Posílení angažovanosti zaměstnanců v prostředí virtuálních týmů
Strengthening Employee Engagement in Virtual Teams

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2. Theoretical basis
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Herewith I declare that I elaborated the entire thesis, including appendices (apart from Appendix 1), independently.

Date: 24. 4. 2014

Štěpánka Vyskočilová
Foreword

The work on this thesis gave me a great opportunity to acquaint myself with the phenomenon of employee engagement in the context of virtual teams. I would like to thank the persons, whom I am most grateful for making this journey so enriching for me.

I would like to thank to Mrs. Petra Horváthová for her valuable advice and guidance from the very start and throughout the whole elaboration process. Her profound insight helped me to navigate in the knowledge gained from the literature and her inputs were very inspiring.

I feel a deep sense of gratitude also to the management team that has initiated the assignment of this thesis, and that has been fully committed to its realization. I want to thank for the thoughts, ideas and experience the management team members shared with me within our cooperation.

Furthermore, very enlightening were insights provided by Mr. Stellan Särlefalk, a Lean Consultant, who has shared his experience from a number of employee engagement initiatives in different companies. I thank him as well for the inspiring ideas for the communication campaign related to the engagement program.

And last but not least I want to thank my English native speaking friends for their help with the language corrections.
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1 Introduction

Employee engagement is nowadays considered to play an extremely important role in developing an organization’s competitive advantage. Increased engagement allows for boosting company productivity without additional headcount or machinery investments; and unlike access to capital or new markets, the organizational culture and engagement of workforce are aspects not easily copied.

This is especially vital in times where information and communication technologies make it possible to conduct business virtually. In many industries the virtual collaborations expose companies to much wider competition than ever before (global competition). Organizations are competing not only on the field of products or services but also on the field of attracting and retaining the talents worldwide.

On the other hand virtual collaboration opens new opportunities when it comes to the allocation of a firm’s scarce resources, specifically in terms of human capital. It is possible to connect geographically-distributed talents from different parts of the organization, to work together on the same team and in the same project. Naturally this brings both topics together – companies who already operate virtually are seeking the best means of increasing employee engagement in distributed environment.

The objective of the thesis is to design an employee engagement strengthening program for an organizational unit consisting of 200 employees distributed in 4 countries and 9 locations. The program is required to address specific needs of the unit given the historical development of its business and therefore the practical work within this thesis shall start with an initial analysis of the status quo. The outcomes of the status quo analysis together with information related to employee engagement and virtual workforce available from the literature shall serve as the core inputs for the program design. After the program is designed and approved by the unit management the author of the thesis is also expected to kick-off and drive the program execution and, via a retrospective, to evaluate the results of its first phase. The thesis shall be concluded by recommendations for the rest of the employee engagement strengthening program execution.

Methodology wise qualitative and quantitative research methods will be used. During the preparation phase qualitative methods will be applied - interviews for
collecting the data within the status quo analysis, and a content analysis when evaluating the data collected, as well as when studying the selected literature related to the diploma thesis topic. After the start of the program a mix of qualitative or quantitative methods will be utilized to monitor its execution. With a defined frequency employee perception will be measured via a questionnaire; and in addition to that continuous observation will be in place.

Concerning the thesis structure, first theoretical background in relation to employee engagement and virtual collaboration, as well as more detailed information about the research methods, are introduced. Second, the main characteristics of the organizational unit in question are described. Then a separate chapter is dedicated to the initial analysis and its outcomes. And finally the employee engagement strengthening program is designed and its first execution phase is described and evaluated.
2 Theoretical Basis

2.1 Employee Engagement

The phenomenon of employee engagement has been described by a number of publications. While their authors might differ in their basic definition or guidance for increasing the level of workers engagement in an organization (both will be subjects of the following subchapters), they are quite unanimous when listing the benefits associated with an engaged workforce: high organizational performance, customer loyalty, employee attraction and ongoing innovation.

2.1.1 Term Definition

Several authors of books on employee engagement refer to Frederick Herzberg and his motivation-hygiene theory when looking at the roots of research around this topic. Herzberg (Harvard Business Review, 2003), based on his study of sources of employee motivation during the 1950s and 1960s, sets a clear split between aspects that make people at work satisfied and motivated (so called “motivator factors”) and aspects that make them dissatisfied (so called “dissatisfaction-avoidance or hygiene factors”).

In this context he also points out that feelings of job satisfaction and dissatisfaction are not opposite to each other. The opposite of job satisfaction is “zero satisfaction” and the opposite of job dissatisfaction is “zero dissatisfaction”. This implies that both groups of factors have to be handled when avoiding dissatisfaction and striving for motivated employees. The “hygiene factors” are extrinsic to the job and include aspects such as company policy and administration, relationship with supervisor and peers, working conditions, salary, status, and security. The “motivator factors”, that are intrinsic to the job, comprise interesting and challenging work content, recognition, opportunity to achieve and to grow into greater responsibility.

Herzberg states (Harvard Business Review, 2003) that motivation is about activation of our inner generator and suggests applying “job enrichment” to keep the generator running without constant re-charging. Job enrichment provides an opportunity for the employee’s growth via increasing employees’ accountability, giving them wider responsibility, easy access to information and opportunity to take
on more difficult tasks. Herzberg also recognizes the shift this means for managers: moving the focus from checking the subordinates work towards developing them.

Although Herzberg's theory addresses some of the core elements of employee engagement, the term "engagement" itself has been introduced only later. It was Kahn (1990), who described conditions of "personal engagement and disengagement". Since that moment the term definition has been further elaborated on and deployed in different variations.

According to Rice, Marlow & Masarech (2012) there are several misconceptions in place nowadays, when it comes to a public perception of employee engagement. They summarize them as follows:

- Some consulting firms might use the term engagement for traditional employee satisfaction surveys, restricted to employee feedback on HR policies such as work environment, benefits and compensation. This reflects the transactional employer-employee relationship, i.e. correlates with Herzberg's hygiene factors. And even when motivator factors might be covered in the surveys too, the satisfaction alone does not equal the engagement. But it is an important element in it.

- Other concepts might translate the term engagement more as intrinsic motivation. This is quite a good match with certain aspects of engagement, such as link to individual values, interests, goals. What is missing though is the fact that engagement is about a relationship.

- The terms engagement and retention shall also be strictly differentiated. The same decision (to stay with the organization) can be made by engaged and disengaged employees; what makes the difference is the reason behind that decision. The engaged employees stay because they like the work and want to contribute, the disengaged ones stay for what they can get (job security, career opportunities, etc.).

Rice, Marlow & Masarech (2012) define full engagement as "maximum satisfaction and maximum contribution". It is a win-win situation between the employee and the organization that can be expressed by the following equation:

\[ EE = MS^i + MC^o \]
EE – full employee engagement
MS – maximum satisfaction for the individual
MC – maximum contribution for the organization

The maximum satisfaction indicates the match with employees’ personal definitions of success, which relates not only to the income but also to values, career aspirations and personal development goals. These might differ from one employee to another, therefore the definitions of success are very individual and it is the conflation of all employees’ definitions and the level of fulfilling them that we refer to as employee satisfaction.

The maximum contribution stands for the willingness of employees to deliver the tasks defined by their jobs in such a manner that they strive to the best possible extent for achieving company goals, fulfilling its mission and realizing the company strategy.

The organizations engagement strategy is about managing this mutually beneficial relationship between the organization seeking maximum contribution and employees desiring maximum satisfaction. Engaged employees have therefore not only clarity and passion about their own future but also profound understanding of organization goals and are enthused about contributing to them with their talent and effort (Rice, Marlow, & Masarech, 2012).

The definition of employee engagement used in Towers Perrin study (2003) is very close to the engagement equation stated above. Two main groups of aspects, related to work and the overall work experience, are also recognized: the emotional and the rational ones. The emotional factors are related to people’s personal satisfaction and the rational ones refer to the relationship between the individual and the organization, in terms of understanding the company goals and actively taking part in the organization’s quest towards them.

Other authors limit their definition of employee engagement to the contribution aspects only and they describe it as the “degree to which people commit to an organization and the impact that this commitment has on how profoundly they perform and their length of tenure” (Federman, 2009).

Haurdan (2008) derives the employee engagement principles from engagement in our personal life, e.g. the way that sports or music fans get captivated
during a sporting match or a concert. He identifies four qualities ("roots") that form the foundation of employee engagement:

a) People want to be part of something big.
   In order to “think big” employees need to understand the “big picture”, i.e. the purpose of the business. And the organization’s mission, vision and values shall not only be clearly communicated but also demonstrated by leaders and managers and their everyday actions.

b) People want to feel a sense of belonging.
   In the business context this is about being asked for opinion and being listened to. When launching a strategy or a new initiative employees as well as managers usually are enthusiastic at the start and are offering their views and contribution. But if that is ignored their attitude changes to indifference and distrust and leads further to cynicism and apathy.

c) People want to go for a meaningful journey.
   The “journey” relates to the excitement from moving forward and “meaningful” stands for the sense of accomplishment that comes from achieving something that matters, something that is worth the effort.

d) People want to know that their contributions make a significant impact or difference.
   The engaged workers understand the difference their organization makes to its customers and how their job is contributing to it.

As demonstrated above there is not one common employee engagement definition that would be referred to by all listed publications authors. Although the cited definitions are not directly contradicting each other, they differ in their comprehensiveness. For the purpose of this thesis the definition introduced by Rice, Marlow & Masarech (2012) will be used as a basis with its Contribution part enhanced by the roots described by Haedan (2008). This combination best corresponds with the thesis author’s views built through 15 years working experience.

Therefore the employee engagement term within the framework of this thesis will be understood as the combination of the maximum satisfaction for the employee and the maximum contribution for the organization; where the maximum contribution goes hand in hand with people believing in the company journey and finding it
meaningful, feeling belonging, and understanding how they are personally helping to make a difference.

2.1.2 Engagement Drivers

Federman (2009) defines, based on his research, nine engagement drivers, and related examples, as follows:

- Culture: discrepancy between the espoused and actual culture has damaging impact on engagement. Employees distrust organizations where “what is said” does not match with “what is done”.
- Success indicators: clarity in how organizations success is defined and measured and how it is translated into every person’s work helps to understand how to contribute best. Measurements shall not be limited to financials only, since those provide only a backward look at performance.
- Priority Setting: organizations operate on limited resources and task lists of employees usually grow to a length that does not match capacity. If priorities are not set and made visible to employees, engagement is endangered due to burnouts.
- Communication: three aspects of communication are of particular importance in the context with engagement – communication content, communication clarity and communication channels.
- Innovation: not only limited to big innovation projects, but promoting the culture of every day improvements to every day work.
- Talent acquisition: well established selection and on-boarding processes contribute to reducing learning curves and increasing productivity.
- Talent enhancement: enabling employees to grow and change over time and managing the organizations knowledge to build long term capability.
- Customer/Business cycles: when employees perceive their organization as lacking customer focus, they question the integrity of the organization as a whole.
- Incentives and Acknowledgment: great attention put into this area might lead to complicated and politicized compensation structures that are counterproductive in relation to engagement increasing efforts. Sincere acknowledgment and gratitude for employee effort is needed here instead.
Another way to structure the engagement drivers is to group them according to the engagement equation model. The two main groups derived from the two axis of the model - Satisfaction and Contribution - are then enhanced with a third group of additional factors influencing the engagement ("Other").

