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## The Tenth Element of Great Managing

### Executives who think friendships are none of their business don't understand human nature

by Rodd Wagner and James K. Harter

Adapted from *12: The Elements of Great Managing* (Gallup Press, December 2006)

Few issues are more controversial or confusing than the connection between friendships in the workplace and employee productivity. It's not surprising, therefore, that no other element of great managing attracts lightning like the Tenth, measured by the statement "I have a best friend at work."

When a company's executives receive their first briefing on employee engagement results from Gallup, the presenter typically asks if any of them has a question about the statements asked of their workers. Invariably, one of the business leaders asks, "Why do you ask that 'best friend' question?" Sometimes their tone of voice communicates real curiosity. Sometimes it carries a tone of derision. Physicians bristle at it; it offends their clinical perspective. Attorneys scoff; "irrelevant," they object. Accountants consider it too far removed from the financial statements.

IT IS ESPECIALLY IRONIC WHEN SENIOR TEAMS GATHER FOR OFF-SITE RETREATS DURING WHICH THEY GOLF, FLY-FISH, PLAY TENNIS, AND SOCIALIZE, BUT DURING THE MEETINGS AT THOSE RETREATS QUESTION THE NEED TO ADDRESS FRIENDSHIPS ON THEIR EMPLOYEE SURVEY.

When Gallup first published the Tenth Element in its place among the other 12, a good share of the press coverage betrayed surprise that such an apparently strange question was predictive of performance. "A best friend at work?" wrote a *Washington Post* columnist. "What is this? High school?" *Time* magazine called it a "more subtle variable" than many of the other 12. The *Chicago Tribune* warned managers to be careful: "Friendships at work can lead to jealousy, envy and sloth."

Clearly, the conversational form of the statement seems to invite skepticism. How does one define "a best friend"? Wouldn't it be easier to rate a statement about trust or about the harmony of intra-office relationships? The problem is that complicated and formal questions often fail to get at the heart of the issue. "Standard survey questions about trust do not appear to measure trust," but

rather trustworthiness, concluded a National Bureau of Economic Research paper. "This means that most work using these survey questions needs to be somewhat reinterpreted."

### **Executive skeptics**

On executive row, reactions were more caustic and skeptical than those in the press. One company cancelled a 12 Elements survey because it had just sent out a memo discouraging friendships. Others asked if the survey could be administered with just 11 of the 12 statements. That such a simple and, indeed, business-related question would prove to be so provocative shows how deeply a "Theory X," leave-your-personal-life-at-the-door philosophy still pervades the business world.

One company requested that a Gallup expert face its legal team's interrogations about the Tenth Element. The group's scores showed they had modest levels of friendship, with one attorney scoring friendships at work as low as possible (anonymously, of course). "Disregard for a moment whether you feel someone ought to be able to answer 'strongly agree' to this element," said the researcher. "If you strongly disagree with this statement, you are lonely at work. Someone here is trying to tell you he or she is isolated and miserable."

After the legal team's grilling, the expert was contacted by one of the lawyers. "I am the one person you were talking about," he said. "You were right. I feel no connection here. I have no one to confide in. I'm working on getting a job somewhere else."

Gallup itself would have dropped the statement if not for one stubborn fact: It predicts performance. Something about a deep sense of affiliation with the people in an employee's team drives him to do positive things for the business he otherwise would not do.

Early research that identified the 12 Elements revealed a very different social bond among employees in top-performing teams. Subsequent large-scale, multi-company analyses confirmed that the Tenth Element is a scientifically salient ingredient in obtaining a number of business-relevant outcomes, including profitability, safety, inventory control, and -- most notably -- the emotional connection and loyalty of customers to the organization serving them.

When tested against a number of alternative ways of presenting the statement, "I have a best friend at work" proved to be the wording best able to discriminate between groups in which friendships are sufficiently supportive and those that have only surface relationships that are unable to withstand adversity. Measuring friendships is susceptible to what scientists call "social desirability," the tendency of a respondent to give an answer that casts him in the best light. The same bias makes people sometimes tell pollsters that they read the newspaper when they didn't, say that they voted when they didn't, or report that they didn't watch a lot of TV when, in fact, they and a bag of potato chips were on the couch for two hours the night before.

