



# Building a Coaching Culture for Increased Employee Engagement



Human Capital Institute  
The Global Association  
for Strategic Talent Management



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## About the Research

From August 3—24, 2015, a 20-question survey was distributed via email to HCI members who opted into the HCI Survey Panel and into HCI electronic mailings, as well as to organizational decisions makers on ICF's mailing list.

If the respondent indicated that he or she was exclusively a professional coach practitioner ( $n = 61$ ), it was explained that the survey was geared toward those in HR, talent management, and learning and development roles. He or she was asked to share the questionnaire with the appropriate contact and received no further questions. If the respondent indicated that no form of coaching was present in his or her organization ( $n = 28$ ), he or she was led to the demographic section; his or her responses are excluded from this report. If the respondent's organization does not measure employee engagement, he or she received no questions about engagement levels.

The results and secondary sources form the basis of this research. The findings in this report represent the views of the respondents who were surveyed.

# Definition of key terms

**Coaching:** partnering with coachee(s) in a thought-provoking and creative process that inspires them to maximize their personal and professional potential.

**Professional coach practitioner:** someone who provides an ongoing partnership designed to help coachees produce fulfilling results in their personal and professional lives. The coach's job is to provide support to enhance the skills, resources and creativity that the coachee already has.

**Internal coach:** a professional coach practitioner, who is employed within an organization and has specific coaching responsibilities identified in their job description. **External coach:** a professional coach practitioner, who is either self-employed or partners with other professional coaches, to form a coaching business.

**Manager/leader using coaching skills:** a leader who works with his or her subordinates within the organization to create awareness and support behavior change of employees. This is accomplished using coaching knowledge, approaches and skills.

**Coach-specific training:** training that teaches coaching skills and/or how to apply technical skills in a coach-like manner and encompasses theories and core coaching competencies designed to prepare an individual to practice as a professional coach.

**Accredited coach training program:** any program consisting of coach-specific training that has met the rigid criteria required to be approved by a professional coaching organization.

**Employee engagement :** a heightened emotional and intellectual connection to the job, organization, manager, or colleagues that results in increased discretionary effort toward organizational goals.

# Executive summary

A strong coaching culture is a feature of an exceptional organization. Organizations with strong coaching cultures value and invest in professional coach practitioners and managers and leaders who use coaching skills, encouraging them to support employees at all levels in order to grow their skills, enhance their value and reach their professional goals. [In the benchmark 2014 research](#) conducted by the Human Capital Institute (HCI) and the International Coach Federation (ICF), we classified 13% of respondents' organizations as having strong coaching cultures and we found these organizations were more likely to have high rates of employee engagement and strong revenue growth.

The 2014 study also found that in most organizations with strong coaching cultures, managers and leaders use coaching knowledge, approaches and skills with subordinates to create awareness and support behavior change. This practice is expected to expand, as 81% report they plan to increase the scope of their managers and leaders using coaching skills in the next five years.

Building on what was learned in the 2014 study this latest installment of signature research, conducted in partnership between HCI and ICF, explores the prevalence of coaching cultures in today's organizations and determines if increased employee engagement is an outcome. In this 2015 study of more than 300 organizations, we found:

- The use of coaching in organizations has increased compared to our 2014 study. The use of external coach practitioners has grown the most, a 12 percentage point increase.
- Organizations with strong coaching cultures continue to report higher employee engagement and stronger financial performance.
- HR and L&D leaders are building coaching cultures in their organizations in order to address low employee engagement.
- High-potential employees with access to coaching have the largest engagement increases compared to engagement measures taken in the prior year taken by the organization.

# Building a coaching culture

Among the responding organizations, 15% (n = 51) are classified as having a **strong coaching culture**, determined by having scores of 5 or 6 on the composite index.

## Coaching Culture Composite\*

1. Strongly agree/agree that employees value coaching.
2. Strongly agree/agree that senior executives value coaching.
3. Managers/leaders (and/or internal coach practitioners) spend above-average time on weekly coaching activities (19% is average for managers; 16% is average for internal coach practitioners).
4. Managers/leaders (and/or internal coaches) received accredited coach training.
5. Coaching is a fixture in the organization with a dedicated line item in the budget.
6. All employees in the organization have an equal opportunity to receive coaching from a professional coach practitioner.

\*One point was generated for each item for a maximum of 6 points.

# Coaching culture outcomes

A strong coaching culture is correlated with higher employee engagement and stronger financial performance. Similar gaps were noted during the 2014 study.

Figure 1. Highly engaged employees by coaching culture.