A summary of most important engagement drivers, as presented by Rice, Marlow & Masarech (2012), is introduced in the Table 2-1.

<table>
<thead>
<tr>
<th>Satisfaction</th>
<th>Compensation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Compensation belongs primarily to drivers of attraction and retention rather than engagement. In the context with engagement, it is crucial to secure that the income level is seen as fair and that it develops over time in parity with employee skills and experience.</td>
</tr>
<tr>
<td>Career</td>
<td>Career development is on the other hand one of the top engagement drivers. It is vital for employees to perceive career opportunities and clear direction within the organization.</td>
</tr>
<tr>
<td>Job fit</td>
<td>Job fit refers to employees finding satisfaction and fulfillment in what they do every day. Usually that is conditioned by work content with meaningful purpose and sufficient control over how results are achieved; work content that is aligned with employees' values and interests, that allows them to use their unique talents and provides new learning opportunities.</td>
</tr>
<tr>
<td>Recognition and rewards</td>
<td>Recognition and rewards contribute to employees feeling valued and recognized, but similarly, as with career development and job fit, they are highly personalized, i.e. shall be always designed based on a profound knowledge of an employee's profile and preferences and targeted to communicate and reinforce the right behaviors (rather than short term wins).</td>
</tr>
<tr>
<td>Commitment to the customer</td>
<td>Exposure to the external customer is an important engagement increasing factor. Traditionally the members of units working close to the customer, e.g. sales or consulting, tend to have a higher level of engagement than the back office colleagues. The aim within engagement initiatives is to expand this experience to them as much as possible as well.</td>
</tr>
</tbody>
</table>

Table 2-1 - Engagement Drivers. Source: Rice, Marlow & Masarech (2012)
| Contribution | Clarity of priorities and alignment with overall strategy | A strong awareness of company priorities and strategy allow employees to apply their talents, be proactive and innovative, so they contribute to its realization. A clarity of company mission and vision also helps the understanding of own job purpose and the feeling of meaningful contribution. |
| Resources and tools | Resources and tools play an important role on the side of hygiene factors. Insufficient resources destroy satisfaction and engagement heavily. |
| Feedback and development | A natural pre-requisite for a higher level of contribution of employees is a good understanding of their to-date performance, strengths and weaknesses and opportunities to build knowledge and skills that the organization needs. This is in particular important engagement factor in high-tech firms. |
| Immediate manager | The immediate manager has a key role in all of the aspects listed so far. It is the immediate manager that knows best the person's individual aspirations and that can help to match them with organizational needs and goals. |
| Senior executives | Although not in every day touch with employees they have a strong influence on engagement and organizational culture through their decisions and behavior. |
| Other | Organizational change | Due to changing markets and customer needs organizations are forced to execute internal changes, such as new strategy, new technology, process re-engineering, reorganization, downsizing, job content re-definition. All of these, even if executed smoothly, always have an impact on employee engagement. |
| The world outside | Factors like industry trends, government regulations or competitors' behavior are beyond the organizations control but have to be responded to and should not be used as an excuse for low employee engagement. Even in difficult economic times it has been proven possible to increase employee engagement. |

Engagement drivers listed by several other authors are further presented only in a simple list format, since their meaning is not different from what was already
introduced above, but it is a good reference when looking for common patterns in drivers lists from different sources.

Table 2-2 Engagement Drivers as defined by different authors.

<table>
<thead>
<tr>
<th>Author</th>
<th>Engagement Drivers</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Haudan, 2008)</td>
<td>Priority setting and ability to close/stop actions with low priority; Sense of belonging; Leaders as translators of organizations strategy; Feeling safe to share opinions and ideas; to contribute; to make mistakes; Thinking big; Two-way communication; Creating ownership</td>
</tr>
<tr>
<td>(Sheridan, 2012)</td>
<td>Recognition; Career development; Direct supervisor leadership abilities; Strategy and mission; Job content; Senior management's relationship with employees; Open and effective communication; Coworker cooperation; Availability of resources to perform the job effectively; Organizational culture and shared values</td>
</tr>
<tr>
<td>(Kruse, 2012)</td>
<td>Consistent two-way communication; Employee growth and development; Recognition and appreciation; Trust in leadership and confidence in the organization's future</td>
</tr>
<tr>
<td>(Marciano, 2010)</td>
<td>R.E.S.P.E.C.T. (= Recognition, Empowerment, Supportive feedback, Partnering, Expectations, Consideration, Trust)</td>
</tr>
</tbody>
</table>

Towers Perrin study (2003) outcomes, representing views of more than 35,000 employees in U.S., offers an interesting comparison of attraction, retention and engagement drivers – see Table 2-3.
Table 2-3 - What it takes to attract, retain and engage employees.

<table>
<thead>
<tr>
<th>Top 10 Elements That Attract Employees (Attraction Drivers)</th>
<th>Top 10 Elements That Retain Employees (Retention Drivers)</th>
<th>Top 10 Elements That Engage Employees (Engagement Drivers)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pay</td>
<td>Pay</td>
<td>Pay</td>
</tr>
<tr>
<td>2 Competitive base pay</td>
<td>8 Competitive base pay</td>
<td></td>
</tr>
<tr>
<td>8 Pay raises linked to individual performance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Benefits</td>
<td>Benefits</td>
<td>Benefits</td>
</tr>
<tr>
<td>1 Competitive health care benefits</td>
<td>10 Overall satisfaction with benefits needed in day-to-day life</td>
<td></td>
</tr>
<tr>
<td>3 Work/life balance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4 Competitive retirement benefits</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Learning and Development</td>
<td>Learning and Development</td>
<td>Learning and Development</td>
</tr>
<tr>
<td>5 Career advancement opportunities</td>
<td>1 Career advancement opportunities</td>
<td>2 Challenging work</td>
</tr>
<tr>
<td>6 Challenging work</td>
<td>2 Retention of high-caliber people</td>
<td>4 Customer orientation</td>
</tr>
<tr>
<td>Work Environment</td>
<td>4 Development of employees' skills</td>
<td>5 Career advancement opportunities</td>
</tr>
<tr>
<td>7 The caliber of coworkers</td>
<td>8 Challenging work</td>
<td>10 Senior management vision</td>
</tr>
<tr>
<td>9 Recognition for work</td>
<td>3 Overall work environment</td>
<td></td>
</tr>
<tr>
<td>10 Reputation of the company</td>
<td>5 Resources to get the job done</td>
<td></td>
</tr>
<tr>
<td></td>
<td>7 Clear goals from manager</td>
<td></td>
</tr>
<tr>
<td></td>
<td>9 Manager inspires enthusiasm</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Awareness of the differences between top ten drivers for these three areas allows tailoring the reward programs for each of the purposes. Apparently there is no single reward element, or even single combination of reward elements, that could effectively influence all three.

2.1.3 Engagement Levels

Structuring the intensity of employee engagement into clearly defined levels shall help managers tailoring the support for their subordinates based on where they are on the engagement scale.

For the purpose of this thesis is taken as the most representative description of engagement levels the model introduced by Rice, Marlow & Masarech (2012) in the context with the engagement equation. Both parts of the equation -- satisfaction and contribution -- create two axes of the model and allow categorizing the engagement levels via a four-quadrant model: high-high, high-low, low-high and low-
low, where the high-high sector is further split into two ("The engaged" and "The almost engaged"). For a graphical representation see Figure 2-1.

![Engagement equation model](image)

**Figure 2-1 Engagement equation model. Source: Rice, Rice, Marlow & Masarech (2012)**

A brief description of the equation engagement model levels, as presented by Rice, Marlow & Masarech (2012), follows.

**Table 2-4 Engagement Levels. Source: Rice, Marlow & Masarech (2012)**

<table>
<thead>
<tr>
<th>Engagement level</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Engaged (high satisfaction, high contribution)</td>
<td>For the Engaged employees personal and organizational interests are aligned. They are the top performers and at the same time they get their personal aspirations satisfied. They use their talents to make the difference. Important characteristic to understand is that the Engaged level cannot be taken for granted. A change in any of the variables listed under the Engagement Drivers, e.g. a poorly communicated strategy, rapid change in priorities or an organizational change, can cause the Engaged employees falling into any of the lower categories, including the</td>
</tr>
<tr>
<td>Category</td>
<td>Description</td>
</tr>
<tr>
<td>----------</td>
<td>-------------</td>
</tr>
<tr>
<td>Almost engaged (relatively high satisfaction, relatively high contribution)</td>
<td>In this category we can find high performers that are reasonably satisfied with their jobs. Similarly to Engaged employees they are not thinking about leaving the organization, however when headhunters call, they are - unlike the Engaged - willing to listen to new opportunities. What can help to move them to fully engaged state may be a better understanding of their own needs and aspirations, inspirational leadership, better clarity of focus or more resources.</td>
</tr>
<tr>
<td>Honeymooners &amp; Hamsters (high satisfaction, low contribution)</td>
<td>The Honeymooners are newcomers or employees newly introduced to a role. They don’t understand fully yet, how to contribute to organizations success. The onboarding process has a key role here to bring them to the Engaged level. The Hamsters definition is derived from the pet hamsters’ behavior, i.e. either spinning the wheel, or snoozing in a cozy corner. The first group is represented by employees that are working hard, but on nonessential tasks. It can happen easily when a new strategy is launched and not communicated properly – people continue working on outdated priorities. The latter group are the hardly working Hamsters. They survive in the organization due to the shortcomings of the performance management system or ineffective managers or thanks to their specific technical expertise that is occasionally needed. They are unlikely to fall into the Disengaged category but very likely to impact negatively on engagement of their colleagues. And the manager’s capabilities are judged by the rest of the team based on his/her ability to deal with Hamsters.</td>
</tr>
<tr>
<td>Crash &amp; Burners (low satisfaction, high contribution)</td>
<td>The Crash &amp; Burners are employees that are top performers but not getting their personal aspirations satisfied, i.e. they are giving but not getting. It can be a temporary stage in situations where due to insufficient resources, or a colleague leaving the organization, or a large project, employees are filling in and taking heroic actions on jobs that are not matching with their</td>
</tr>
</tbody>
</table>
personal preferences. Another group of examples are IT professionals tired from waiting for the next big challenge, or high performing employees with high recognition needs when not being credited by others, or top contributors suffering from senior management missteps. The Crash & Burners can move into any directions within the engagement scale. They can find a way to change their job content within the organization to meet their expectations and become Engaged. They may also leave the organization to find the satisfaction elsewhere. But many unfortunately slip to the Disengaged category after a while. They stop working hard and their performance drop is negatively impacting others.

| Disengaged   | The Disengaged employees are the most disconnected from organizational priorities. They are not satisfied with their job and the organization is not satisfied with their contribution. They would prefer to leave; if they do, the issue is resolved. But a problem is that many of them don't leave. The negativity spread by the Disengaged employees is contagious. The Disengaged employees are also very hard to move to higher levels of the engagement scale. A new role assigned to them might help to re-inspire them; otherwise an exit is mutually beneficial (to the organization and to the employee). A manager that is not seen taking actions on a Disengaged employee loses credibility in the eyes of the rest of the team. |
| (low satisfaction, low contribution) | |

Other experts and authors, referred to in this thesis, use either categories with a very similar meaning or apply scales with lower granularity. Example of another scale: Highly Disengaged, Leaning toward Disengaged, Skeptic, Leaning toward Engaged, Highly Engaged (Federman, 2009).

