

The Crisis of Disengagement and Its Impact on Innovation

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Our global economy is fighting an epidemic of alarming proportions. It is *not* cancer, intolerance, racial divides, terrorism, cyber-attacks, hunger, access to clean water, or the technology gap—although, unfortunately, all of those social epidemics remain firmly in place. Rather, it is a disease affecting the central nervous system of our economy—and it is destroying creativity, innovation, productivity, and profitability. This epidemic is a societal and workplace challenge costing hundreds of billions of dollars a year in the United States—a calamity so large that it could literally reverse the trend of our evolution if not soon corrected. It is the *crisis of disengagement*. And it is having a direct impact on corporate venturing, innovation, and the harvesting of intangible assets.

For example, in the United States, recent studies by Gallup, the Conference Board, and many other prominent organizations have found that fewer than 30 percent of Americans are “somewhat satisfied” with their work and their career paths. The remaining 70 percent are “somewhat or highly dissatisfied”, citing inadequate challenge, pay, morale, gaps in genuine leadership, a lack of sense of purpose, or lack of appreciation at the heart of their disdain. Many are bored, which eviscerates productivity and the ability to innovate, and in turn affects the profitability of companies and the ability to remain competitive in the world market.

GALLUP POLL

- 31.5 percent of US Workforce defines themselves as engaged (but only 4% as highly engaged)
 - 51 percent Not Engaged/Disconnected
 - 17.5 percent Actively Disengaged

It is hard to imagine that a disengaged workforce that spends the bulk of its time being distracted and dissatisfied, will ever be a catalyst for the creativity and productivity in an enterprise. It is equally hard to imagine an employee who feels disconnected and unappreciated spending time thinking about ways to improve his or her workplace, products, or service. And it is harder still to imagine a disengaged manager spending the necessary time to figure out how to better engage employees.

Innovation within the organization (also known as *intrapreneurship*) refers to the actions and initiatives that transform organizations through strategic-renewal processes. Firms that consistently demonstrate durable corporate innovation are typically viewed as dynamic entities prepared to take advantage of new business opportunities when they arise, with a willingness to deviate from prior strategies and business models, to embrace new resource combinations that hold promise for new innovations.

In general, corporate innovation/intrapreneurship flourishes in established firms such as Google, Facebook, Netflix, Starbucks, Nordstrom, Southwest Airlines, and 3M, and it's seen when engaged and motivated individuals are free to pursue actions and initiatives that are novel to the firm. Innovation initiatives are not limited to private enterprise—the boards of nonprofits,

universities, nongovernment organizations (NGOs) and even government leaders must embrace principles of intrapreneurship. As Steven Brandt of Stanford University once said, “Ideas come from people. Innovation is a capability of the many.”¹ However, as pointed out by Michael H. Morris, Donald F. Kuratko, and Jeffrey G. Covin in their book, *Corporate Entrepreneurship & Innovation*,² to be successful, entrepreneurial activity must be carefully integrated into the organization’s overall strategies.

There have been numerous articles and books written over the years advocating the importance of “unleashing the entrepreneurial potential” of individuals by removing constraints on entrepreneurial behavior (see for example, Gary Hamel’s *Leading the Revolution*, Gifford Pinchott’s *Intrapreneuring*,³ and my 2012 book *Harvesting Intangible Assets*). Employees engaging in entrepreneurial behavior are the foundation for organizational innovation. In order to develop a culture of “corporate innovation” and engagement, organizations must establish a process through which individuals in an established firm pursue entrepreneurial opportunities to innovate without regard to the level and nature of currently available resources and can clearly identify and embrace the rewards and peer recognition that this new behavior will attract.