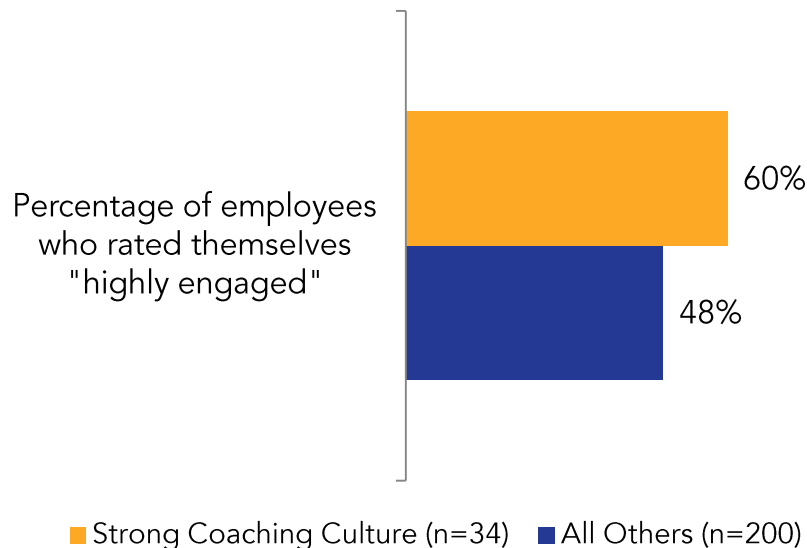
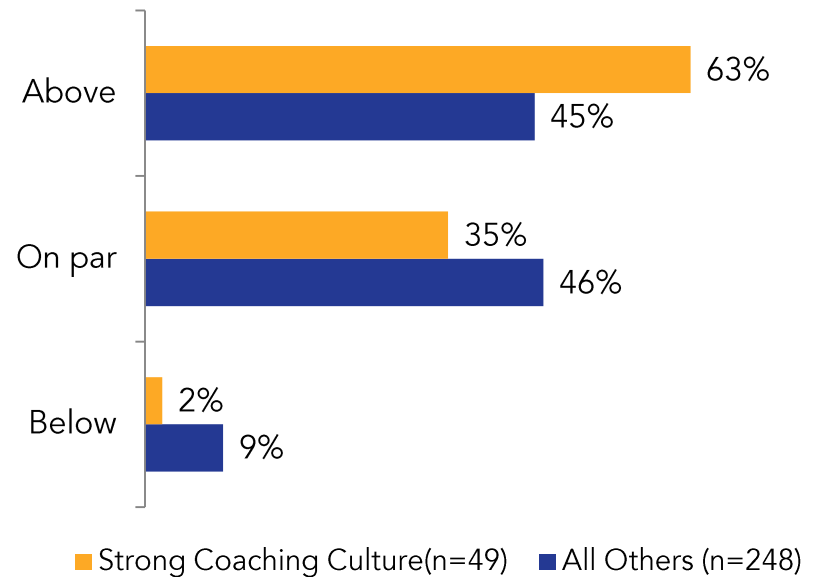


Figure 2. 2014 revenue growth in relation to industry peer group by coaching culture.



# Frequency of modalities

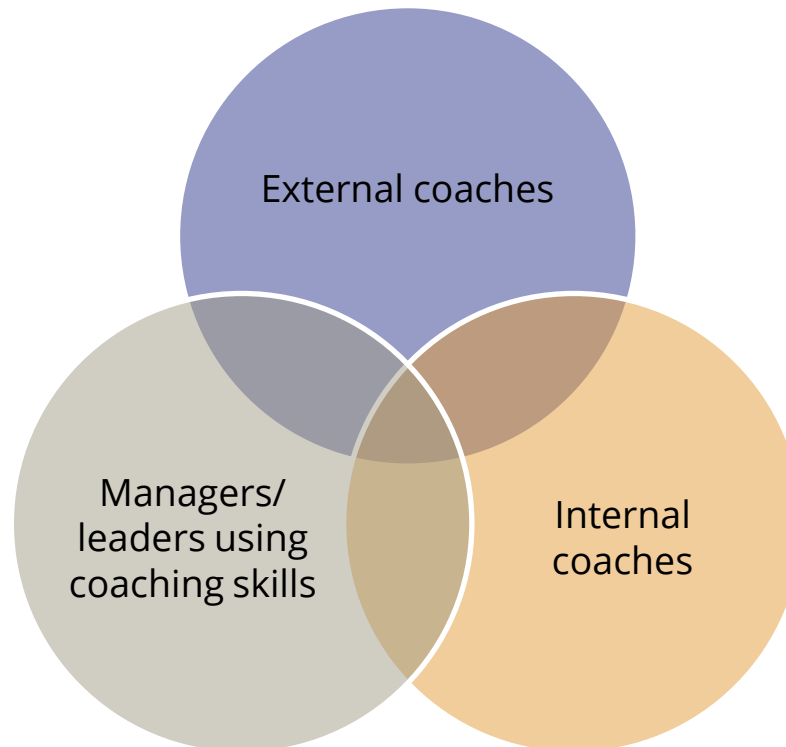
The use of external coaches practitioners, internal coach practitioners and managers/leaders using coaching skills all increased from 2014 to 2015.

Modalities	% of organizations that offer	Change from 2014 benchmark	% of Weekly Time Spent on Coaching (mean)
<b>External coach:</b> a professional coach practitioner, who is either self-employed or partners with other professional coaches, to form a coaching business.	65%	12 percentage points increase	N/A
<b>Internal coach:</b> a professional coach practitioner, who is employed within an organization and has specific coaching responsibilities identified in his or her job description.	57%	7 percentage points increase	16%
<b>Manager/leader using coaching skills:</b> a leader who works with his or her subordinates within the organization to create awareness and support behavior change of employees. This is accomplished using coaching knowledge, approaches and skills.	84%	2 percentage points increase	19%

Table 1. *Frequency of modalities (n = 340).*

# Modalities shared

Overall, more than one in three organizations (36%) use all three modalities (increased 4 percentage points from 2014); while two-thirds (67%) of organizations with **strong coaching cultures** use all three (increased 12 percentage points).