Federman (2009) also provides an example of a typical employee engagement distribution, pointing out that typically only a very small fraction of employees is strongly connected to their work and organization (14% of Highly Engaged).
MacLeod & Clarke in the Engaging for success report (2009, p.15) look into the engagement levels across UK and they point out “a wide variation in engagement levels within UK organizations and companies, and between them. While the highest scoring companies report 23.8 per cent of their people in the high engaged category; in the lowest scoring companies only 2.9 per cent of their people are in the highly engaged category.”

In the BlessingWhite report (Employee Engagement Research Update, 2013) are introduced results of a survey collecting inputs from 7 068 respondents around the world during 2012. The respondent profile can be found in the Appendix Nr.1. The engagement levels in the report are identical with the engagement levels defined by Rice, Marlow & Masarech (2012) in the engagement equation model (see the descriptions earlier in this chapter). The summary graph of engagement distribution in different regions is presented in the Figure 2-2.

Figure 2-2 Engagement Levels by Region. Source: BlessingWhite report, 2013.

2.1.4 Engagement Measurement

There are two types of measurements to be taken into account in the context with engagement. The first one is about measuring the impact, i.e. ROI of engagement, or as Sheridan (2012) names it “Return on Engagement®”. The other
type of measurement is then looking into the engagement itself, i.e. what the engagement levels are.

a) Measuring the return on engagement

While some companies are focusing on finding the right way of measuring ROI in the context with engagement initiatives, others simply accept the premise that an engaged workforce is essential for company success. Since it is quite difficult to create a formula that would separate the impact of employee engagement from other organizational factors when measuring the overall performance, some companies choose to spare the effort that would need to be invested into a reasonably informative formula and refer to the obvious benefits that high engagement generates e.g. in terms of customer loyalty (Rice, Marlow, & Masarech, 2012). This approach will be also applicable for the practical work done within this thesis. The impact of the employee engagement on the business results is well known to the respective unit management, therefore the measurements will be focused on engagement itself.

b) Measuring the engagement itself

All publications authors referred in this thesis recommend periodic employee surveys as the main tool for measuring the engagement. These surveys are usually used as a channel to complement the informal employee feedback and staff focus groups (workshops with employees to brainstorm on improvements). Only small organizations might wish to limit their effort to the two latter ones, due to cost reasons. The main benefit of surveys, compared to the informal feedback, is disclosure of issues that people might be reluctant to discuss openly. And there is also a benefit related to the organization size: an organizational survey can reach every employee even in a very large organization.

There are several types of surveys introduced by different sources:

- Organizational survey

The organizational survey is a type of organizational assessment that aims to examine the overall state of affairs. The survey is usually open to the entire employee population and the target is to get as much participation as possible.
When it comes to its frequency most of the authors recommend a yearly cycle, but they also refer to companies that use a two or three years’ cycle. On the other hand Kruse (2012) emphasizes the need of measuring engagement more often than once a year and recommends monitoring the situation at least every 6 months.

Holbeche (2012) lists ten common themes that are typically used in engagement surveys by expert agencies: “pride in employer; satisfaction with employer; job satisfaction; opportunity to perform well at challenging work; recognition and positive feedback for one’s contributions; personal support from one’s supervisor; effort above and beyond the minimum; understanding the link between one’s job and the organization’s mission; prospects for future growth with the employer; intention to stay with the employer.”

- Pulse survey

The Pulse survey is meant to be a basic indicator of engagement throughout the year. It is a focused survey, limited to max 10 - 15 questions and usually involving only a subset of the organization. It is typically conducted on a monthly or quarterly basis and there are two types of Pulse surveys recognized: a general progress pulse and an initiative progress pulse. While the general one provides management with a regular quick read on certain engagement areas, the initiative progress pulse is built based on the action planning within the engagement initiatives, i.e. it is used to measure the progress towards the set goals (Federman, 2009).

- Stay interviews

It is a concept similar to the exit interviews (= dialogue conducted by HR with persons that resigned, in order to find out the reasons for resignation), only focusing on issues that make employees stay.

It is a one-to-one conversation between the manager and subordinates (usually applied when a new manager starts in his/her role), to find out about current perceptions of employees and how things are going for them (Kruse, 2012).

An effective survey provides a solid baseline and allows an internal comparison. While emphasizing the expertise needed to conduct an effective survey,
some authors, e.g. Holbeche (2012), highly recommend to hire external company for survey design and realization, to relay on the profound expertise and also due to the secured anonymity. Others, e.g. Kruse (2012), offer also the alternative of an in-house effort, especially when it comes to the Pulse surveys and Stay interviews.

2.1.5 Engagement Programs Recommendations

The authors referred in this thesis provide a number of observations and recommendations when it comes to design and execution of employee engagement programs. Those recommendations can be grouped as follows: effort duration, expectations, management commitment, working with diversity, process to implement, traps to avoid. Each of these groups is briefly elaborated on in the next paragraphs.

a) Effort duration

All listed publications authors agree on the long term nature of any engagement increasing program. Initiatives addressing employee engagement are therefore clearly distinguished from the short term incentives that boost employee activity for a concrete short term target. Pink (2010) goes even further and claims a damaging effect of the short term monetary rewards and pay-for-performance schemes. These rewards can bring a fast boost, but the effect wears off and in the long term can reduce person’s intrinsic interest for the activity.

b) Expectations

The aim of an employee engagement initiative is not about moving all employees to the highest level of engagement scale; that would be an unrealistic expectation. The impact is visible already if every employee is moving up a small bit (Federman, 2009).

It is also important to connect the engagement efforts with the business results from the very start. It shall be very clear to employees where the impact is to be created (Rice, Marlow, & Masarech, 2012).

c) Stakeholders

There are four perspectives introduced by Federman (2009) to be reflected when designing the employee engagement initiatives:
• Leadership/Organization: What can be done to create an organizational dialogue and promote transparency?
• Direct manager: What can direct managers do to help the employee engagement?
• Teams: How can teams create a work environment supportive for engagement?
• Individual: How can employees learn to increase ownership and accountability?

d) Management commitment

The process of creating a more engaged workforce requires a strong commitment from the leadership teams. The solid ground for employee engagement initiatives is built by starting from the top of the organization. The management team members have to be fully engaged themselves in order to jump-start others. Being a role model is a critical enabler for creating the culture that fuels engagement. Another main task of theirs is creating and communicating the organizational direction and vision and enabling the related career paths. And last but not least their constant dialogue with employees is a vital element for the engagement journey (Rice, Marlow, & Masarech, 2012).

e) Working with diversity

Sheridan (2012) refers to studies that prove a positive correlation between diversity satisfaction and overall job satisfaction, i.e. organizations where employees feel that organization treats employees of diverse backgrounds fairly, receive also higher employee satisfaction ratings.

Supporting a diverse environment means helping employees understand one another’s perspective via different educational activities, so people from all backgrounds can work together harmoniously and teams can benefit from the members diversity. Equally important is to review company policies and working practices so they are bias-free (Holbeche & Matthews, 2012).

f) Engagement initiatives process

Kruse (2012) sets the engagement process start with the survey design. Holbeche (2012) handles the survey process separately and continues with a
process of turning survey results into actions. The process flow recommendations from both of these authors have been merged together as follows:

- **Stage 1: Survey design and launch with a kick-off communication**
The extent of the survey design activities is dependent on the type of survey to deploy and whether an external agency is involved as a supplier. What remains as survey type independent is the importance of communication. A constant communication has to accompany the whole engagement process. Communication activities start already prior the survey to make sure that everyone understands the purpose of the survey and how he/she can contribute. The communication is continued while the survey is open in order to encourage for participation as many employees as possible.

- **Stage 2: Data analysis**
The data shall be evaluated in absolute terms (as a whole but also per workforce segment, especially when it comes to the organization survey, e.g. age, gender, position, length of service, department or country can be used for this segmentation), as well as in comparison with previous surveys. Workshops can be organized to dive deeper into certain improvement aspects revealed via the survey.

- **Stage 3: Leadership team commitment**
The action plan designed based on the survey conclusions has to be agreed on by the leadership team and it is also the leadership team who takes its ownership.

- **Stage 4: Results communication**
The survey results are to be communicated clearly, together with the action plan derived from them. Later on the plan execution has to be made very transparent via regular communication activities.

- **Stage 5: Conclusions – measurement and improvement**
The last process stage relates to the preparation for the next round of the survey. It involves evaluation of the improvements achieved. Also lessons learnt from the whole process are to be collected in order to build on them in the next round of the survey and in the continuing organizational improvement effort.
g) Common traps to be avoided

Two aspects deserve a high attention based on the lessons learnt from different engagement programs: over-analysis and overload.

- Over-analysis
  Since engagement is individualized (stands for a sum of each employee engagement), also the data that we collect about engagement improvement needs might show a significant complexity. This fact may easily lead to over analysing. Instead of analysing all elements that influence engagement in a particular organization, it is recommended to select a few factors and start acting on them (Rice, Marlow, & Masarech, 2012).

