

## MEASURING THE BENEFITS OF A STRENGTHS-BASED WORKPLACE

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### *Abstract*

- Economic ambiguity persists and managers remain hesitant to increase workforce numbers, even when they experience growing demand for goods and services.
- Analysts say employers will create new jobs, but not until they have exhausted productivity limits of current employees.
- Employees can become burned out and disengaged when squeezed—beyond their limits—for increased production, resulting in counter-productive consequences.
- Some managers have found success in the creation of strengths-oriented work environments based on the principles of positive psychology; focused on giving workers an opportunity to do what they do best as a means of building engagement and improving bottom lines.

**This report provides a brief introduction to the workplace application of positive psychology and summarizes relevant key research in the area of worker productivity.**

## MEASURING THE BENEFITS OF A STRENGTHS-BASED WORKPLACE

Most organizations refer to their workforce as the company's "greatest asset." In many, the workforce is also the greatest expense. If workers are indeed an organization's greatest strength and most costly line item, what is being done to keep them—the people—operating at peak performance?

Companies understandably invest significant portions of their annual budget on care and maintenance of the machines they own, but there's a question that begs for an answer: *Do they invest the same attention on the human beings who are charged with running the machines?*

### *Do Workers Like Their Jobs?*

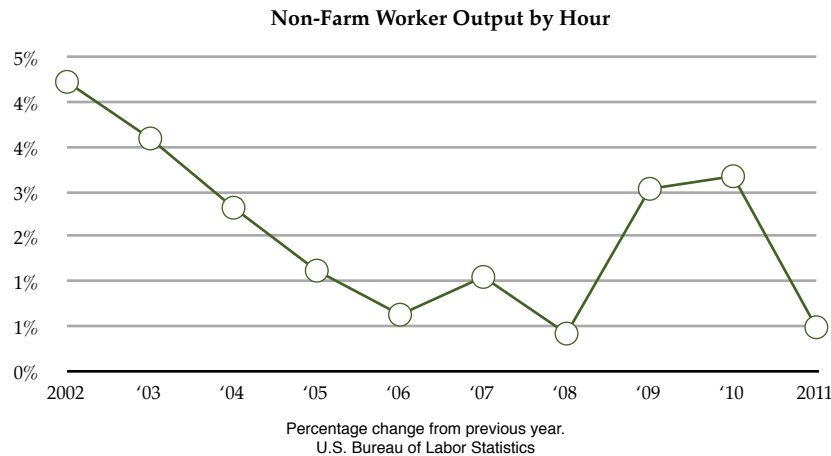
Job satisfaction numbers suggest that there is room for improvement in the way managers are trained to "operate" the people in their employ. A job satisfaction survey commissioned by The Conference Board revealed that better than half of those questioned aren't satisfied with their work. The 2009 study found only 45 percent were satisfied, a drop from 61 percent in the same study done in 1987. (Gibbons, 2010) When asked to name the most enjoyable part of their jobs, respondents listed "the commute" – just above enjoying their co-workers. One of the report's authors, Lynn Franco, told the Washington Post, *"If the commute is one of the best aspects of your job, that really illustrates how much dissatisfaction there is."* (Morello, 2010)

***Why does this matter?*** Companies who encourage employee engagement through training and development methods linked to the fields of positive psychology are seeing bottom-line benefits.

*If workers are an organization's greatest strength and most costly line item, is enough being done to keep them operating at peak performance?*

### *Is Productivity in Decline?*

Worker productivity in the U.S. grew by 0.9 percent in the last quarter of 2011. Any growth should be heralded as good news at this point in the global recession, but the Q4 increase was only half what was reported for the previous quarter. (Bureau Of Labor Statistics, 2012) Productivity scores measure the overall effectiveness of worker activity.



Scores go up when an equal number of workers produce a greater amount of goods or services. Productivity scores are similar to fuel efficiency ratings on automobiles. Cars with better gas mileage go further on a gallon of gas. Work groups with higher productivity, build more widgets or provide more service per hour worked.

Human beings have certain maximum capacity levels, as do their mechanical counterparts. Equipment operators are trained to keep critical machines within certain limits; taking care to not push past a point at which damage is done. People have similar limits on the amount of work they are able to do and the slowdown in productivity growth could indicate that some companies have reached a point at which their current workforce is unable to meet increased demands.

