

Most business leaders now accept that engaged employees will be more productive than the average, and that the most successful firms tend to have more engaged workforces. The Harvard Business Review even dedicated an entire recent issue to the concept of happiness in the workplace and its impact on performance.² Large organizations around the world invest significant resources on everything from in-house masseuses to ping-pong tables and celebrity-chef lunches just to keep employees happy. Of course, we would argue that such gimmicks do nothing for engagement levels, but that’s another story. Suffice to say, employee engagement has moved from being dismissed as a “touchy-feely” concept to one that is recognized as one of the critical variables contributing to bottom-line results.

Empirical evidence

Research in recent years has begun to demonstrate evidence of the impact of employee engagement on organizational performance, countering a common criticism over a lack

² *Harvard Business Review* (January-February 2012).



of an established link between employee engagement and company performance. The Gallup Organization, which surveys engagement levels around the world on an ongoing basis, has demonstrated that “engaged organizations have 3.9 times the earnings per share growth rate compared to organizations with lower engagement in their same industry.”³ A much-cited recent study by Alex Edmans of Wharton Business School found that high employee engagement has a significant positive impact on the equity price of listed companies relative to companies with lesser engagement levels.⁴ Increasingly, studies are focusing on exactly how rather than whether engagement impacts performance.

Our observations

At Intégro, we have witnessed for some time the positive impact of employee engagement on bottom line results through our work with companies in Australia and beyond. The CEO of a major Australian construction firm attributed his company’s ability to double sales while only increasing staff numbers by 29% to the firm’s major drive to improve employee passion levels. This effort was a major contributor to the surge in productivity the company achieved through the customer service and relationship building improvements brought about by the newly engaged employees themselves.

We worked with a major pharmaceutical company’s Southeast Asian sales team to help develop greater team cohesion and personal responsibility. The firm’s regional manager for Asia noted how her sales teams displayed significant improvements in decision-making and accountability. A more passionate group of employees took more responsibility for its collective performance.

In an effort to build an engagement culture at his firm, the General Manager of a large Australian manufacturer worked with us to focus on leadership skills to embed the culture at all

³ Harter et al, “The relationship between engagement at work and organizational outcomes,” Gallup Inc. (August 2009).

⁴ Edmans, Alex, “Does the Stock Market Fully Value Intangibles? Employee Satisfaction and Equity Prices,” *Journal of Financial Economics* (Forthcoming).

levels. We have measured over time the positive impact that a sustained effort on leadership has had on employees' trust for senior management in his firm. The General Manager attributes his extraordinary success in large part to the culture they have developed together.

In each of these instances, and in many others, we have noted how passionate employees create winning teams. Yes, an organization can function with average levels of engagement. But there is little doubt that passion is a significant factor differentiating between good and great companies.



“there is little doubt that passion is a significant factor differentiating between good and great companies”

3. LOOKING MORE CLOSELY AT ENGAGEMENT

It is clear from the various pieces of research out there, and from our experience in the field, that engagement has an impact on results. But in the effort to establish the causal link, few have taken a closer look at engagement itself and what it really means. Does an engaged employee feel good about the work she does each day? Does she feel emotionally connected to the organization? Does she feel both? As our findings from recent research on this demonstrate, the difference matters.

Passion versus engagement

As mentioned earlier, at Intégro we made a conscious decision to focus on the concept of employee passion. So what exactly is a passionate employee? A passionate employee is focused, engaged, and committed to consistently perform at his best. He feels strongly about the work he does, knowing that he is creating value, and he has a strong emotional connection with



the organization he works for – he feels a sense of pride and commitment towards the organization. As a result, he delivers exceptional value to his customers, both external and internal. According to management guru Gary Hamel in his book *The Future of Management*⁵, passion contributes more towards value creation than any other human capability. Given the primary purpose of your organization is to deliver value to your customers, the more passionate your employees are the more value you will deliver.