- Overload
  According to Haudan (2008) there is a danger of a “reacting mode” that is preventing the engagement and caused by being overwhelmed. It is the mixture of new strategies and priorities and old initiatives that creates the sense of being overwhelmed. Frustration connected with adding and never taking anything away is caused by the fact that individuals are left in a completely reactive mode, and with a feeling of lost control. People feel hopeless and disengaged.
  The solution is to set clear priorities and an ability to stop certain initiatives, so there are also things removed from task lists. In this context Haudan (2008) also refers to a question recommended by Drucker to recognize an effective leader: What have you stopped doing in the last two months?

2.2 Virtual Workforce and Virtual Teams

The ambition for this chapter is not in any way to provide an exhaustive guidance for management in virtual teams; that would be a topic for a separate thesis. The aim here is to highlight the specifics of a virtual environment, in order to reflect them in the engagement program design. But before diving into the impact that a virtual collaboration has on the way organizations function, it is useful to set the basic terminology.
2.2.1 Term Definitions

It is similarly difficult to find the “one common definition” for virtual teams, as it is for employee engagement (see Chapter 2.1.1.). However, despite the fact that the definition differs from author to author, the core meaning remains. It can be expressed via the main characteristics listed by Duarte & Snyder (2006, p.8): virtual teams are “teams that cross boundaries related to time (time zones), distance (geography) and organization”. Working across time zones makes communication and collaboration at the same time problematic. Working across national borders adds the challenges related to different languages and cultures. And working across organizations (including both setups: completely separate organizations like suppliers and partners, as well as within the same organization the cross-units virtual teams) brings in the element of different working methods, practices and goals, together with the communication technologies variety. And it is not only about the portfolio of communication and collaboration tools in use but also about the different level of competence related to their usage.

Some authors recognize two basic formats within the framework of a virtual collaboration: a virtual team and a virtual workforce. Lee (2013) defines these terms as follows:

- A virtual team is a group of employees, who work dispersed across time and space, utilizing technology to execute together a certain task or reach a certain goal. The team members tend not to meet face to face. They are not working from home but from the office, only being located in different parts of the world.

- The term virtual workforce is used when an organization enables one or several employees to work part or full time in a virtual workplace, i.e. from home, hotel, car etc. The utilization of this concept has to be business needs driven and its success is dependent on involving people, who are self-motivated and who are having certain behavioral and technical competences (in addition to the appropriate material enablers, such as a home office with a good connectivity).

From the thesis author’s point of view these two concepts are not separated. The so called mobile or telecommuting workers, i.e. those who fall under the concept of “virtual workforce” are usually members of a team anyway, which will be naturally a
virtual team, i.e. in the further text these two terms will be treated so, that mobile workforce inherits all characteristics and challenges of a virtual teams, but adds one more challenge of ensuring that the “home office team members” feel themselves to be part of the team, part of the company culture and socially integrated. Therefore the “virtual team setup” will be used as the merging concept hereafter, where at certain points might be added the extra perspective of virtual workforce.

2.2.2 Virtual Teams Specifics

Although the same purpose applies for virtual teams as for conventional teams, i.e. the purpose is to make people achieve results together; the managerial practices for virtual teams cannot be simply copied. There are several specifics that need to be taken into consideration and reflected in actions when working with virtual teams. Evangelu & Grundel (2011) describe the following areas:

a) Anonymous communication

Virtual team members rarely and in some cases never meet face to face and therefore don’t have the natural opportunity for social interaction. Its lack is behind the biggest challenge of virtual teams: a high degree of anonymity among team members. The perception of colleagues in virtual team can be reduced to photographs in intranet, or in a worse case even to a name or an email address only.

b) Team roles and (un)natural social relations

Virtual teams are usually brought together at a much higher speed than conventional teams and the selection criteria for team members are often limited to their professional profile only. There is rarely time and opportunity to pay attention to the personal characteristics in order to secure that all team roles are covered, as it is done in conventional teams, where social relations and effective communication flows are built on the basis of naturally established team roles.

c) Work scope complexity

Since the concept of a virtual team enables the connection of experts from all over the organization it is often used as means to solve complex problems. Team members represent different functions and are specialists on a specific area. This is
quite different from conventional teams, solving problems within a function and combining expertise on the same field.

d) Priority conflicts

Virtual team members belong to different line organizations and also might be involved in more than one virtual team. That easily leads to clash of priorities coming from managers of those different entities.

e) Different cultural and professional backgrounds

As already stated earlier, very often in virtual teams people are brought together representing different cultures and also different professions. Both influence heavily the working practices and habits that team members bring with them to the team and can easily cause conflicts or misunderstandings.

f) Different statuses in organization hierarchy

Virtual teams can consist of people working on very different levels of company hierarchy. That can also mean different behavior, preferences, interests, lifestyle, specific ways of expressing themselves and different definition of professional prestige. For a successful functioning of a virtual team it is vital that they are able to respect and support each other despite those differences.

g) Different motivation for achieving team goals

Although all team members share the same team goal, the impact of achieving or not achieving it might be very different to different members. This again links to the different functions they are representing, e.g. virtual team that has a goal to win a bid with a new customer might have members from sales, finance, legal and delivery unit and their dependency on the project success and therefore also motivation level might differ.

2.2.3 Virtual Environment Impact on Organizational Effectiveness

Since different authors structure differently their thoughts on impact of virtual environment on the organizational effectiveness, a common framework had to be chosen to merge them. The "McKinsey 7S model" has been selected as the basis
framework within this thesis, as all of the elements defined in the model are, in one way or another, affected by the phenomenon of virtual teams.

The “Mc Kinsey 7S model” consists of seven internal interdependent factors that need to be aligned and reinforced in order for an organization to achieve its objectives. The factors are classified into "hard" and "soft" elements. "Hard" elements - strategy, structure and systems - are easier to identify and management can directly influence them. "Soft" elements - shared values, skills, style and staff - are more difficult to describe and less tangible, however equally important for the organization success.

The observations related to virtual workforce and virtual teams from several authors - (Duarte & Snyder, 2006), (Lee, 2013), (Zofi, 2011) - have been merged into this chapter that is structured according to the McKinsey model.

a) Strategy

In many industries the virtual collaborations expose companies to much wider competition than ever before (global competition). This has to be reflected when defining the company goals and when setting the journey towards them.

On the other hand the virtual collaboration opens new opportunities when it comes to allocation of a firm’s scarce resources, specifically in terms of human capital. It is possible to connect geographically distributed talents from different parts of the organization, to work together on the same team and in the same strategic assignment.

The virtual workforce concept shall be also evaluated in the context with the business needs within the strategy work and if applicable, it has to be further reflected in the company systems.

b) Structure

The company structure has to have inbuilt enablers for work in virtual teams as a vehicle for projects execution. The structure can be also enhanced with other virtual elements, such as “virtual networks” that are typically used for competence development related goals.
c) Systems

The company systems, i.e. procedures, processes and routines, need to be developed and tailored to provide adequate support for the environment where face to face interaction is limited. In particular the HR policies and processes have to be paid high attention to, so employees in virtual teams don’t feel overlooked by their remote manager, when it comes to recognition or career development.

Also an efficient communication system has to be established, meaning that all team members shall understand in the same way how the different communication and collaboration tools (e.g. email, instant messaging, telephone, audio and video conferencing, document sharing systems) are to be used, i.e. in which situation and context is what tool most suitable and what response times can be expected within those. Unless this is clearly defined, different expectations based on personal preferences can be at play and can have a significant negative role when building trust among the team members.

In case the virtual workforce concept is applicable, this has to be also reflected in the systems. The setup can be only beneficial if applied on jobs that are eligible for it (e.g. IT positions, marketing, consulting) and people that have the needed personal profile (self-motivated, easy to work independently) and competences (technology savvy). In this context it is recommended to have a company policy in place for virtual workplace work.

d) Skills

For a virtual collaboration to be successful and efficient certain soft skills are demanded cross the whole organization. The list of these soft skills is not much different from standard people skills, only a new dimension is added to them. Building a good team spirit or resolving conflicts is more demanding in an environment without personal acquaintance.

Another crucial element for members of virtual teams is the command of communication and collaboration tools. The virtual meetings efficiency is dependent on the level of technical skills of all participants, as well as on technology reliability. Disturbances to audio or visual transfer can be very demotivating, especially when trying to solve an urgent problem together.
And last but not least the organization utilizing cross borders virtual teams shall support cultural diversity education. The more insightful team members are about different cultures strengths, the better the virtual teams can benefit from them.

e) Staff

A good overview of employees and their capabilities is necessary in order to staff virtual teams correctly and smoothly.

Within the teams then a profound issue is to get team members to connect and develop the collective energy for pushing tasks forward and achieving results. The role of good communication is here even stronger than in standard teams, especially when it comes to sharing the same vision.

f) Style

Leadership style and managerial behavior needs to include special practices compensating for the lack of personal contacts. In teams being physically present in one location there are many opportunities for managers to observe team dynamics and people standard behaviors. That creates a good basis for understanding the different personalities of team members and also a daily opportunity for providing guidance towards the common goals. For the remote subordinates different additional channels have to be established in order to achieve a similar level of insight and commitment.

Special attention needs to be paid to employees working from outside of the office (virtual workforce concept). It is vital to make virtual workers feel that they are part of the team (and not “living on an island”). It is important to ensure that all employees are treated equally across the whole organization (mitigating the risk that the talents in the office are more visible than a high potential employee working all the time virtually).

g) Shared values

Shared Values play a very strong role in virtual environment, since virtual collaboration very often involves people from different nationalities. In this cultural diversity context the shared values represent a connection point that all virtual team members can relate to.
2.3 Employee Engagement in Virtual Environment

Since no comprehensive publication had been detected that would connect both concepts, the thesis author worked out an own analysis by evaluating the impact of the virtual team specifics (see Chapter 2.2.2) on the employee engagement drivers (see Chapter 2.1.2). The purpose of this analysis was to identify possible risks and dependencies to be reflected while designing the employee engagement strengthening program. The engagement drivers are the pillars of the program and looking at them via the paradigm of virtual teams shall result into a clearer picture of the landscape in which we need to navigate while designing the engagement increasing initiative.

2.3.1 Virtual Teams Specifics versus Engagement Drivers

When it comes to the engagement drivers a shortlist had been created for this purpose from the summary of factors gathered in the Chapter 2.1.2., so that drivers raised by the most authors are included. In this context one more term definition has to be added - employee empowerment, since it is an umbrella concept for several items from the drivers list.

Employee empowerment stands for providing employees with the sufficient training, information and authorities they need to be successful at their jobs execution. From leaders it requires making sure that employees have sufficient control, autonomy and influence over their area of responsibility (decision making power; and also opportunity to contribute with inputs when it comes to decisions that are made above their authority and that are affecting their work). Employees are "encouraged to take educated risks, seek novel solutions and treat mistakes as learning opportunities." (Marciano, 2010, p. 103)

There are several enablers for employee empowerment: clear definitions of job contents and related responsibilities and authorities, a good match between the job contents and employee skills (i.e. includes needed trainings) and access to information necessary for the job execution (Barger & Kirby, 2011). A crucial part of this information is a clear and consistent definition of organization focus based on its vision and mission. This insight is necessary for employees to be able to take the educated risks (Marciano, 2010).