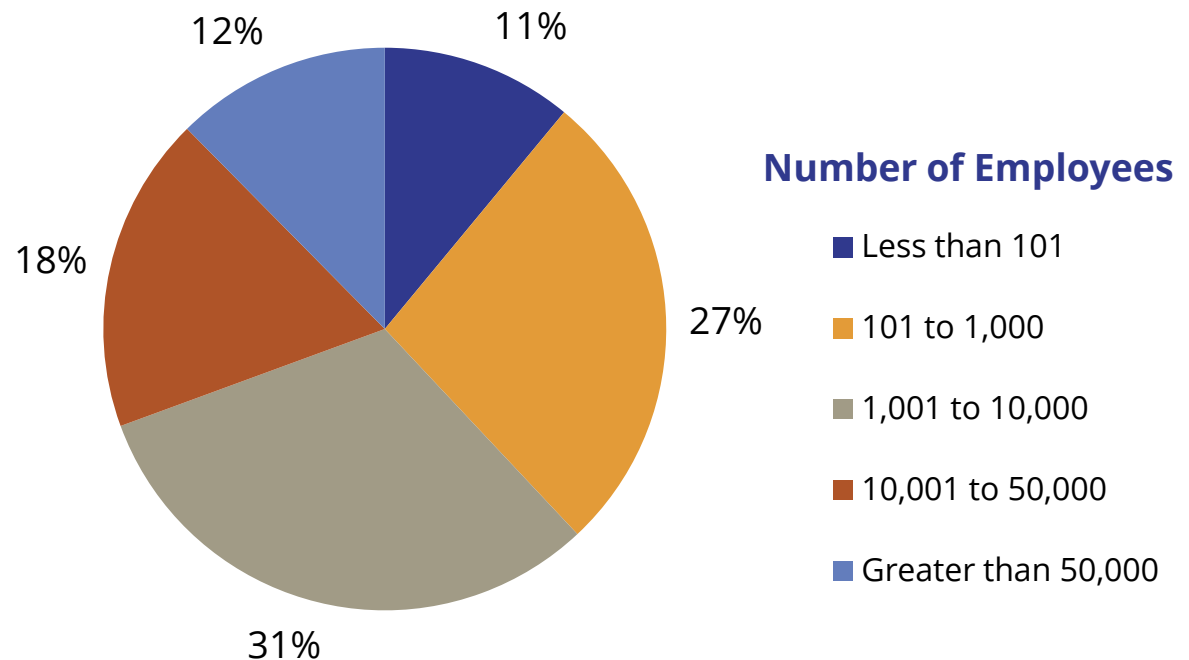




# Modalities by number of employees

Larger organizations are more likely to utilize all three types of coaching modalities at once.

Figure 3. Percentage offering all three modalities by number of employees in respondent's organization (n = 121).



# To whom is coaching offered?

Most employee segments have access to managers/leaders using coaching skills, but external coach practitioners appear to be reserved for those in senior-level positions.

Modalities	Employee Segments			
	Entry-level	Mid-level	Senior-level	High potentials
External coach	3%	14%	61%	39%
Internal coach	27%	40%	33%	39%
Manager/leader using coaching skills	69%	74%	48%	58%

Table 2. Percentage of respondents' organizations offering coaching to each employee segment (n = 340).

# How does your organization decide who receives coaching?

Overall, one in six (16%) respondents report that everyone in their organization has an equal opportunity to receive coaching from a professional coach practitioner.

## By the manager or leader who decides

- *“Coaching participants can be nominated by their business unit leader or HR business partner. Some business units find their own external coach and offer that service to senior leaders. Some business units have more formal content around ‘manager as coach’.”*

## By the employee who asks

- *“Any employee can request and get a coach. A few leadership courses have coaching as an expected supplement. Occasionally employees get a recommendation from a supervisor that coaching may help with their development.”*

## Through high-potential identification

- *“High-potential employees are identified through a variety of methods (most business-unit-specific) and are enrolled in our development program, which includes individual development plans and coaching. Other needs are identified using 360-degree assessments, then creating an individual development plan based on results and assigning a coach to work through the opportunities with the employees.”*
- *“Key talent is identified through department talent management and succession planning discussions with those identified individuals being offered the opportunity for coaching as prioritized by the department’s senior leaders.”*

## Because of individual developmental needs

- *“All leaders and supervisors that ask for a coach are matched with an internal coach. All employees are coached and developed by their managers and leaders. High potentials and senior-level leaders are matched with an internal or external coach depending on their developmental needs.”*
- *“They are identified by an assessment and talent review.”*

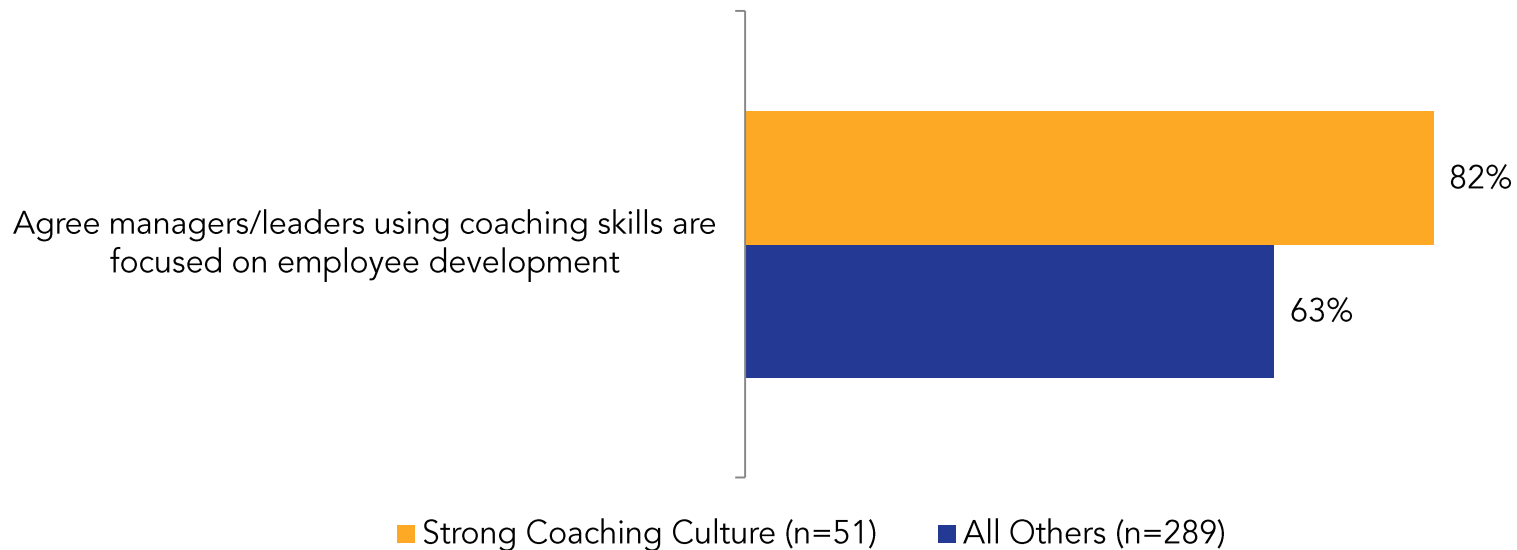
## Through a uniform process where all employees have access to managers using coaching skills