The distinction between passion and engagement is also a difference maker in our research. While we believe engagement is a useful term to describe the overall business concept, we have found that in our interactions with employees in our research and consulting capacity, people find it difficult to assess their own engagement level. It is too abstract. But when we ask people if they are passionate about something or not, it becomes much more natural for them to provide an answer. We have found this especially helpful when distinguishing between passion for the work and passion for the organization. The question tends to bring out an instant reaction one way or another – an emotive response. This apparently semantic difference has become critical for our research.



“much of what we achieve in
business comes from relationships”

The importance of trust

Ping-pong tables and gourmet lunches do not create teams of passionate people – trust does. In a general sense, as interpersonal trust develops in an organization, or among firms that need to interact with one another, relationships form more easily. In reality, much of what we ultimately achieve in business

⁵ Hamel, Gary, *The Future of Management* (Harvard Business School Press, September 2007).



comes from relationships – both internally and externally. It is not a bold idea to note that the most successful executives tend to be those who can build and sustain such relationships. As interpersonal trust diminishes, of course, relationships become more distant and conflict may even ensue. For leaders, a high level of trust is necessary to ensure that employees are passionate and committed to the organization’s purpose, values, and vision. Employees need to know they can trust the organization’s leadership team and their immediate manager or supervisor.

Most leaders accept that trust is important, but many fail to understand that simply being a trustworthy person does not necessarily build trust or automatically mean that people will trust you. People make judgments about how trustworthy their leaders are based on their perception of what their leaders do, not on what they say or what they intended to do. Given that behavior ultimately builds (or diminishes) trust, leaders can be trustworthy, honest, and ethical, and yet employees do not trust them at all. To increase effectiveness in building trust, leaders at all levels of the organization need to take personal responsibility for their behavior and understand how it can affect the levels of trust employees have for them.

This personal responsibility at the leadership level is critical to bridging the passion deficit.

4. UNDERSTANDING THE PASSION DEFICIT

In order to test the idea that most employees are passionate about what they do, but that many are not passionate about their organization, we used the Employee Passion Survey™ (EPS). Intégro developed the EPS in 2010 in an effort to take a step deeper than a typical engagement survey and to measure employees’ overall levels of passion for their job and also for their organization.



The survey measures employee passion on two levels:

- Passion for the job: the degree to which employees are emotionally connected to their work and are committed to doing their best.
- Passion for the organization: the degree to which employees are emotionally connected to the purpose, values, and vision of the organization and its senior leadership.

The EPS questionnaire is divided into three sections. The first section, the Employee Passion index (EPI), measures five employee needs:

- The need to be respected
- The need to learn and grow
- The need to be an insider
- The need to do meaningful work
- The need to be on a winning team

We ask employees to respond to ten distinct items, two for each employee need. First, respondents rate the importance of the item to them personally and then how well they believe their manager, team, or organization satisfies this need. Each item is assessed on a 10-point scale where 1 is the lowest and 10 is the highest. The critical measurement here is the gap between “importance” and “organizational performance.”

The second section focuses on the Values that Build Trust (VBT):

- Respect: Being valued for who you are
- Recognition: Getting the recognition you deserve
- Receptivity: Giving new ideas and methods a fair hearing
- Disclosure: Communicating openly one’s own ideas and opinions
- Straightforwardness: Being clear about what is expected of you
- Honesty: Having high standards of honesty in everything we do

- Seeks Excellence: Doing our best in everything we do
- Keeps Commitments: Following through on our responsibilities

Similarly to the Employee Passion Index, we ask employees to respond to two questions for each of these eight items, rating on a 10-point scale the importance of each item to them personally and then how well they believe their organization operates by this value. Again the critical measurement here is the gap between “importance” and “organizational performance.”