In spite of the potential for corporate innovation to create value by contributing to improved organizational performance, many established companies overlook the critical importance of the engagement of their workforce and thus do not encourage intrapreneurial behavior or create the right rewards and incentives, because executives worry about the images of chaos that innovation can portray. In addition there are often structural impediments in place that prevent it from occurring, most of these being the product of bureaucratic routines and red tape policies that have outlived their usefulness as well as politics, cronyism, and silo’s that stand in the way of meaningful collaboration. Developing an engaged culture that is capable of cultivating employees’ interest in and commitment to effective entrepreneurial behavior and the innovation that can result from it is the product of effective efforts by managers at all levels.

There are a multitude of studies that emphasize the connection between truly engaged workers and better customer service, higher levels of creativity and productivity, higher sales margins, higher quality products, increased attention to safety and lower turnover rates.⁴ What businesses have also recognized, and research has supported, is that innovation within a company is one of the primary drivers of company success, determined through growth. The more interesting element to this equation is *where* that innovation is coming from: engaged

¹ Steven C. Brandt, *Entrepreneuring in Established Companies* (Homewood, IL: Dow-Jones-Irwin, 1986), 54.

² Michael H. Morris, Donald F. Kuratko, & Jeffrey G. Covin, *Corporate Entrepreneurship & Innovation* 3rd ed. (Cengage/South-Western, 2011)

³ Hamel, G., 2000. *Leading the Revolution*. Harvard Business School Press, Boston; Gifford Pinchott, *Intrapreneuring* (Waner Book, 2000).

⁴ Kevin Kruse, *Why Employee Engagement? (These 28 Research Studies Prove the Benefits)* Forbes, (September 4, 2012). <http://www.forbes.com/sites/kevinkruse/2012/09/04/why-employee-engagement/>

employees.⁵ A *Gallup Management Journal* study found employees who were “engaged” indicated they “strongly agreed with the statement that their current job ‘brings out [their most creative ideas.]’” The reverse was true for those who indicated they were actively disengaged employees—in other words, the very disengaged individuals in the survey were the least likely to find their current job brought out their creative ideas.

Research also shows that engaged workers are more likely to foster a collaborative and innovative atmosphere among fellow employees by reacting positively to creative ideas of others on their team. A good example of this is Google, which fosters a variety of channels to enhance employee engagement through connectivity and the sharing of ideas. Some of the avenues for expression that the company facilitates is having Google Cafes, which serve as venues for individuals to interact across their regular team, or Google Moderators, a management tool that was created to allow anyone within the company to posit questions they would like to have answered. Through the Moderator outlet, employees can view existing ideas, questions and suggestions.⁶ This generates a symbiotic relationship between innovation and employee engagement creating an inertial atmosphere.

For decades, workers were expected to know their jobs, do their work, keep their heads down and only “bother” management with questions to avert a crisis. If a problem arises, know how and when to solve it, and don’t interfere with the supervisor’s valuable time. That mantra needs to shift and become more horizontal and more dynamic if we are going to significantly improve engagement in a way to drive more innovation, shareholder value, and global competencies.

Employees at all levels need to be liberated to ask the “whys?” and the “what ifs?” They need to be able to ask (without retribution or punishment) “why am I doing my job the way I am doing it?” “Is there a better way?” “What would it take to change and why?” Empowering your teams to ask questions also demonstrates humility by the leadership team by admitting that they don’t know all the answers, and it gives permission to the workforce to begin to organize its thinking around the unknowns instead of the knowns, which will foster greater creativity, innovation, and productivity. People are likely to be more engaged when they are empowered to think for themselves and permitted to question the “status quo” within reason and without the fear of retribution. Fostering curiosity is an elixir and the beginning of a cure for disengagement and for combatting current levels of complacency.

Bio:

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⁵ Jerry Krueger and Emily Killham, *Who’s Driving Innovation at Your Company?* Gallup Business Journal, (September 14, 2006). <http://www.gallup.com/businessjournal/24472/whos-driving-innovation-your-company.aspx>

⁶ Laura He, *Google’s Secret of Innovation: Empowering It’s Employees*, Forbes, (March 29, 2013).<http://www.forbes.com/sites/laurahe/2013/03/29/googles-secrets-of-innovation-empowering-its-employees/>