- *“Coaching is mandatory at every stage of employment. It begins at on-boarding and does not end. The only thing that changes is the content of the coaching.”*

# Reasons for coaching

Organizations with strong coaching cultures are significantly more likely than their counterparts to leverage managers/leaders using coaching skills in service of employee development.

Figure 4. Strongly agree/agree with the following statement by coaching culture.



*“Our managers understand the importance and benefits of coaching and are trying to do their best to provide coaching-based leadership. Unfortunately, we haven’t supported them with training, but we are planning to add dedicated funds to the budget to provide coach training to our managers in 2016.”*

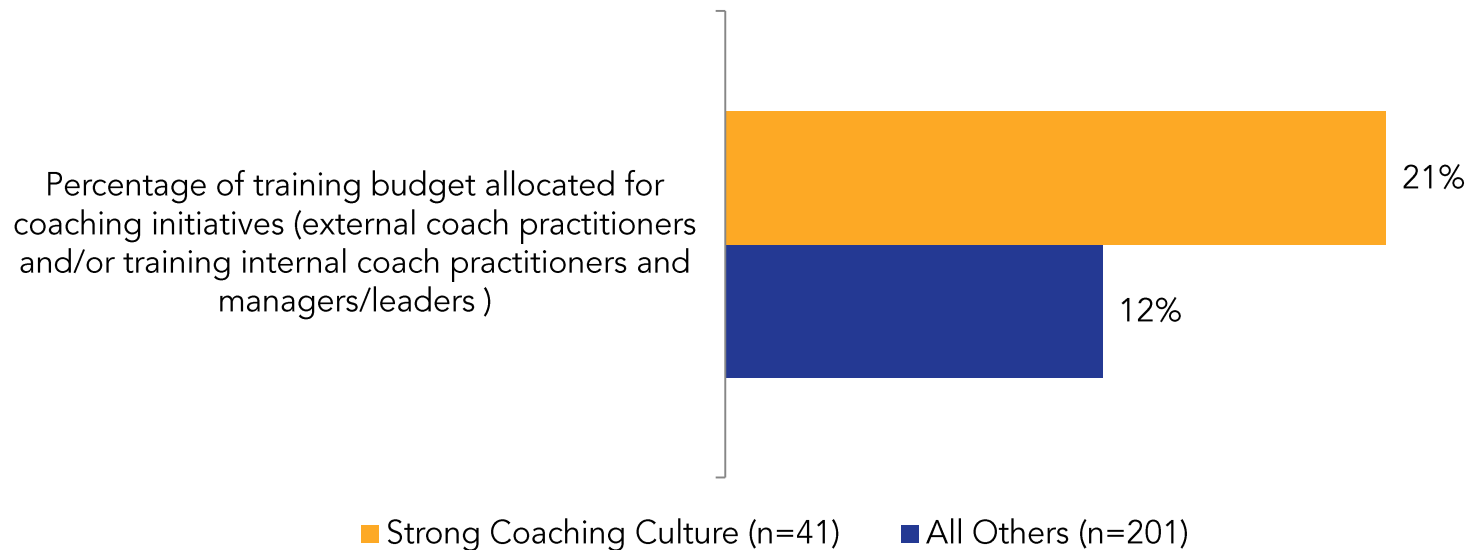
- Survey respondent

## The resources for coaching

# The budget for coaching

Overall, organizations allocate 14% of their training budget for coaching initiatives (up from 11% in 2014). Organizations with strong coaching cultures allocate more of their training budget toward coaching.