Based on the empowerment definition the following drivers from the Chapter 2.1.2 have been gathered under the umbrella of this term: Job content; Job fit;
Feeling safe to share opinions and ideas, to contribute, to make mistakes; Creating ownership; Availability of resources to perform the job.

The overview of the virtual teams’ impact analysis outcomes is presented in the Figure 2-3.

<table>
<thead>
<tr>
<th>Engagement drivers</th>
<th>Virtual teams specifics</th>
<th>Anonymous communication</th>
<th>Team roles &amp; social relations</th>
<th>Work scope complexity</th>
<th>Priority conflicts</th>
<th>Different cultures &amp; professions</th>
<th>Different status in hierarchy</th>
<th>Different motivation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clarity of priorities and Strategy</td>
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<tr>
<td>Customer focus</td>
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<tr>
<td>Communication</td>
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<td>X X</td>
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<td>Recognition and Appreciation</td>
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<td>Career development</td>
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<tr>
<td>Employee empowerment</td>
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<td>Supportive feedback</td>
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<tr>
<td>Immediate manager</td>
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<td>X</td>
<td>X</td>
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<td>X</td>
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<tr>
<td>Senior executives</td>
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<td>X</td>
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</table>

*Figure 2-3 Virtual team specifics impact on engagement drivers - Analysis outcome summary. Source: author.*

The ambition of the analysis was not to describe all possible relationships and dependences between virtual teams’ specifics and engagement drivers. Instead, the aim was to address the most significant findings that should, based on the thesis author’s experience, be taken into consideration when designing and driving an engagement program in the distributed environment. A more detailed description of the background that led to the conclusions presented in the Figure 2-3 is shared in the next paragraphs dedicated to the engagement drivers one by one.
a) Clarity of priorities and Strategy

It is a hard enough task to bring clarity of priorities and strategy into the conventional teams, since today's businesses are exposed to a permanent need to change based on the fast market development. The fact that the virtual teams usually deal with a very complex work scope and that the employee participation in different teams adds an additional need for priority clarity, makes this engagement driver even more crucial and has to be paid a strong attention in the employee engagement program.

Also the professional diversity of the virtual teams shall be addressed in the strategy content. It shall be possible to cascade it down to all functions involved in the virtual teams, so every professional within the organization gets a clear understanding, how he/she is supposed to take part in the strategic journey.

b) Customer focus

Focusing on the customer and making whole organization aware of the customer value aimed shall help to tackle the anonymous communication and motivation differences. Understanding of the impact that shall be generated for the customer, together with the clarity on how different roles contribute to this goal, shall decrease the anonymity. Also when it comes to the motivation differences, the customer value shall serve as the unifier for team members representing different functions in the organization.

c) Communication

Communication is affected by all key characteristic of virtual teams. When communicating about the program, as well as within the program, i.e. including the organizational dialogue related to any of the engagement drivers; it shall always be taken into consideration that the target audience consists of representatives of different cultures, professions, hierarchy levels and functions.

The communication system has to be designed in such a way that it decreases the anonymity within the virtual organization and helps building the social connections, i.e. shall include additional channels and activities dedicated to employees getting to know each other better.
d) Recognition and Appreciation

Setting clear recognition and appreciation criteria and making them fully transparent for the whole organization shall help to deal with the function based motivation discrepancies, provided the criteria include aspects supporting the one team spirit and cooperation.

On the other hand designing that recognition and appreciation scheme will be a demanding task since in order to make it fair for all employees, it has to reflect the work scope complexity and also different cultural preferences concerning the appreciation and recognition means.

e) Career development

Similarly, when it comes to the career development perceptions the cultural differences have a large role here. While for some cultures the horizontal and vertical growths are comparable options, in others the vertical growth is prevailing.

Also employee turnover is affected by the cultural context. In some cultures career development within the same organization is equally valid, or in some cases even more valued than changing employers, while in others a good career development has to include the moves from one company to another. This aspect has a tight connection to the employee development in roles that require longer term educational programs (e.g. if it takes two years for an employee to grow into a certain role, while investing heavily in his/her competence development, it presents a problem if the employee stayed only for one year after that) and therefore the career development system has to be very smartly balanced so the organizations ROI on competence development is not suffering and still employees from different cultures can grow into different roles.

f) Employee empowerment

One of the basic enablers for the employee empowerment is a clear definition of the job content and related responsibilities and authorities. A complex work scope and possible priority conflicts, common in the virtual teams, might make it more difficult to be very specific about each employee responsibilities.

On the field of the authorities’ definition and securing that employees have sufficient control and influence over their area of responsibility, it will be important to
take the cultural context into consideration. Employees from cultures with significantly different Power Distance Index (Hofstede, Hofstede, & Minkov, 2010) would be expected to have diverse preferences, e.g. concerning the degree they are comfortable with influencing upwards. Also the primary targeted areas of influence might differ between cultures with stronger masculinity versus femininity (Hofstede, Hofstede, & Minkov, 2010).

g) Supportive feedback

In a similar way cultural backgrounds should be respected when building the feedback culture. Again the Power Distance factor will have a major impact here on what feedback provisioning practices are acceptable.

Furthermore the anonymous communication represents a serious obstacle for the feedback culture. Social relations are an important pre-requisite for handling the feedback in a sensitive and effective manner.

h) Immediate manager

The immediate manager is in his/her daily work affected by all aspects of the distributed environment. And vice-versa, he/she also has a large impact on how well the virtual teams and engagement initiatives challenges are handled. The direct manager is the one who needs to work with employees of distinct cultures and professions on daily basis and who can drive activities helping the team spirit and social relations. Also he/she supports employees in navigating in the complex assignments and directs their motivation towards the common goals and priorities.

i) Senior executives

Senior executives in their dialogue with employees are to ensure that their decisions and strategic choices, and from them derived priorities, are understandable and implementable throughout the organization. In their decisions they shall reflect the complexity of the business and the cultural diversity within the organization. Their clear messages shall guide employees in the complex work scope and streamline efforts towards well understood organizational goals.
2.3.2 Interconnections as Benefit and Risk

From the analysis presented in the previous chapter it can be concluded that the success factors of both concepts – employee engagement and virtual team management - are strongly interconnected; therefore improving one of them is very likely to have a positive impact on both areas. However, the same fact makes the improvement initiatives also more risky; the drivers’ dependency means that failing to tackle any of the drivers correctly will have a double negative effect: decreasing the engagement and deteriorating the virtual collaboration.

2.4 Methods

Qualitative and quantitative research methods have been used within this thesis. In the preparation phase a content analysis has been applied on the selected literature related to the diploma thesis topic. In addition to that the author of the webinar on virtual teams and taskforce, Mr. Raymond Lee, has been interviewed via phone, to inquire on more resources related to the topic.

Within the Status Quo Analysis a similar set of qualitative methods has been utilized: interviews with individuals and workshops with teams for collecting the information; and a content analysis for the gathered data evaluation.

The actual engagement program execution is then primarily monitored via a regular survey (quantitative method), combined with observations and random feedback collection as a qualitative method.
3 Organization Description

The assignment of this thesis was initiated by a leadership team of a strategic business unit (SBU) within a large international corporation. Due to the sensitive nature of the information included in this document, the corporation and SBU names will not be disclosed. Substitute names – TopIT Corporation and PN Unit - will be used instead.

TopIT Corporation is a large international IT company with several thousands of employees located in offices all over the world. The PN Unit within is a provider of an extensive portfolio of cloud services to several markets and the PN team consists of roughly 200 employees that are distributed in four countries (Sweden, India, Finland and the Czech Republic) and nine offices. In addition to that there are also a number of remote workers – experts working primarily from a home office.

Historically the country teams had been operating more or less independently and for decades serving the local markets customers. In the context with the globalization the need emerged to serve the international customers across borders. To enable smooth international deliveries several programs have been launched to unify the different team’s processes and technologies into a common framework for the whole PN unit. In relation to these changes a need for a new organizational structure for PN had been raised. This historical development was one of the reasons for conducting the initial Status Quo Analysis before starting the engagement program design.

The corporate environment represents for PN benefits in the form of ready-made systems, tools and processes, but at the same time also brings limitations to the engagement program, such as limited flexibility for mandatory process tailoring and launches of cost savings measures (e.g. travel ban, hiring freeze or downsizing) that are out of influence of the PN leadership team.

There are two more limitations to be taken into account when drafting the PN improvement program. When it comes to the engagement surveys, there is a corporate-wide survey already in place, conducted on a yearly basis. And since it is quite extensive one, any PN engagement measurements shall have a very light format. And last but not least it might be difficult to gain trust for an engagement improvement program, since the corporate top management had been exchanged twice lately and there were cultural change programs launched, but not finished.
4 Employee Engagement Status Quo Analysis

All actions executed within this thesis assignment were aiming to address both dimensions of the engagement model: organization success and employee satisfaction. Therefore also the initial analysis was designed to collect information about employee perceptions within both of these areas. A special attention was paid also to the cross border cooperation, since this was the aim of the initiatives launched earlier to make the unit work as one team. And last but not least the competence management was raised as a separate topic, due to its importance among the engagement drivers.

4.1 Process and Methods

Process wise the Status Quo Analysis had been organized as follows. First the analysis scope and format had been agreed with the PN leadership team. Then the interviews and workshops questions had been drawn up and the sample had been defined in cooperation with the country management teams and local people managers. After the interviews and workshops were executed, the collected data were analyzed and processed into a summary report and a proposal for the improvement program scope. A review of the analysis report and proposal by the PN leadership team was conducted and the proposal had been approved.

The analysis scope was defined by two questions aiming to make employees reflect on the organizational capabilities as well as personal priorities concerning the competence development:

- How competent is PN unit as a whole to be successful at its business
- What are the strengths and weaknesses of the competence development in PN

As means for collecting their answers two formats were introduced: individual interviews with selected employees (sample including representatives of all teams and all roles within PN), and team workshops organized in each of the PN offices (nine locations); these workshops were open to all employees interested to participate and share their opinions.

The individual interviews were conducted as face to face discussions. The set of questions drawn for the interviews consisted of open questions (the concrete list of questions can be found in the Appendix Nr. 2). Altogether 69 interviews took place
and all of them were conducted by the thesis author. The information shared had been captured by taking notes during the interviews.