### *Staffing Up to Meet Demands*

Demand for increased output *should* spell good news for people seeking jobs as the recession begins to ease. But slowing productivity and increasing demand is not an automatic formula for a jump in hiring. Hiring managers are hesitant to expand permanent payrolls due to fears that the recovery will be short-lived.

Richard DeKaser, an economist with the Parthenon Group says, "... companies make do with their existing work force [until they] reach the limit of how much work they can squeeze out of existing employees." (Crutsinger, 2012)

It is foolhardy and irresponsible to run a critical piece of equipment at greater-than-maximum capacity for an extended period of time. Similarly, squeezing work out of an existing workforce may be a tenable short-term solution, but it can also produce negative consequences in the form of burnout and a subsequent drop in productivity—the very opposite of the desired result.

### *Is "Burnout" Real?*

Burnout is defined as "... an effective state characterized by feelings that one's physical, emotional, and cognitive energies are depleted." (Shirom, 2010) Employees with depleted energy levels are more likely to make mistakes leading to quality, safety and customer service issues. Burnout can also lead to such serious health issues as cardio-vascular disease, according to Shirom.

Burnout is typically accepted as a reason for poor attitudes, mistakes and bad customer service, but studies indicate causal connections to significant health issues, as well. The stress caused by working at or above capacity for extended periods of time leads people to compensate by engaging in sub-optimum health behavior. Hobfoll and Shirom (2000) found that "... People often distract themselves from [these] situations . . . by engaging in health-impairing activities such as smoking, consuming alcohol, or eating high-sugar food." Hobfoll and Shirom refer to this behavior as Conservation of Resources (COR), meaning that individuals who experience a depletion of physical, emotional and cognitive energy (burnout) will act—often sub-consciously—to protect themselves from loss. One possible way to mitigate the perceived need for COR is to look for ways to give workers an opportunity to perform activities that boost rather than deplete personal energy levels.

### *What is Positive Psychology?*

Faced with the conundrum of meeting increased demands for worker output while maintaining current staffing levels, managers are looking to a variety of methods aimed at encouraging greater performance. There is evidence that increased productivity can be achieved, not by squeezing workers for more—as suggested above—but rather through the application of management techniques

based on the principles of positive psychology.

The practice of Positive Psychology is relatively new, having been recognized in 1998 by the American Psychological Association as a legitimate field of study. *Psychology Today* has defined it as *the study of human thriving*. Positive psychology differs from traditional forms of psychology that are focused on dysfunction. (Peterson, 2008) The approach of positive psychology is to determine and then accentuate what is right with an individual, instead of focusing on what's wrong.

*You can't learn to make great chocolate chip cookies by watching someone burn batch-after-batch -- and doing the opposite.*

Positive psychology is interested in what **to do** rather in what to **not** do. For instance, from a practical perspective – if you wanted to learn how to make great chocolate chip cookies, traditional psychology might suggest you watch someone burn batch-after-batch and then do the opposite. The positive psychology method would suggest that you locate the world's greatest cookie baker and copy her or his every move. Similarly, a workforce organized on the principles positive psychology identifies opportunities where workers can do what they do best as often as possible. Instead of fixing weakness, attention is proactively focused on putting worker strengths to their most productive use.

### *Being Fulfilled at Work*

The use of positive psychology in the workplace is marked by its focus on strengths over weakness, and with building on the best rather than simply repairing the worst. (Peterson, 2008) Christopher Peterson is a professor of psychology at Michigan State University and a proponent of positive psychology. In his regular column for the online edition of *Psychology Today*, Peterson describes work as something that “ . . . *people do in order to have a fulfilling life.*” In fact, a number of workplace studies have shown that “ . . . *a majority of employees desire greater meaning and personal development from their work.*” (Harter, Schmidt, & Keyes, 2009)

Meta-analysis of workplace studies conducted by Harter, Schmidt, and Keyes indicate strong connections between job satisfaction and individual performance. In one such analysis, work units in the top quartile of measured employee engagement had **profits up to four percentage points higher** than work units in the bottom quartile of measured employee engagement.