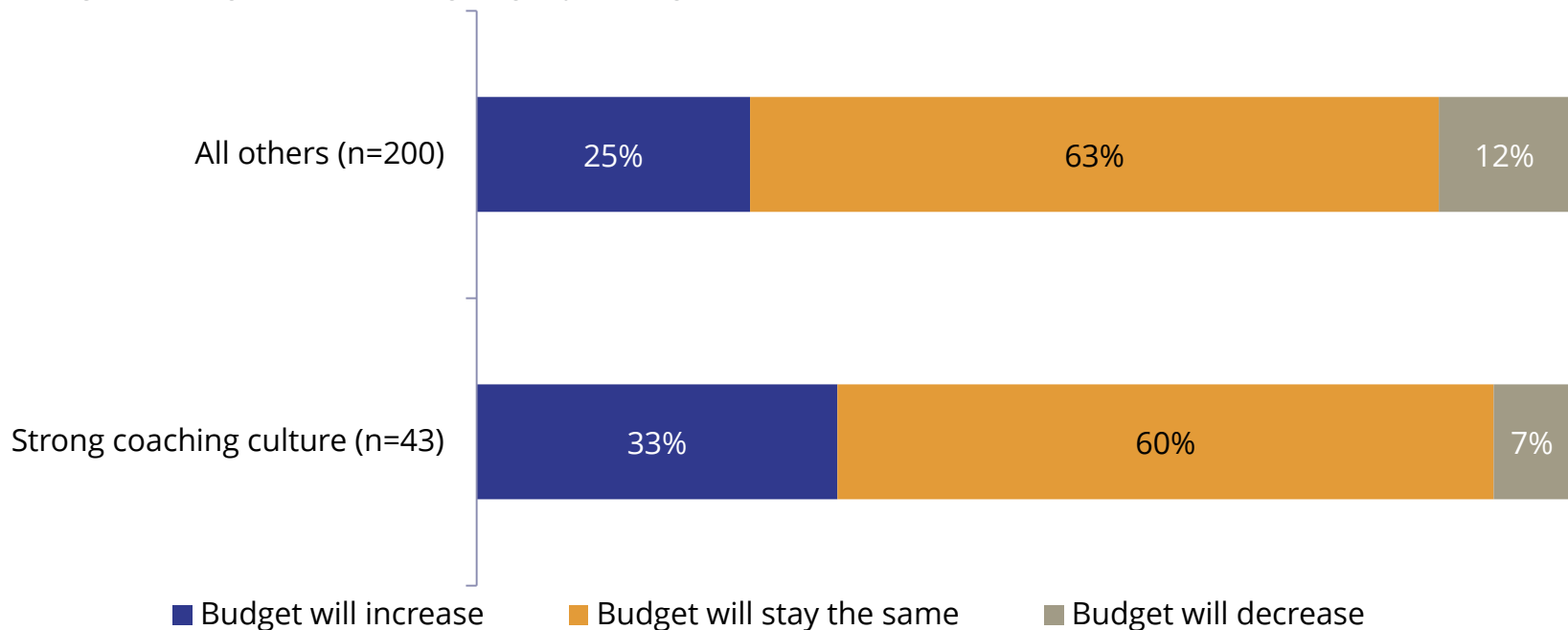
Figure 5. *Training budget by coaching culture.*



# The budget for coaching

Organizations with strong coaching cultures are more likely to increase their coaching budget compared to all other organizations.

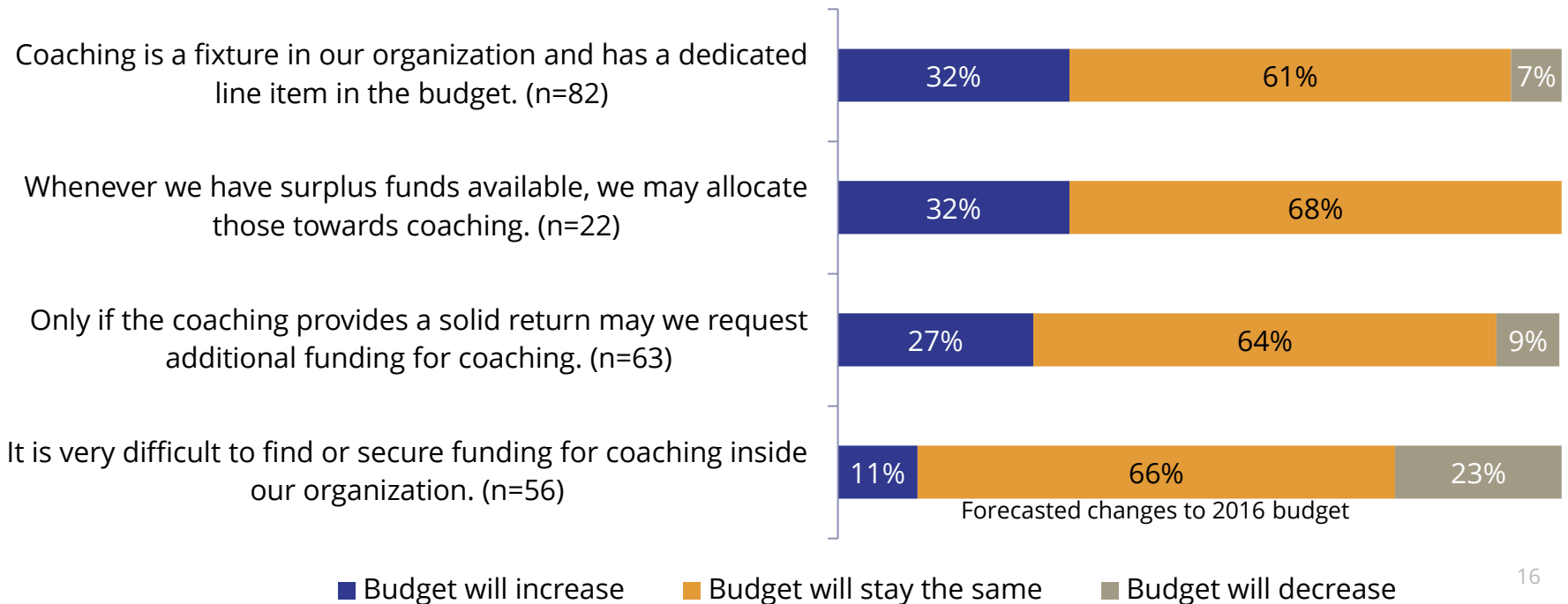
Figure 6. Changes in 2016 coaching budget by coaching culture.