Simply asking people if they have friends is not enough, as most people prefer to think that others like them or are loath to confess their isolation. It took a quirky twist to the survey question to elicit the type of meaning that makes a measurable difference in organizations.

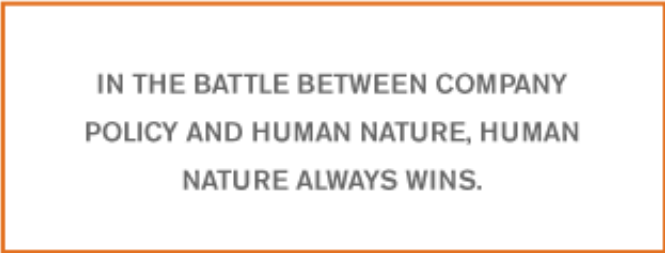
While the Tenth Element is the most controversial, it is not the toughest on which to achieve strongly positive answers. A little less than one-third strongly agree

that they have a best friend at work -- a higher frequency than the Seventh Element (feeling one's opinions count) and about the same as the Fourth (recognition and praise). Maybe executives don't see the need because they tend to have more friendships at work than do front-line employees. It is especially ironic when senior teams gather for off-site retreats during which they golf, fly-fish, play tennis, and socialize, but during the meetings at those retreats question the need to address friendships on their employee survey.

### **Violate company policy: Make a friend**

Prior to seeing the group's Tenth Element results, a personnel representative from a consumer product company said, "Our policy is to not have close relationships at work. Our executives frown on it." The results showed that policy was being flouted with abandon, with close friendships being more prevalent in this business than in the average organization.

In the battle between company policy and human nature, human nature always wins. The evidence suggests people will fulfill their social needs, regardless of what is legislated. Companies do far better to harness the power of this kind of social capital than to fight against it. Business units in the top quartile on this element achieve profitability that is a full percentage point or two higher than those in bottom-quartile, unfriendly environments.



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Numerous qualitative studies of employee engagement suggest that customers not only sense the level of camaraderie where they shop, but also that it makes a large difference in their experience, if for no other reason than its natural contagiousness. In the service industries, the customer ratings of workgroups with strong Tenth Element levels are 5% to 10% higher than those of impersonal or acrimonious groups, explaining the difference between success and failure in many organizations.

Other connections between the "best friend" statement and business outcomes are less intuitive, at least at first blush. At one electric utility, friendships among team members proved to be responsible for lower accident rates. When the workers were asked for the reason, they said that the answer is simple: People look out for their friends. A friend reminds his buddy to put on his hard hat. In the few seconds before a fall might occur, a friend is more likely to spot the hazard and rush to steady the ladder. A friend guards his comrade's safety as much as he does his own and shudders at the thought of having to go to his coworker's house to inform his family, whom he probably knows well, that there has been an accident at work.

It isn't as though team members want to see accidents occur to those who are not their friends. Rather, when there is not a close bond, it is less likely that there will be the level of vigilance that can make the difference between a close call and a mishap. When two-thirds of a team's members strongly agree that they have a best friend at work, that team averages 20% fewer accidents than a team in which only one member in three strongly agrees with the Tenth Element.

One of the statistics retailers obsess over is called "shrink." Assume that a store takes delivery on 100 laptop computers. One month later, records show that the

store sold 25 of the computers and has 73 left in stock. The two missing laptops are defined as shrink. What happened to them? Sometimes one is shoplifted by a customer. Occasionally an employee steals one.

Shrink dramatically reduces or destroys the profitability of a store. It requires the profit margin from many items legitimately sold to make up for one item purchased at wholesale that simply disappears. In several analyses of stores that keep good inventory records, the level of friendships among the salespeople was shown to affect shrink. The connection was puzzling at first. The employees were less perplexed. "You don't steal from your friends," said one. There also appears to be a higher level of coordination among team members and vigilance against customer theft in the more cohesive groups.

### **Friendlessness and the unique role of the workgroup**

The workplace holds a unique position for most employees in a society widely regarded as having lost much of the social contact of prior generations. Sociologists note a decades-long decline of people joining clubs, participating in the PTA, attending a town meeting, working for a political party, going to church, or informally socializing, such as going to a neighbor's house for dinner.