A four point bump in profits may sound insignificant, until it's compared to typical profit margins for 2009 reported by BizRate.com in such industries as: food processing (1.21%), apparel manufacturing (6.9%), and administrative support services (6.74%). Harter, Schmidt, and Keyes concluded that, in highly competitive industries a difference of 4 percentage points per business unit “. . . represents the difference between success and failure.”

### *Keeping Good People*

One critical factor in maintaining a productive work force must be retention of current employees. When experienced workers leave, they create vacuums of productivity while replacements are found and trained. In a United Kingdom report commissioned by the Department for Business, Innovation and Skills, researchers David MacLeod and Nita Clarke cite a Gallup study of 23,910 companies where work units with employees in the bottom quartile of engagement had between 31% and 51% higher turnover. (Macleod & Clarke, 2009)

The MacLeod & Clarke report concludes that, despite differences in methodology and occasionally conflicting results in scores of workplace studies on the benefits of higher employee engagement, “. . . taken together they offer a very compelling case.” If workers are given assignments that help them conserve personal resources (Hobfoll & Shirom), they will be less likely to seek opportunities elsewhere; adding to productivity growth through experience and longevity.

### *Putting Positive Psychology into Practice*

There is more to the use of positive psychology in the workplace than happy people who whistle on their way to work and sing *Kum By Yah* in the break room.

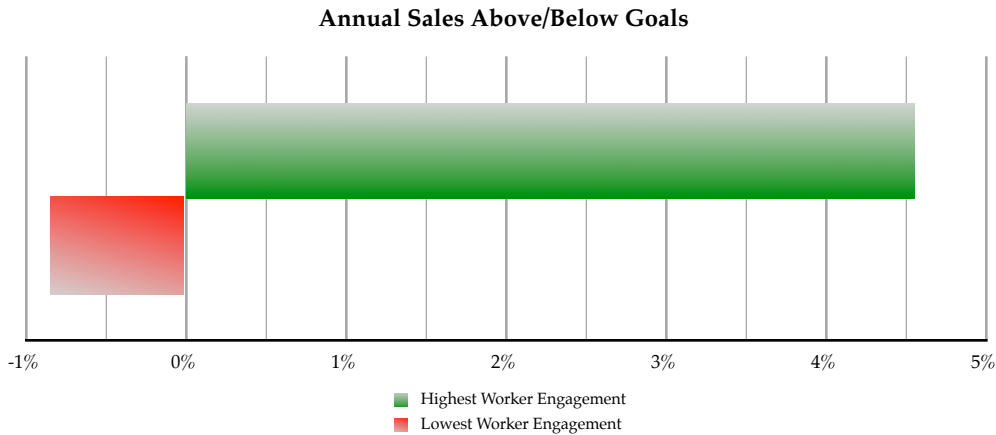
Training managers to focus on what workers do best—rather than what they do poorly—can have a profound and direct influence on the bottom line. One example provided by Marcus Buckingham and Curt Coffman in their book *First Break All The Rules* involves a study done by the pair while they worked for Gallup in the 1990s.

The project was commissioned by a national retailer with 300 stores and thirty-seven thousand employees. Workers were asked to rate their agreement with 12 statements about workplace engagement<sup>1</sup>. Each of the statements was to

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<sup>1</sup> The statements are now known as the Q12 and are owned by The Gallup Organization.

be rated using a five-point scale with “1” indicating strong disagreement and “5” indicating strong agreement. When the scores were tallied for each of the company’s 300 locations, stores with the highest number of “5s” averaged 4.56 percent over their annual sales budget. Those with the fewest “5s” averaged 0.84 percent below budget. (Buckingham & Coffman, 1999, p. 39)



Even more dramatic were profit figures for the two groups. Stores in the same company with the highest number of engaged employees finished the year, on average, with **profits 14 percent higher** than projected, while the other group’s per-store profits fell short by an average of 30 percent, according to Buckingham and Coffman (p. 40).

One particularly telling piece of data from *First Break All The Rules* is the critical role played by a worker’s immediate supervisor. An immediate supervisor who knows which activities add energy to each employee can, in a sense, protect his or her team from poor decisions made further up the management ladder. Conversely, companies where even the most senior executives practice positive psychology can lose good people through the miscues of one poorly trained manager.