The final section is the Employee Passion Report, which identifies each respondent’s level of passion, both for the job and for the organization. The survey asks respondents to choose which one of five descriptions best describes them. The descriptions outline the behavior, thinking and feeling of employees who fit the following five categories:

- Level 5: Passionate about both the job and the organization
- Level 4: Passionate only about the job
- Level 3: Passionate only about the organization
- Level 2: Not passionate but still conscientious
- Level 1: Disconnected from the job and the organization

People are less passionate about their organization

Using the EPS, we surveyed a sample of 3064 employees at various stages in their career development and across various industries. Our findings uncovered some good news and some relatively challenging news. First, the good news: 86.5% of respondents were either Level 4 or Level 5, indicating that the vast majority of employees are at the very least passionate about their job and the work they do.

Now for the challenging news: Of the passionate employees, just under half identified themselves as passionate about their

job, but not about the organization. More precisely, in our research sample as a whole, 39% of respondents identified themselves as “passionate only about the job” compared to 47% who identified themselves as “passionate about the job and the organization”.

“of the passionate employees, just under half identified themselves as passionate about their job, but not about the organization”

Members of this 39% group are dedicated to the work they do, but could most likely be persuaded to do it elsewhere. Given that they are passionate about their work, they are most likely high-potential people. But their lack of passion for their organization means they are not likely to be giving 100%, and certainly not acting as passion advocates. Employers are missing out on an enormous opportunity to have an additional third of their staff actively promoting the organization. Imagine the impact increasing such a significant number of passion advocates could provide an organization.

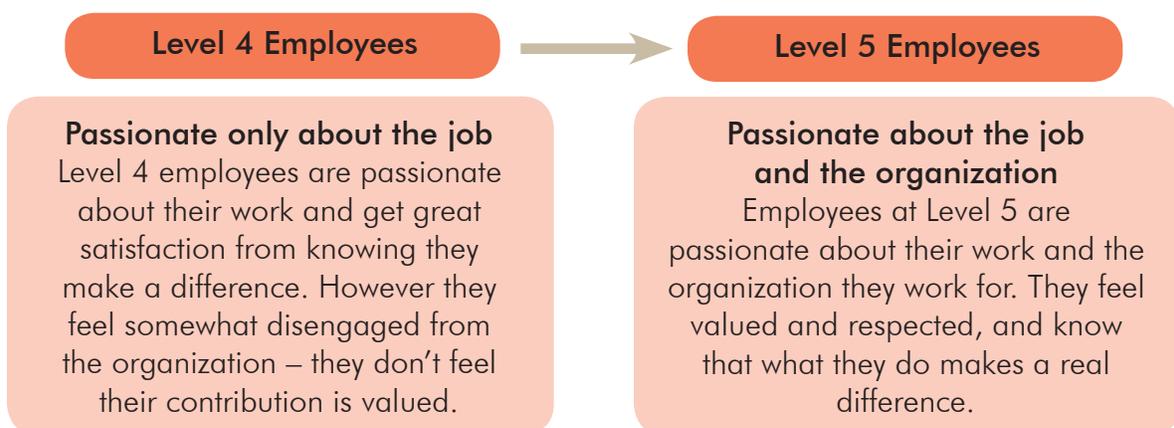
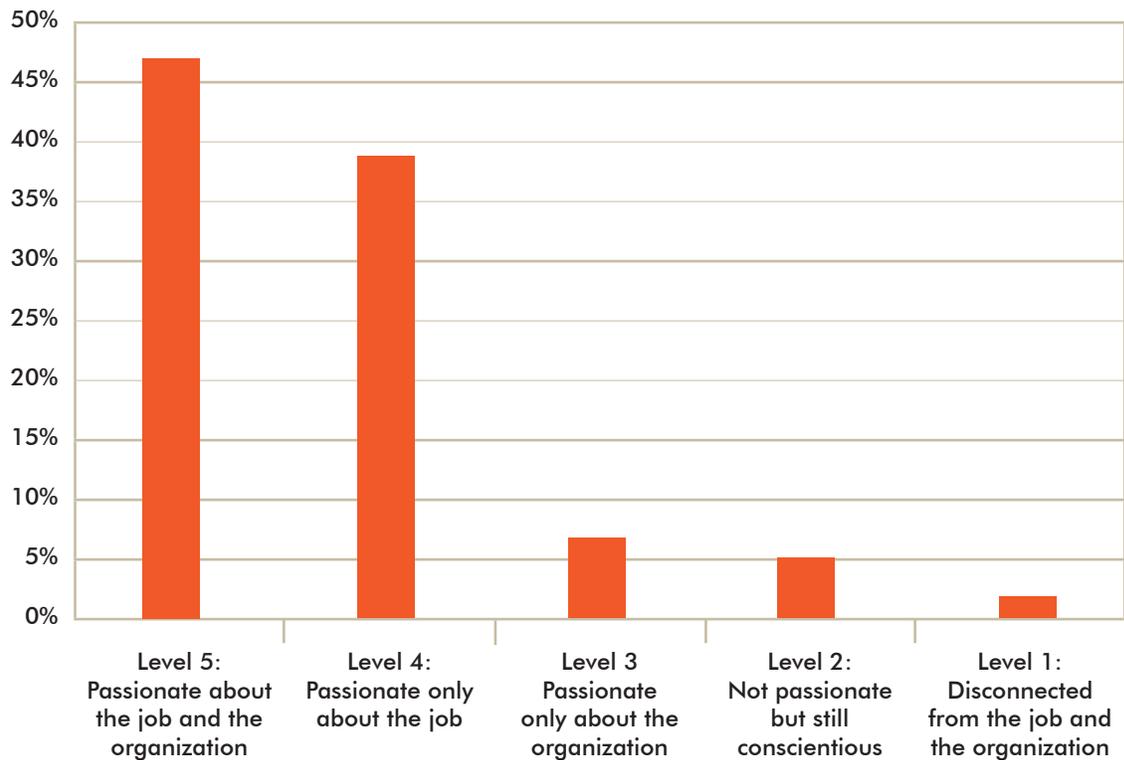