# Budget activity for coaching

One-third of organizations with a dedicated budget for coaching plan to increase funds for coaching activities in 2016.

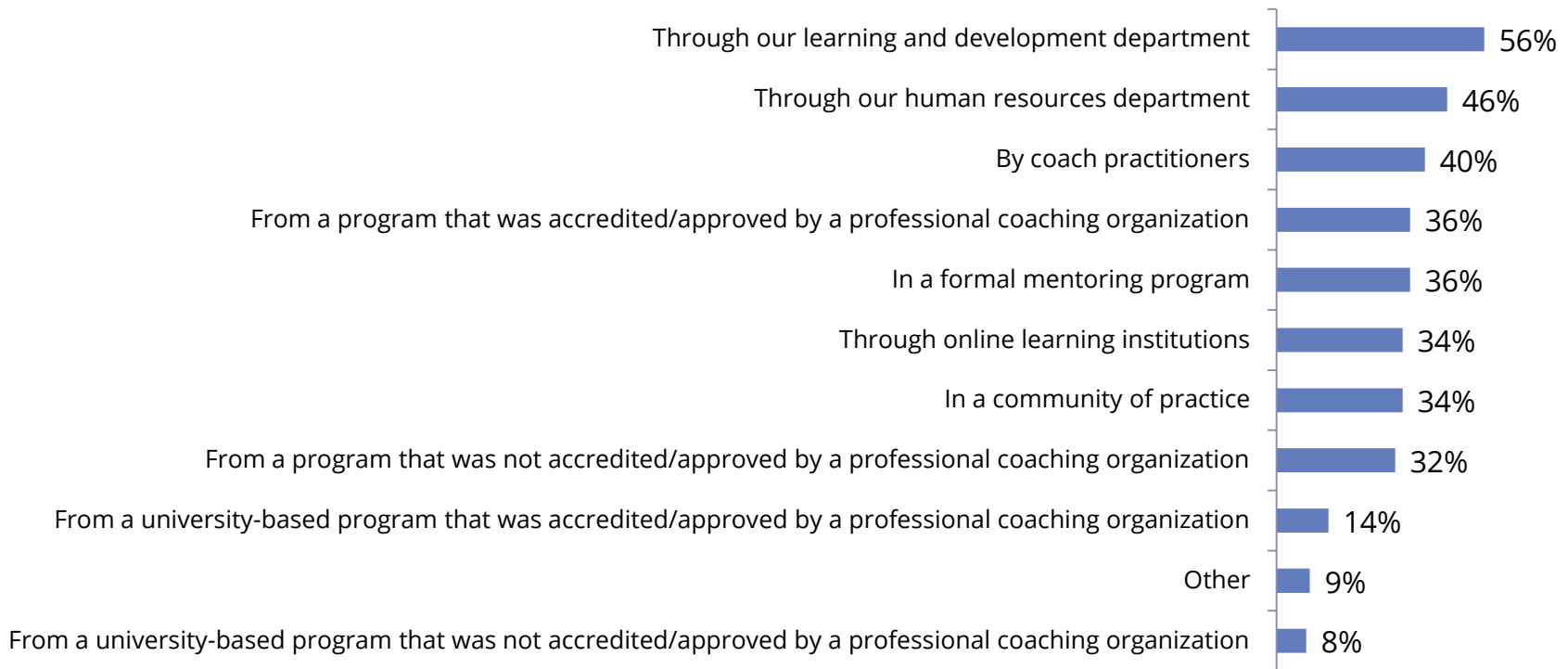
Figure 7. Current budget scenario by changes in forecasted 2016 coaching budget.





# Training for internal coach practitioners

Figure 8. How and where is coach-specific training currently offered to your internal coaches? (Select all that apply.)



# Training for managers/leaders

Figure 9. How and where is coach-specific training currently offered to your managers/leaders who are using coaching skills? (Select all that apply.)



*“A more formalized approach to coaching would improve the outcomes of our new hires. Our ability to coach and mentor staff varies widely by department, and we find greater turnover in those departments that don't think about coaching as a strategy. ”*

- Survey respondent

# Coaching and employee engagement

# Increasing employee engagement

In this study, 88% agree employee engagement is important for their organization, and 70% of respondents report that their organization measures it.