The workshops were using the “world-café” facilitation technique, i.e. participants were split into four groups, each of them brainstorming around one of the workshop questions (for more detail about the questions see also the Appendix Nr. 2). During the workshop the participants were rotating between the groups, so by its end every employee (apart from the group moderators) had contributed to all of them. Workshops were attended by 81 employees and facilitated by the thesis author. The information gathered via the groups brainstorming had been captured by taking notes during the final presentation of each group.

4.2 Analysis Outcomes

Notes from all interviews and workshops were thematically analyzed and as the result a summary of PN unit strengths and a shortlist of PN improvement areas have been produced. Based on the improvement shortlist the vision for the improvement program has been drafted.

The most important PN unit’s strengths as they were expressed by its employees are presented in the Figure 4-1.

- We are in a very interesting business
- We have the right solutions
- We have extremely knowledgeable, driven and engaged people
- We have great people relations, we feel being listened to, everyone always ready to help
- We appreciate the open culture
- We have done a great progress on the journey towards one PN over the last couple of years
- We have great success stories to learn from

Figure 4-1 Status Quo Analysis - PN units strengths

When comparing the revealed strengths with the top engagement drivers shortlisted in the chapter 2.3.1, it can be concluded that senior executives as well as immediate managers are in a good dialogue with the employees and the organizational culture in the unit is generally appreciated. Also it is possible to identify a pride in what the unit does and how knowledgeable its members are; which are
important elements within the employee empowerment, as one of the key engagement drivers.

The most urgent improvement areas that were raised by PN employees are shown in the Figure 4-2.

- VN Strategy & Goals clarity (Leadership & Execution)
- Product management & Customers/Markets understanding
- Defined roles & responsibilities
- Achievements recognition
- Common way of working
- Lack of communication & cooperation
- Competence management process

Figure 4-2 Status Quo Analysis - Top 7 improvement areas

An interesting finding is that the list of PN improvement areas can be easily mapped against the shortlist of the top engagement drivers gathered from the literature. Most of the items on the PN list have a direct counter-item among the engagement drivers. The remaining two ones (Defined roles & responsibilities; Common way of working) are indirectly represented by the empowerment driver, since they both lead to job content clarity.

Based on the identified improvement areas the vision for the improvement program was created. Since it was agreed that the improvement program would last two years, each of the improvement areas had been described for the vision by the end result that shall be achieved at the end of the two years period.

The program vision had been reviewed by the PN leadership team and its approved version is shown in the Figure 4-3. Its content had been used as the main input for the engagement strengthening program design, together with the academic recommendations gathered in the Chapter 2 (Theoretical Basis) of this thesis. The communication of the vision towards the whole PN unit had been included in the kick-off session of the improvement program.
<table>
<thead>
<tr>
<th>PN Purpose &amp; Vision &amp; Strategy &amp; Goals</th>
<th>are well understood and cascaded down to every role action plans &amp; every person development plans &amp; actions.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product roadmaps</td>
<td>are defined and well reflected in our decision making processes. We all understand the value for our customers and how each of us contributes to it.</td>
</tr>
<tr>
<td>All roles &amp; responsibilities are defined. Each role has competence profile and levels defined. A matrix of personnel versus existing roles and services is in place.</td>
<td></td>
</tr>
<tr>
<td>Performance is evaluated</td>
<td>against clearly defined criteria - top achievers are acknowledged, low performers are tackled.</td>
</tr>
<tr>
<td>We have a common way of working</td>
<td>processes well established and continuously improved. We value, share and utilize lessons learnt.</td>
</tr>
<tr>
<td>We make best use of our talents and benefit from our diversity. We have a culture and work environment supporting personnel growth and engagement.</td>
<td></td>
</tr>
</tbody>
</table>

Figure 4.3  PN Engagement Improvement Program Vision
5 Employee Engagement Strengthening Program

By the time this thesis is being finalized the program had been running for seven months (out of the planned two years duration). Therefore in this chapter, first the so far realization is described and evaluated; then the recommendations for the next stages are introduced.

5.1 Program Design

When designing the program the aim was to benefit from the knowledge available from the academic sources, hence the recommendations listed in the Chapter 2.1.5 had been reflected. The following paragraphs are structured in the very same way as the recommendations chapter in order to explain their implementation one by one.

a) Effort duration

The program had been planned for two years, with the understanding that it will take even longer to see some of the benefits generated by it. In some areas, like the recognition and achievement scheme, the program can - within the given timeframe - only build the framework and it will take additional time to have the framework fully deployed.

b) Expectations

The communication campaign around the program introduced the slogan "Irresistible PN" to make the expectations transparent. It was explained that it stands for PN being irresistible for both, its customers and best talents in the industry, meaning that the aim is to have satisfied customers and employees. These two dimensions are also reflected in the measurements. In the regular program survey, employees are rating on the scale from 1 to 10, how irresistible PN is for customers and for employees. The initial survey outcome for both was slightly above 5. The aim of the program is to reach 8.

c) Stakeholders

The four key stakeholders groups have been taken into consideration as recommended, but not all of them were addressed via direct actions from the
program start. The cooperation was started on the PN leadership team level and also on the individual level (all employees were encouraged to participate in the program). The stakeholder group of direct managers and teams was affected by the planned reorganization; therefore the active interaction here had been postponed after the new organization launch.

d) Management commitment

A strong commitment from the PN leadership team members was obvious from the very start, since it was them who initiated this program. They have been, and still are, involved in regular reviews of the progress and also taking ownership of scope items within the program. They also participate the regular communication sessions, where achievements of the program are presented to the whole PN Unit.

e) Working with diversity

A special attention had been paid when agreeing the scope items for the first iteration of the program, so it includes such a variety of improvements that employees different parts of the organization could find something in it for them to contribute to.

Also it is planned for later stages of the program to launch different educational activities related to cultural awareness.

f) Engagement initiative process

The process introduced in the Engagement Programs Recommendations Chapter had been tailored for PN unit’s purposes as follows:

- Stage 1: Status Quo Analysis and Leadership team commitment
  The Status Quo Analysis and the role of the PN leadership team within, has been described in a separate chapter (4 Employee Engagement Status Quo Analysis).

- Stage 2: Communication kick-off
  The communication around the “Irresistible PN” program had been kicked-off in a response to the interviews and workshops conducted within the Status Quo Analysis. In the kick-off meeting the summary of analysis outcomes was presented and the improvement program was introduced. It
was also emphasized that every employee is invited to join the program and it was explained how everyone can contribute.

- Stage 3: Survey design
  As described in earlier chapters the TopIT Corporation is already using an extensive employee engagement survey that is repeated in yearly cycle. Unfortunately the data from this survey are not sufficient for measuring the progress within this program; firstly because the frequency is too low and secondly the survey outcomes reflect more the up to date situation in the Corporation, rather than the whole year reflection (e.g. in case of downsizing efforts just prior the survey, employee opinions are heavily impacted). Therefore it was decided to add a PN own pulse survey (for more details see the Chapter 5.4).

- Stage 4: Measurement, improvement and results communication
  The program is structured into so called “Packages”. At the end of each package lessons learnt from program participants are collected in order to improve the way of working, and also the pulse survey is conducted in order to measure the progress from the PN employees’ perception. Both outcomes are shared in regular communication sessions that take place at each Package closure.

  g) Common traps to be avoided

Both of the possible challenges listed in the Chapter 2.1.5 were, and still are, applicable in the PN case.

- Over-analysis
  Even if all the data collected during the initial interviews and workshops were processed into seven improvement areas only, correctly prioritizing the tasks within those seven areas is a very difficult task. The reason for that is that there are many interconnections between those areas and these dependencies make the picture very complex. Just one very simple example out of many: the roles definition shall be derived from the processes, but the processes have to be harmonized first. For the process harmonization work the correct stakeholders shall be nominated, but that is
not so easy when the same roles are executed differently in different teams.

In addition to these interconnections, each of the deliverables within internal improvements is affected by the quite complex PN business – an extensive number of products, using a number of technologies and delivered to a large numbers of customers. Internal improvements have to reflect the different needs coming from this complexity.

In this environment the danger of slipping into over-analysing is present on a daily basis. It requires a constant reminding to simplify the picture and start acting with small but concrete steps and adjust as we go.

- Overload

The biggest challenge when designing the program was to deal with a critical lack of resources in the PN unit. Due to a large number of customers served, a lot of customer projects are ongoing in parallel, and on top of that there are running also the internal product development and technology renewal projects, utilizing the same resources. The situation had been worsen yet by the fact that couple of employees left the organization and it was impossible to hire replacement due to the corporate recruitment ban.

Launching a new program – the employee engagement program – was adding another activity to the already overloaded resources. The obvious solution would be, as recommended by Haudan (2008), to stop certain older initiatives. But without the clear strategy in place at the same time there is not a solid basis for making this difficult decision in the most reasonable manner.

Therefore the program had to be built on the understanding that the progress at the start would be limited to very small steps and only later when more enablers are in place, bigger packages can be processed.

5.2 Program Organization

When setting up the program organization it was searched for a solution that would satisfy certain goals derived from the PN specific needs:
a) The realization of the program has to be feasible

Given the PN employees workload situation, the program organization had to support the approach of small steps, but at the same time putting emphasis on being consistent, i.e. progressing slowly but steadily.

b) All possible synergies have to be utilized

PN unit has a long and successful history. The program organization shall support benefiting from all the great stuff that already exists in some parts of the organization and also help avoiding any duplicate/parallel effort caused by a lack of transparency (e.g. similar improvements initiatives ongoing in different parts of the distributed environment of PN unit).

c) PN employees shall feel engaged in the program

A pre-requisite for this feeling is a proper communication, therefore the program organization shall have communication framework inbuilt. And the term communication shall be understood in the true meaning of this word, i.e. standing for a dialogue between the program and employees; not only the one sided information flow from the program to the employees, but also the channel for the employees’ opinions about the program and its deliverables to be heard.

Guided by these goals the program organization was designed. The first goal suggested iterative approach; therefore the main concept had been borrowed from the SCRUM methodology. The concept of time-boxed "sprints" had been translated into "Packages". A mechanism had to be established to allow initiatives all over PN unit to enter the scope of this project and also get visible to others via the communication framework. The resulting Program organization is shown in the Figure 5-1.
The upper part of the picture (Figure 5-1) represents the Package scoping. Together with actions derived from the program vision also all other ongoing PN internal improvement initiatives shall define the deliverables to be achieved within the package. This shall not only bring a good visibility of ongoing activities in different parts of the organization but also enable a smooth coordination among all the initiatives. It shall be easy to identify the synergies while planning together the next package outcomes.