If there’s a breakdown in employee commitment to company ideals or mission, Buckingham and Coffman suggest it’s the fault of the manager: *“People leave managers, not companies. So much money has been thrown at the challenge of keeping good people—in the form of better pay, better perks, and better training—when, in the end, turnover is mostly a manager issue.”* (page 33) Managers who understand and practice the principles of positive psychology and provide opportunities for people to regularly use a strength have an advantage over those who don’t.

## *21<sup>st</sup> Century Culture Shift*

Managers may struggle with the concept of giving employees an opportunity to do what they do best—one of the measuring points developed by Buckingham and Coffman. Common complaints from traditionally trained managers include phrases like “*we’re letting the inmates run the asylum*” and other such comments related to command and control. But the workplace has no immunity from societal changes that have diminished the tenets of logical left-brain thinking. As the 21<sup>st</sup> century unfolds, Western society and everyone in it are living in a culture driven more-and-more by the right-brain influences of beauty, meaning and significance.

Writing in *A Whole New Mind*, the author Daniel Pink makes an indirect case for the principles of positive psychology by suggesting that people in Western cultures are no longer living lives of subsistence, but rather are looking for ways to add meaning and significance to their lives.

Pink quotes Martin Seligman, the founder of positive psychology, with a prediction that the satisfaction of meaningful work will “. . . overtake material reward as the principal reason for working.” In Seligman’s scenario, worker “. . . happiness causes more productivity and higher income.” (Pink, 2005, p. 217) This is a very critical point. If Martin Seligman is correct, people will perform at their peak not because of a paycheck or better benefits, but rather for the satisfaction of being able to play to their strengths.

## *Results Matter*

Gallup conducted an experiment at an auto parts distribution warehouse in Southern California during which 400 employees were given assessment tests to identify their individual strength themes. Workers had opportunities to ask questions during multiple lunchtime sessions and managers attended a four-day training on the theory and practice of creating a strengths-focused workplace. **One year after the initial training, per-person-productivity at the warehouse—which had stagnated at plus or minus 1% for three years—jumped 6%.** Two teams who had been given additional training posted productivity gains of 9% within the first 6 months. (Hodges & Clifton, 2004)

Workplace environments that have been intentionally designed around personal strengths and the practice of positive psychology produce profitable results.

*Conclusions*

- It is possible to increase output of goods and services without making substantial additions to payroll costs.
- Results from scores of diverse studies point to higher output from employees whose managers understand how to engage their workforce by providing opportunities for workers to frequently and consistently do what they do best.
- Managers looking to increase productivity while holding the line on payroll expansion should explore the benefits and application of creating strengths-focused environments, based on the principles of positive psychology.

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### *The Author*

Jim Seybert launched his private consulting practice in September 2001 and has served clients continuously since that time. He is the former business development vice president for a national retail association numbering upwards of 350 store locations. Jim is the author of two published books on counter-intuitive business leadership (Tyndale House) and distributes—*Counter Intelligence*—a monthly column; read by people around the globe since its inaugural edition in November 2001.

Jim Seybert is a “serial encourager” for whom the essence of positive psychology fits perfectly. His non-traditional career path exemplifies an organic belief in the value and practice of pursuing activities that make you feel strong. The company’s mission is to affect change by “*unabashedly encouraging people to do their best work, and to love doing it.*”

Jim’s passion for helping people play to their strengths created an opportunity in 2009 to become one of only four independent consultants—world wide—to earn permission from The Marcus Buckingham Company to facilitate TMBC’s proprietary *SimplyStrengths*® curriculum. He has also worked closely with TMBC during development of *StandOut*®, the new strengths assessment tool from Buckingham, and is certified as a *StandOut* Coach.

### *Training and Coaching Options*

*Individual coaching* sessions are typically conducted by telephone and run from one to eight weeks. Day-long *classroom-style engagements* for groups of 10 to 30 people can be scheduled for management teams, followed by shorter introductory sessions for employees. An intensive *multi-day workshop* is available for top executives and is often developed around an off-site retreat experience. For teams separated by geography, there is an eLearning module for groups of 2 to 8 people. Be creative, we love a challenge.