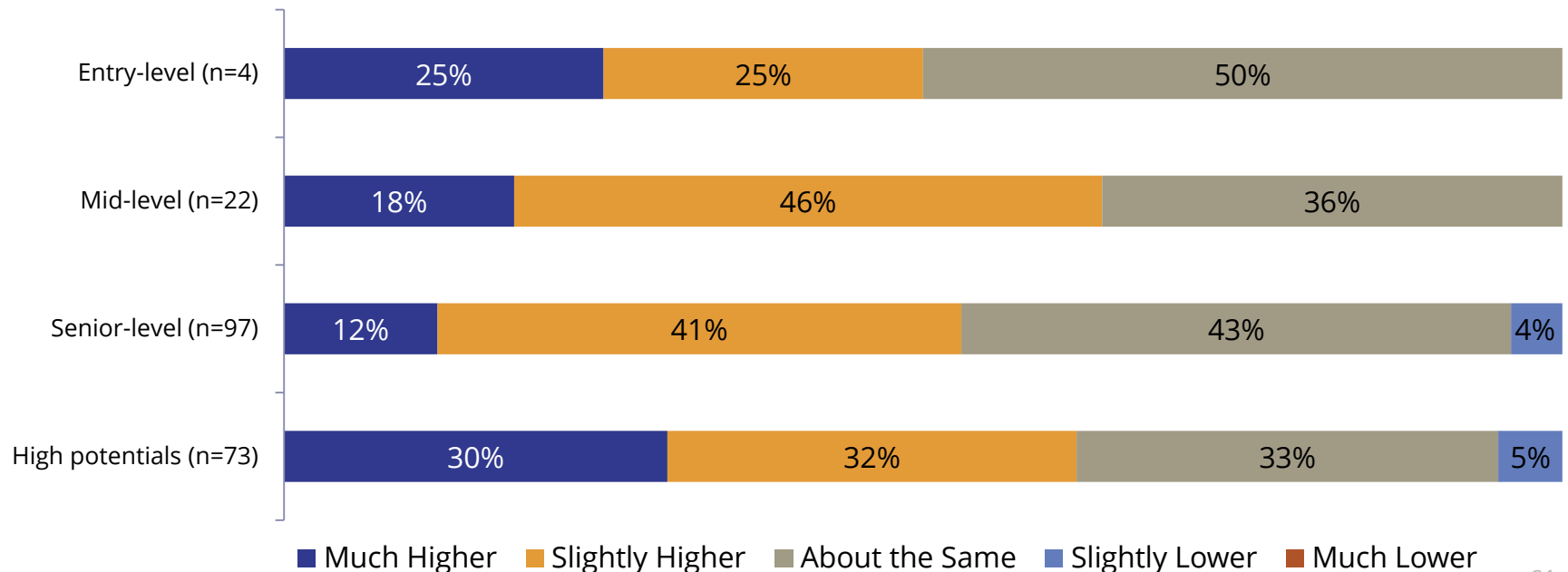
Figure 10. What is your organization doing to increase employee engagement? (Select all that apply; n=335)



# Engagement – external coaches

Senior-level employees and high potentials have the most access to external coach practitioners, and more than 50% of respondents report engagement levels have increased for these employee segments in the past year.

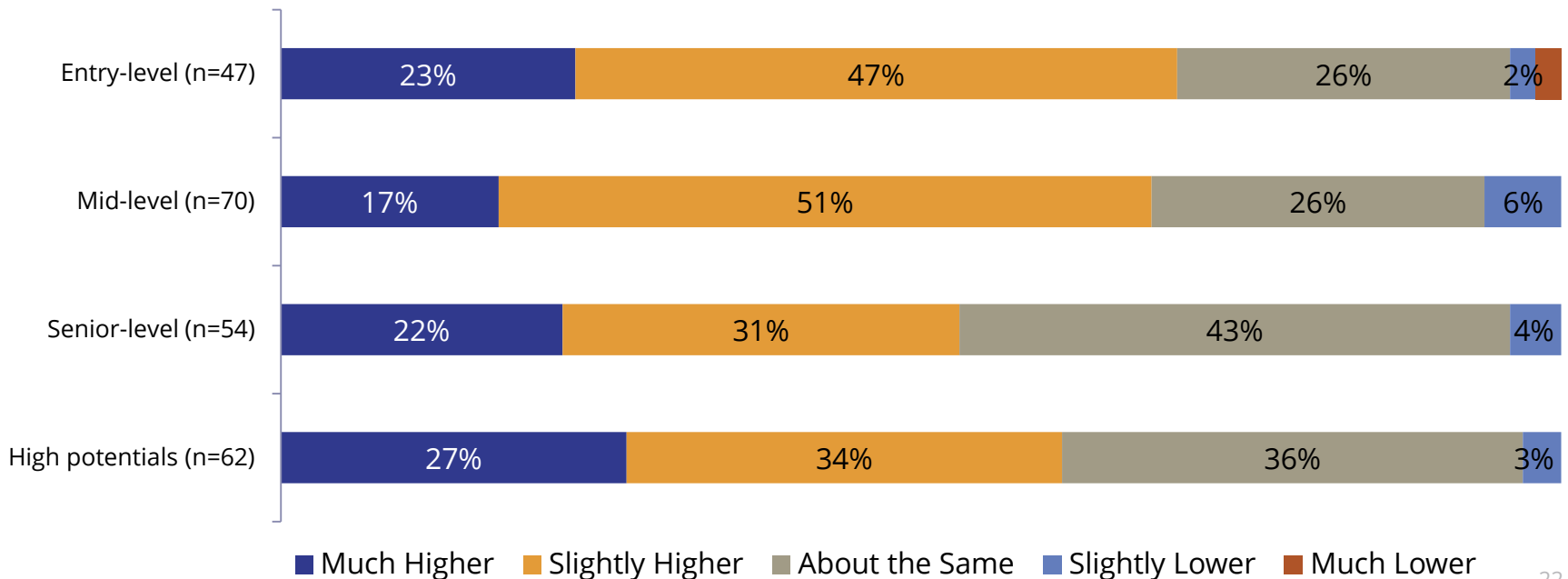
Figure 11. For the employee segment(s) you indicated have external coaches, how have employee engagement levels changed in the past year?



# Engagement – internal coaches

There are many factors that can influence employee engagement. From our data it appears entry-level and mid-level employees benefit the most from internal coach practitioners.