Figure 1: Summary of survey findings⁶



The passion deficit represents a significant gap

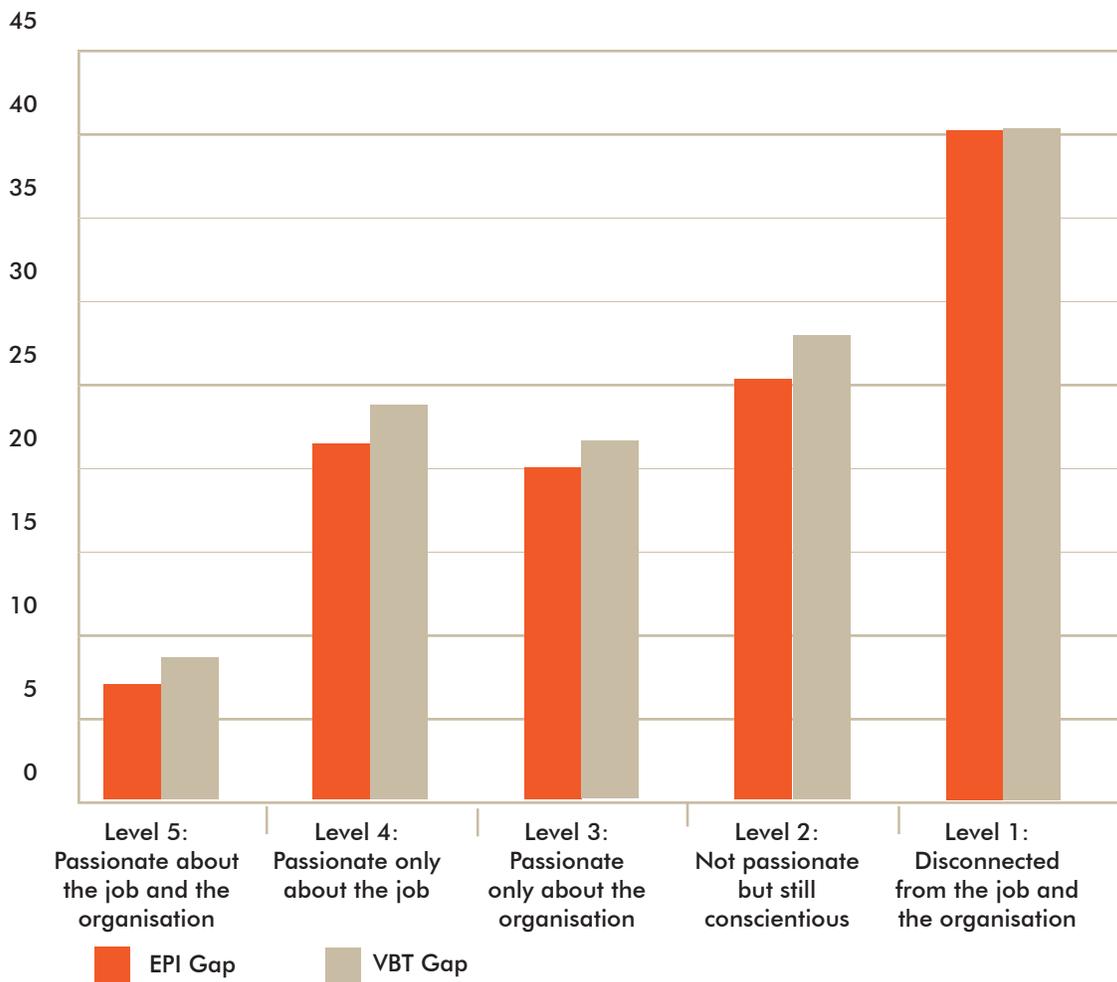
Figure 2 on the following page shows the significance of the passion deficit. The two bars represent the gap between the importance of the needs and values in the survey to employees personally and how well they believe their manager, team, or organisation satisfies them.

Notice the significant difference in the gap scores between the Level 5 and Level 4 employees. Level 5 employees perceive their organisation as almost fully meeting their needs and meeting their expectations of creating a high trust work environment - one where employees feel trusted and have a high level of trust for their managers -- essentially a perfect score.

⁶ For a copy of the full statistical report by Dr. Frank Cahill and Dr. Elizabeth Hardie, please send an email to support@integroleadership.com.au with the subject line "Employee Passion Statistics."

But look now at the significant gaps on Level 4 employees - 21 for EPI and 23 for VBT. Despite the fact that these employees are passionate about their work - they get great satisfaction from knowing their work makes a difference, their trust for the organisation is very low. This underscores both the significance of the passion deficit and the scale of the task to convert Level 4s to Level 5s.

Figure 2. Gap between employee expectations and organisational performance⁷



⁷ Gaps reflect the average gap scores for each level of employee, representing the difference between the importance of the needs and values, and employees perceptions of the degree to which the needs are satisfied, or the values that build trust are operated by. For more information please send an email to support@integroleadership.com.au with the subject line "Employee Passion Statistics."

5. BRIDGING THE PASSION DEFICIT

It is clear from the findings that there is a significant gap among generally engaged employees between those who are passionate about the organization and those who are not. The people lacking passion for the organization will be those who are not making the leap into the superstar league where organizations want them to be. They may even choose to move to another organization, one that they have a better chance of being passionate about.

This is a clear threat to productivity, talent retention, and the bottom line. So how can you address it?

Key drivers behind passion advocates

Given the large numbers of Level 4 employees, we took the research a step further to drill down into the data to identify the key drivers of Level 5 versus Level 4. To do this, we isolated the areas where the organization must place an added emphasis in order to create more passion advocates.