Each successive generation has a lower level of trust in those around them than did their elders. One of the most disturbing findings is that between 1985 and 2004, the number of people in an average person's network dropped from roughly three to two, and the number of people saying there is no one with whom they discuss important matters nearly tripled.

"Professionals and blue-collar workers alike are putting in long hours together, eating lunch and dinner together, traveling together, arriving early, and staying late. What is more, people are divorcing more often, marrying later (if at all), and living alone in unprecedented numbers. Work is where the hearth is, then, for many solitary souls," wrote Robert D. Putnam in *Bowling Alone*, a 2000 book replete with data documenting the decline of social cohesiveness in the United States. "As more Americans spend more of their time 'at work,'" wrote another commentator, "work gradually becomes less of a one-dimensional activity and assumes more of the concerns and activities of both private (family) and public (social and political) life."

People generally still have their closest comrades outside of work. Few men and women have the luxury of working side-by-side with their former college roommates, their hunting buddies, their childhood friends, or others to whom they might, say, consider donating a kidney. "In the most careful study," wrote Putnam, "when people were asked to list their closest friends, less than half of all full-time workers put even one coworker on the list. On average, neighbors were more likely to appear on the list than coworkers. When people were asked to whom they would turn to discuss 'important matters,' less than half of all full-time workers listed even a single coworker."

### **The glue that binds teams**

The issue is not whether office friendships overwhelm bonds in private life, but to what degree a certain level of affiliation -- "a best friend" rather than "my one best friend" or "most of my friends" -- creates beneficial effects for the business. It's less surprising that other friendships take precedence over work relationships than that almost half of workers listed a coworker as someone to whom they would turn for crucial advice.

It's not a huge leap to assume from these studies that, particularly where work issues are concerned, a close colleague is an invaluable resource. "Many studies have shown that social connections with coworkers are a strong predictor -- some would say the strongest single predictor -- of job satisfaction," wrote Putnam. "People with friends at work are happier at work."

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Another indication of how friends can make a work obligation more enjoyable comes from "day reconstruction" studies conducted by Daniel Kahneman, a psychologist who won the 2002 Nobel Prize for economics. The research technique asks respondents to recall the various events of their day and evaluate the enjoyment of each activity. Commuting to work is consistently one of the least enjoyable common activities -- unless one commutes with a friend. Then it becomes one of the most enjoyable.

Friendship is not without hazards for productivity, nor is it effective without the other 11 elements, such as coworkers being committed to doing quality work or clear expectations for each member of a team. Without clear direction, tight-knit teams can lose themselves in socializing and ignore customer or business needs. Friendships tend to be very strong among union workgroups preparing to strike - - an us-versus-them mentality that serves neither employees nor managers well. A group needs more than cohesion; it needs "norms" of high performance. Research dating back 50 years shows that cohesive groups that have standards of low performance do in fact perform at a low level. But these are the exceptions, situations in which a team rates high on the Tenth Element but low on most of the others. Most of the evidence suggests that the more interconnected a group, the better it will perform routinely and under pressure.

Research on workers in various settings has shown that friends are more likely to invite and share candid information, suggestions, and opinions and to accept them without feeling threatened. Friends tolerate disagreements better than do those who are not friends. The good feelings friends share make them more likely to cheer each other on. Friends are more committed to the goals of the group and work harder, regardless of the type of task. Group members who identify most closely with the team are more likely to monitor its performance against the goal.

Even when convinced of its importance, managers often challenge the Tenth Element by asking, "What am I supposed to do about this 'best friend' question? It's not like I can be everyone's buddy. I am the manager, after all."

The best managers encourage friendships in the workplace by creating the conditions under which such relationships thrive. For example, new employees at one home improvement store are required to spend some time working in each department as part of an orientation tour. As far as the training is concerned, it usually doesn't matter where they start. So one astute manager inquires into the interests of his new employees and tries to start them in a department where another employee shares the new recruit's hobbies. "We want to put together personalities that will gel," he said. "It's important to put people together who probably could communicate, first of all, but secondly be friends."

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