The middle layer (Figure 5-1) shows the "packaging concept" itself. Again the main characteristic here is inspired by the SCRUM methodology – the packages are time-boxed. The package duration was set for two months; therefore the scope of a package shall be always defined by statements describing how the outcomes look like in two months – see the Figure 5-2 for the example of the template being filled when defining the deliverables. Also for each deliverable in the package there must be a responsible person, which can be contacted by anyone who would like to contribute. The time-box approach is meant to help the estimation; after couple of packages the persons involved will be more experienced at judging what is and what is not feasible within one package while dealing with the high business load simultaneously.
The lower part of the picture (Figure 5-1) stands for the communication framework. The name “forum” refers to regular sessions (online meetings) where all PN employees are invited to listen about the previous package achievements and the next package plan. Prior each forum the pulse survey among all PN employees is conducted and a retrospective among program participants takes place. The outcomes of both are presented within the forum meeting and actions to be taken on them are announced. Sharing the scope of the next package then invites to join everyone having interest in the particular areas.

Each deliverable within a package has its own “track” in the package and the responsible person for that deliverable is then the “track owner”. Track owners are driving the work through the package i.e. they are coordinating the colleagues working on it. The program facilitator is driving a regular follow-up on the progress with the track owners. These follow-up meetings serve at the same time as information sharing, useful for identifying possible synergies inside the Package.

![Track name](image)

<table>
<thead>
<tr>
<th>WHAT is the concrete result to produce</th>
<th>WHY to do it (value/impact aimed)</th>
<th>HOW to verify we succeeded</th>
<th>WHO is responsible for driving it</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apply “5 x WHY” technique here in order to clarify the business/employee impact.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Figure 5-2 Template for Deliverables Definition

5.3 Realized Stages

By the time this thesis is being finalized three Packages of the program had been realized and the fourth has been launched. All of them are briefly described in the following subchapters.

5.3.1 Package I.

In the very first package the scope was mainly established from the already ongoing initiatives and its deliverables were primarily targeting the "common way of
working” and “clear roles and responsibilities” sections of the vision. The most important tracks within the package where including first steps towards:

- PN Strategy and Vision creation
- PN wide unified project management methodology
- PN wide harmonization of several roles
- PN wide harmonization of a sub-process
- Establishing cross-country cooperation around operational topics
- Agreeing a common way of dealing with the corporate engagement survey results and related actions

The program framework started to function during the first package smoothly. The deliverable/track owners established small working groups around the tracks and started to drive them. In addition to that some tracks added the concept of “reference groups” as well, i.e. established a network of reviewers for the work results to make sure that they really satisfy all stakeholders’ needs.

Lessons learnt collected at the end of the package were related mainly to the estimation (work to achieve the deliverables was more extensive than estimated) and communication sessions content (too much information about tracks – only the subset relevant for all PN employees shall be selected).

5.3.2 Package II.

In the second package most of the tracks from the Package I. have been continued, but there were also new tracks with the following aims added:

- Start publishing a regular PN newsletter (in electronic format),
- Define PN “meeting culture” – guidance for efficient meetings.

Also there was one structural change done to the existing tracks; all tracks related to the role definitions and harmonization were merged under one umbrella of the “new organizational structure” for PN and its scope has been widened to cover the whole organization.

At the same time one track has been put on hold – the “strategy” track. It was due to corporate context; a new corporate strategy was announced to be launched
soon, so the conclusion was to come back to the PN strategy as soon as this new input is available.

The lessons learnt from this package showed that the Package length shall be prolonged. Till then it was the duration of two months and it was learnt now that the administrative burden of planning and closing the track within a Package is consuming at least two weeks out of that, therefore it was decided to change the Package length for three months.

In the communication session (iPN Forum) at the closure of the Package II., a special attention was paid to the deployment process. The purpose was to explain that all the clarifications and definitions coming from the tracks can only bring benefits if they are lived (see the slide of the communication material on the Figure 5-3), i.e. followed by all individuals in the PN unit in their everyday life. A concrete case that everyone was invited to start acting on was the PN meeting culture. The guidance was ready, as one of the package II. outcomes, and it was an improvement that affected everyone, since every person in PN unit is either organizing or participating meetings.

![Our improvement journey](image)

Figure 5-3 Communication slide: Importance of Individual Commitment

### 5.3.3 Package III.

The third package was primarily focused on the new PN organizational structure finalization and preparation for its deployment. It included several tracks and number of working and reference groups. Role descriptions where created and
the cooperation model has been designed, including the RASCI matrix (clarifying responsibilities, accountabilities, supportive, consultative and informative duties of each role).

Since the newly designed organization presented quite a big change for the PN unit, a separate deployment and communication plan has been produced for this change. The key role in this change process was taken again by the PN leadership team. The purpose of the plan was to clarify how the awareness of the new organization will be created, how the people taking on the new roles will be supported in their new assignments and how the processes will be further harmonized in order to reflect the new ownership within. An important part of the deployment process was also setting up the KPIs for all the functions within the new organization and establishing their monitoring and transparency for the whole PN unit.

In addition to all the tracks related to the new organization, the third package included also a new track dedicated to quality. A survey was conducted among all employees in order to identify the biggest bottlenecks in the PN processes and the survey outcome was provided as further input for the process harmonization kicked-off in the context with the organizational change.

The pulse survey conducted at the closure of the Package III. was expanded; in the terms of the Chapter 2.1.4 not only the “general progress pulse” was covered, as with all the packages before, but also the “initiative progress pulse” part was added to the survey. The reason was to collect the feedback on the meeting culture and on the new organization deployment. The outcome was used to design further activities supporting the deployment progress.

5.3.4 Package IV.

This package scope has been mainly built on the new organization deployment plan. By the end of the package the deployment shall be closed and it success will be evaluated.

In addition to that, the Strategy track was returned back on the agenda, since all pre-requisites were available: the corporate guidance was at hand and a clear ownership of all functions cross PN was established via the new organization.

The package is ongoing at the time the thesis is being finalized.
5.4 Measurements

As mentioned already in the Chapter 2.4 there are two main means used to measure the engagement program execution: the PN Pulse survey and the observations and random feedback collection.

5.4.1 Pulse Survey

The pulse survey is conducted at the end of every Package. In its generic part PN employees rate the attractiveness of PN unit for the customers and employees on a scale from one to ten (the screenshot of the survey questions can be found in the Appendix Nr. 3).

The data collected in the surveys within the first three packages can be analyzed from several perspectives as follows.

a) Average rating

An average value can be calculated from all ratings per category – see the Table 5-1. Although the average figures are changing, the changes are not statistically significant, if applying the rule of thumb defined by Wiley (2010), as quoted by Holbeche & Matthews (2012). The rule of thumb is providing information about the percentage difference determining if changes in scores are statistically significant or not. This boundary percentage difference is dependent on the number of respondents. Where for units with more than 5000 employees the minimum percentage difference for statistical significance would be 3-4%; for units with less than 50 respondents it would have to be 15% or more. The PN survey is attended by 35 respondents, therefore the changes in scores cannot be considered statistically significant.

Table 5-1 Average Rating per Category and Package

<table>
<thead>
<tr>
<th></th>
<th>Package I</th>
<th>Package II</th>
<th>Package III</th>
</tr>
</thead>
<tbody>
<tr>
<td>Irresistible for customers</td>
<td>5.59</td>
<td>5.30</td>
<td>5.52</td>
</tr>
<tr>
<td>Irresistible for employees</td>
<td>5.54</td>
<td>5.13</td>
<td>5.14</td>
</tr>
</tbody>
</table>
b) Development within categories

For the evaluation of changes within engagement levels the scale from one to ten was simplified and transposed into the scale suggested by Federman (2009). The transposition had been defined based on two pillars: the rating representing the target of the program, i.e. from eight to ten, is considered the top category (highly engaged). The ten point scale is further distributed so that the lower half of the scale (1-5) stands for the negative categories and the upper part (6-10) for the positive ones. The exact value matching can be found in the Table 5-2.

<table>
<thead>
<tr>
<th>Values from the PN survey rating</th>
<th>Matching category used in the graph</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Disengaged</td>
</tr>
<tr>
<td>2,3</td>
<td>Leaning towards disengaged</td>
</tr>
<tr>
<td>4,5</td>
<td>Skeptic</td>
</tr>
<tr>
<td>6,7</td>
<td>Leaning towards engaged</td>
</tr>
<tr>
<td>8,9,10</td>
<td>Highly engaged</td>
</tr>
</tbody>
</table>

The graphs displaying the development within each of the engagement levels over the three Packages of the program can be found in the Figure 5-4 (in relation to the perceived attractiveness for customers) and in the Figure 5-5 (in relation to the perceived attractiveness for employees).
Since the changes of engagement levels from one package to another can be interpreted in several ways, the graph had been further simplified yet, in order to differentiate more clearly between the negative and positive half of the scale and development within (see Figure 5-6).
From the simplified graphs it is obvious that the overall trend is not positive. Although it was concluded earlier in this chapter that the differences in the scores are not statistically significant, it is worth elaborating on the change of the ratings towards the more negative side of the scale. For this elaboration the answers of the open questions of the survey had been analyzed in order to understand what the main reasons were for employees choosing the rating as they did. From these data it was possible to extract that two events had a major impact on the employees’ perception, both of them coming from the corporate level. First it was a corporation wide downsizing project and second it was an office cancellation policy (some small offices of the corporation were dismissed as part of the efficiency increasing efforts). Both of these corporate initiatives had impact on the PN unit and caused employee frustration.

c) Significance test for linear regression

By applying the significance test it is possible to analyze whether there is a significant relationship between the PN attractiveness for employees and the PN attractiveness for customers.

Since for the survey data from all three packages (see more details in the Appendix Nr.4 and 5) is valid that:

\[ \text{Sig} F < 0.05 \]

it can be concluded that the regression model is significant on the alpha level of 0.05; therefore there is statistically significant relationship between the employee perception towards the customers and towards themselves. This conclusion is
supporting the fact that the customer focus is being considered one of the key drivers of employee engagement.

5.4.2 Observations and Random Feedback Collection

The other way of monitoring the program – the observations and random feedback collection – is bringing a complementing insight into the program perception.

The communication sessions of the program (iPN forums) have been consistently attended by circa 100 persons, i.e. half of the PN unit. That should indicate that there are more employees interested into the program than the ones answering the pulse surveys. Both of these categories can be then merged into the "passive participation".

When it comes to the active involvement into the program there was an interesting change observed after the third package closure. Till then all active participants were either the "PN Unit enthusiasts" who joined the program from the very start, or experts approached and asked to contribute to a specific topic. There was no other kind of involvement; despite the fact that all employees had been invited for cooperation in each of the communication sessions, there was no reaction to this invite neither in Package I. or II. And suddenly a burst of interaction appeared after the Package III. closure communication session. People from different parts of the organization contacted the program facilitator with different kind of ideas, comments and volunteering intentions. It clearly takes some time – more than half a year in this particular case - to gain the trust of employees that an initiative is worth investing their interest and commitment.