For the employees who identified themselves as passionate about the job but not the organization, we wanted to know what their managers and the organization or senior team could do to make them more passionate about the organization. We addressed this by identifying the items in the EPS that best predicted whether a respondent reached Level 5⁸.

We found that the primary predictors were:

1. We have high standards of honesty in everything we do
2. The work I do is meaningful because it helps my organization fulfill its mission

⁸ For a copy of the full statistical report by Dr. Frank Cahill and Dr. Elizabeth Hardie, please send an email to support@integroleadership.com with the subject line "Employee Passion Statistics."

3. My immediate manager or supervisor trusts me and treats me with respect

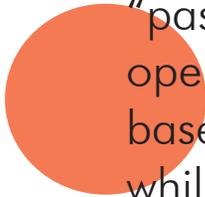
Overall these findings suggest that in order for employees in this sample who are passionate only about their job to become more passionate about their organization they require greater satisfaction levels in the three areas identified above.

From our perspective, the broader significance of these specific findings is that it tells us that passion advocates operate in a trust-based environment, while the remaining employees feel that they do not.

As we have repeated many times in this and in other contexts: it starts with respect. And this is the case in any effort to convert Level 4s to Level 5s. The employees we surveyed are sending a clear message that trust is not only important; it is the number one driver behind passion for the organization.

It is also significant to note that the two remaining drivers revolve around communication. It is only through good communication from leaders that employees will see that their work helps the organisation fulfil its mission. Managers need to understand that employees need to know that their work is meaningful, and be able to demonstrate to all employees how significant their work is. Even the most mundane tasks are significant in their importance. The number three driver reflects the effort that managers put into building relationships with employees and value the contribution that each employee makes to the organisations's success.

The bottom line however is, there is no getting away from the importance of honesty. Employees at all levels see straight through attempts to cover up problems, mislead people, or even worse, try to mislead customers. And as we can see from the findings, a lack of honesty is a drag on employee passion.



“passion advocates operate in a trust-based environment, while the remaining employees feel that they do not.”



In summary, the findings from our research suggest that organisations focus on the following:

- Increase honesty and transparency in all dealings with employees and customers.
- Help all employees understand the purpose of their jobs and how it supports the purpose or mission of the organisation.
- Train and encourage managers and supervisors to trust their staff and to treat them with respect.

The common denominator in each of these efforts is interpersonal trust. None are possible if leaders fail to establish a culture of trust in the organization.

The three key drivers behind passion advocates are a reminder of the importance of trust and what it takes to bridge the passion deficit. Remember, people make judgments about how trustworthy their leaders are based on their perception of what their leaders do, not on what they say or what they intended to do.

Establishing an environment in which employees will be passionate about the organization requires consistent action on the part of leaders – not just to address the three key drivers of passion advocates, but to build a trust-based culture in which employees cannot wait to come to work each day to deliver value to customers and clients, and to grow the organization for which they are passionate.

Bridging this gap can be the difference between having a team of highly capable people, but average customer service and high employee turnover, and having a team of passion advocates who excel in what they do and drive new business by offering an unbeatable customer experience. The difference is stark and the task is clear.



6. CONCLUSION

The implications of our research findings are twofold. First, they raise questions over the utility of engagement as a broad definition to encompass employees' emotional connection with their job. Our findings provide some support to the notion that it is vital to differentiate between passion for the job and passion for the organization as two separate and distinct concepts.

Second, the distinction matters for leaders at all levels – in particular for those who want to establish the highest standards of customer service. It is impossible to foster a customer-focused culture without ensuring that employees are passionate about the organization for which they work, in addition to being passionate about the job they do. In order to create these “passion advocates,” leaders must establish an environment characterized by high levels of interpersonal trust. As a starting point, they should hone in on the three key drivers that differentiate between employees that are passionate about their organization and those that are not.



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