5.5 Next Phase Recommendations

From the scope of the so far realized stages of the program it can be concluded that the effort has been invested into building the basics that will enable further steps. The very basic trust level for the program has been established and the new organization launch and deployment was an important pre-requisite for continuing the work on the other engagement drivers. In the next phase of the program, the thesis author would recommend to focus on the drivers pointed out in the following paragraphs.
a) Finalize the organization deployment and process harmonization

Bringing the organization deployment and the related process work to its successful end is for several reasons a task of a high importance. It helps building the trust towards the program, it directly affects the employee empowerment (clarity of job content) and strengthens a smooth cooperation cross teams. Since the new organization has many virtual elements (additional virtual teams and virtual networks), it is vital to support the new operations with an efficient communication system as well.

b) Define and cascade the strategy

Having the roles clearly defined the next step is to provide the longer term vision, to enable the employees to take a full ownership of their new responsibility areas. A profound awareness of the strategy is making it possible for an employee to be pro-active and innovative.

The strategy will also create a good basis for the prioritization. All ongoing projects and initiatives can be reviewed based on the strategy; and stopping those least contributing to the unit goals shall relieve the work overload.

c) Strengthen the customer focus

As mentioned above the new PN organization is even more virtual than before, hence the customer focus plays even more important role in pointing the motivation towards the same direction. Understanding the customer value aimed, in the very same way, shall help creating the important connection between geographically distant team members.

d) Support the strategy driven competence development

Clear definitions of roles together with the clarity on the long term targets make it possible to develop the role based competence profiles and longer term competence development plans. Those can serve as guidance for employees when planning their career steps.

Also the competence development process shall be reviewed to benefit from the best practices from all over the PN unit. The harmonized process will make it
e) Develop the leadership style

The leadership style is a crucial success factor in all the drivers listed so far. Having the new organization in place and clearly assigned roles of people managers and team leaders, a leadership network shall be established to strive for a common leadership style cross whole PN unit.

Within the network the PN leaders can help each other via sharing their knowledge and experience and harmonizing the way of working. It shall be also beneficial to discuss the strategy in this forum in order to secure that it is communicated in the same way in all teams. And last but not least the implementation of the strategy will require the change leadership which can be also a subject of a knowledge sharing in this network.

5.6 Later Stages of the Program

When reflecting on the engagement strengthening program vision we can identify two areas yet that have not been directly addressed with any actions in the program so far: Product management and Performance management. The reason for that is the number of dependencies that these items have to other deliverables within the program. Both of them are dependent on the strategy clarity and the strategic goals cascading to teams and individuals. Also the process harmonization work creates important pre-requisites for these tracks. Therefore they are recommended to be tackled in the later stages of the program.
6 Closure

In the scope of this thesis a two-year-long employee engagement strengthening program for a geographically distributed business unit within a large international corporation has been designed and partly executed. Based on the so far execution also recommendations for the next phases of the program have been gathered.

Prior the program design, an initial status quo analysis had been conducted in the particular unit, in order to tailor the program for the specific needs of the unit, arisen from its ongoing process of several country operations consolidation into one-team-spirit organization. The data for the initial analysis have been collected via individual interviews with employees, as well as workshops with teams.

As a preparation for the analysis and the program design several academic resources had been studied in order to gain understanding of the employee engagement drivers as well as virtual teams management specifics. Since no comprehensive publication had been found that would connect both of these concepts, a matrix of engagement drivers and virtual team specifics has been created within this thesis and impact of each pair in this matrix for an employee engagement program has been derived.

As one of the main outcomes of the initial analysis top seven improvement areas had been identified and the engagement strengthening program vision has been defined upon them. Furthermore the detected dependencies among the seven improvement areas have been used as the basis for identifying one particular improvement area to focus on in the first stages of the program. It was the clarity of roles and responsibilities within the organization that was considered a precondition for all other improvement areas and therefore the primary track of the program had been dedicated to that.

Equally important, in the first stages of the program, was to gain employees trust for the program itself. Hence a high attention has been paid to ensuring that other tracks of the program offer enough variety of improvement fields, affecting different stakeholder groups. For this reason a mechanism has been established for integrating all other improvement initiatives ongoing in different parts of the
organization under the program umbrella. Also a solid communication framework has been designed in order to make the program content and execution very transparent.

Even with all those enablers in place, it took several months to experience first indication of employees trust towards the program (apart from the unit "enthusiasts" that had been supporting the program from the start). The lesson learnt here to share is that launching an employee engagement program requires a strong commitment and patience from both, the organization management team and the program facilitator.

For the program measurements two main tools have been selected: the regular pulse surveys, combined with the observations and informal feedback collection. Within the pulse survey both types have been applied: the general pulse to monitor the overall progress and the initiative pulse part to evaluate a certain deliverable of the program. Three rounds of the general survey have been implemented so far. The changes in scores have not been statistically significant yet; however a slight negative trend, linked to an ongoing corporate down-sizing program, has been unfortunately recognized.

By the time this thesis is being finalized the program has been running for seven months (out of the planned two years duration). The so far effort has been invested into establishing the basics: the program has a fine-tuned structure and organization, employees have shown first engagement signs towards the program and a new organizational structure, including all unit roles descriptions, has been launched as the first major deliverable of the program.

In the very next phase the focus shall be kept on finalizing the new organization deployment and the related process harmonization. Also the work on the strategy definition can continue now and the derived goals can be then cascaded down to each role. Having the strategy and role definitions in place, it will be also possible to create role based competence development plans. Another area to cover in the program is the customer related knowledge sharing. Since the new organization is even more virtual than before, activities strengthening the customer focus will help to guide the efforts within different teams towards the same priorities. And last but not least a leadership network shall be established to help all leaders in the unit to continue building and maintaining this high quality relationship between the employees and the organization, called employee engagement.
Reference

Professional books


**Articles in professional magazines or in conference collections**


**Electronic documents and others**


List of Abbreviations and Acronyms

PN Unit: The strategic business unit within the TopIT Corporation where the employee strengthening program is realized.

SCRUM An iterative and incremental agile software development framework.

TopIT: The Corporation name in this thesis. The real company name cannot be disclosed.

RASCI Matrix that describes participation of various roles in completing tasks or deliverables for a project or a process.
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Herewith I declare that

- I am informed that Act No. 121/2000 Coll. – the Copyright Act, in particular, Section 35 – Utilization of the Work as a Part of Civil and Religious Ceremonies, as a Part of School Performances and the Utilization of a School Work – and Section 60 – School Work, fully applies to my diploma (bachelor) thesis;
- I take account of the VSB – Technical University of Ostrava (hereinafter as VSB-TUO) having the right to utilize the diploma (bachelor) thesis (under Section 35(3)) unprofitably and for own use;
- I agree that the diploma (bachelor) thesis shall be archived in the electronic form in VSB-TUO’s Central Library and one copy shall be kept by the supervisor of the diploma (bachelor) thesis. I agree that the bibliographic information about the diploma (bachelor) thesis shall be published in VSB-TUO’s information system;
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Ostrava dated 24.4.2014

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Student’s name and surname
List of Appendices

Appendix 1: BlessingWhite survey – Respondent Profile
Appendix 2: Status Quo Analysis – Questions
Appendix 3: Irresistible PN Pulse Survey – Design
Appendix 4: Irresistible PN Pulse Survey – Data
Appendix 5: Irresistible PN Pulse Survey - Regression Model Testing
Appendix 1: BlessingWhite survey – Respondent Profile

Respondent profile of the BlessingWhite survey realized in 2012:

- 12% reside in China, 38% in North America, 27% in India, 10% in Europe, 4% in Australia/New Zealand, 4% from the GCC, and 3.1% from South America
- 49% are female, 51% male
- 65% hold executive, management, or supervisory titles, with 9% indicating that they are a vice president or above
- 32% are Baby Boomers or earlier (born 1930 - 1964), 33% are Generation X (born 1965 - 1977), and 35% are Generation Y or Millennials (born 1978 - 1994)
- 22% work in organizations that employ more than 10,000 people and 57% work for organizations with fewer than 5,000 people
- 49% indicated that all or most of their team works at the same location, with only 13% labeling themselves as virtual workers
- 44% have worked three years or less with their employer, and 31% have been with their organizations for more than 7 years
- One in four (24%) have held their position for less than a year and 14% of employees have held their position for more than 7 years
- Less than one in five respondents (17%) work in a union environment

Source: BlessingWhite (2013)
Appendix 2: Status Quo Analysis – Questions

Questions used in interviews and workshops within the status quo analysis:

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<th>INTERVIEWS QUESTIONS</th>
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<td>Please introduce yourself in terms of:</td>
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<td>- Which role do you have and for how long already?</td>
</tr>
<tr>
<td>- What did you do before joining PN? What did that organization do better and how can we learn from it?</td>
</tr>
<tr>
<td>What do you like most about PN?</td>
</tr>
<tr>
<td>What do you like least about PN?</td>
</tr>
<tr>
<td>PN cross border cooperation – what kind of good practices and also improvements areas can you think of?</td>
</tr>
<tr>
<td>PN competence management – what kind of good practices and also improvements areas can you think of?</td>
</tr>
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<td>If you imagine PN being the “top star” in its business – what is the one most important thing that is preventing us from getting there?</td>
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Source: author
Appendix 3: Irresistible PN Pulse Survey – Design

Questions and layout of the generic survey conducted at each Package closure:

**IRRESISTIBLE FOR OUR CUSTOMERS**

Based on your personal view how irresistible are we currently for our customers? *

1 2 3 4 5 6 7 8 9 10

We have quite a lot to improve yet. Completely irresistible!

Top priority improvement needed
If you have not chosen 10 from the scale above, what is it the very next thing that we should start fixing/improving in order to move higher up on the scale?

**IRRESISTIBLE FOR US AS EMPLOYEES**

Based on your personal view how irresistible is PN currently for us as employees? *

1 2 3 4 5 6 7 8 9 10

We have quite a lot to improve yet. Completely irresistible!

Top priority improvement needed
If you have not chosen 10 from the scale above, what is it the very next thing that we should start fixing/improving in order to move higher up on the scale?

Progress perceived
Anything you have observed improving lately that helps us as employees?

Source: author
Appendix 4: Irresistible PN Pulse Survey – Data

Data Collected at the Closure of the First Three Packages:

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Source: survey data
Appendix 5: Irresistible PN Pulse Survey - Regression Model Testing

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Appendix 5: Irresistible PN Pulse Survey - Regression Model Testing

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