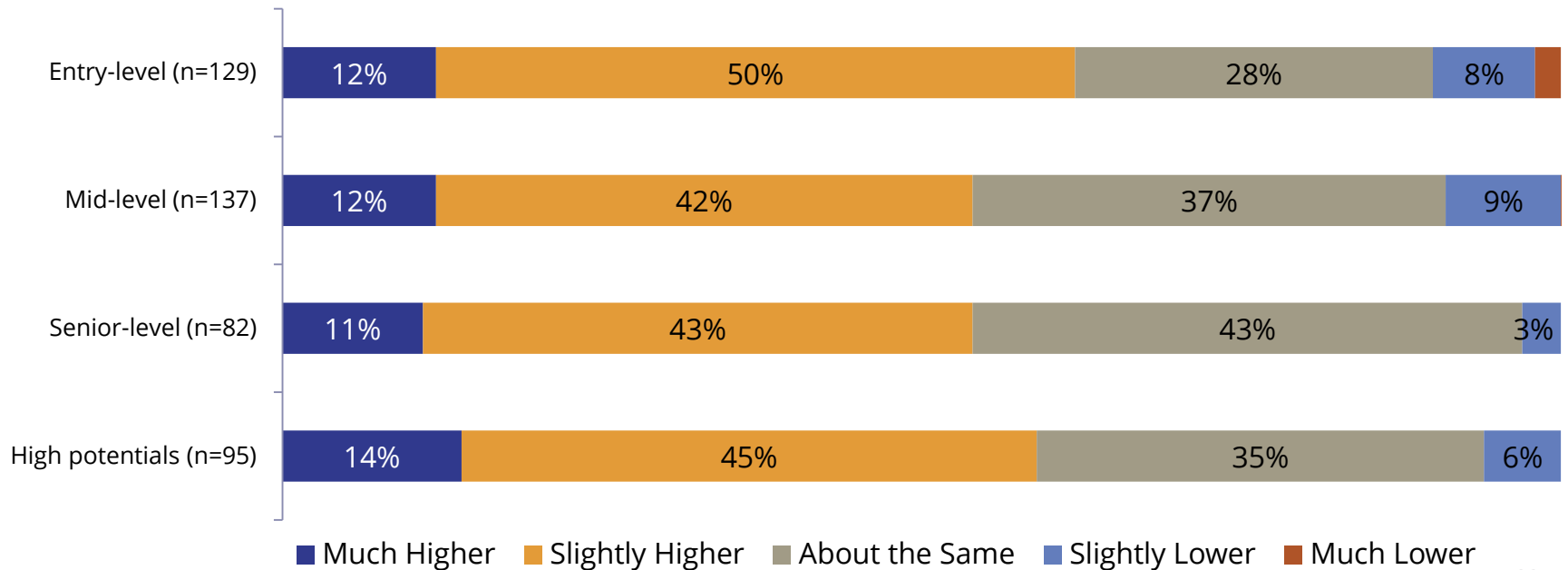
Figure 12. For the employee segment(s) you indicated have internal coaches, how have employee engagement levels changed in the past year?



# Engagement – managers/leaders

Across all employee segments that have access to managers/leaders using coaching skills, more than 50% of respondents report engagement levels are higher than last year.

Figure 13. For the employee segment(s) you indicated have managers who use coaching skills, how have employee engagement levels changed in the past year?



# Summary

Coaching has an especially high impact on engagement among high-potential employees.

Modalities	Engagement levels Much Higher/Slightly Higher			
	Entry-level	Mid-level	Senior-level	High potentials
External coach	50%*	64%*	53%	62%
Internal coach	70%	68%	53%	61%
Manager/leader using coaching skills	62%	54%	54%	59%

Table 3. *Rising engagement levels by modality.*

\* *Sample size less than 50.*



# Conclusions

## **There is business case for a strong coaching culture.**

- Organizations with a strong coaching culture have higher employee engagement (60% of employees rated as highly engaged compared to 48% of all other organizations).
- Organizations with a strong coaching culture report higher revenue growth (63% report being above their industry peer group in 2014 revenue compared to 45% of all other organizations).

## **The use of all modalities has increased this year compared to our 2014 study.**

- The use of external coach practitioners has grown the most (increased 12 percentage points) over the past year. The use of internal coach practitioners has increased by 7 points, and managers/leaders using coaching skills by 2 points.

## **Organizations are using coaching practices to increase employee engagement.**

- Sixty percent of the organizations surveyed leverage managers/leaders using coaching skills in order to improve the engagement of their employees.

## **High-potentials' engagement levels are dramatically affected by coaching.**

- Many factors influence employees' engagement, but organizations that offer coaching report higher engagement levels compared to the previous year across all employee segments.
- In particular, over 60% of organizations report higher engagement levels for high-potentials with access to any of the three coaching modalities.

# Recommendations

## Offer coaching to all employees.

- Coaching should be made available through different modalities across all levels of an organization, to individuals of all ages and experience levels.

## Train internal coach practitioners and managers/leaders using coaching skills.

- Organizations should set up a training track that allows for internal coach practitioners and managers/leaders to participate in continuous coaching education. There are many ways to build up coaching skills within your company.

## Fund coaching in your budget.

- Organizations should allocate more of their overall training budget toward coaching as evidenced by organizations with a strong coaching culture.

## Measure the impact of coaching on employee engagement.

- To determine the value of coaching, organizations should measure the engagement levels of those employees with and without access to coaching to quantify the effect of coaching.
- Organizations then should communicate the effectiveness of coaching to stakeholders along with other available data points (e.g., employee and coach feedback, return on investment, and return on expectations).

# Survey demographics

Level of Seniority	
C-level	7%
VP-level	15%
Director-level	29%
Manager-level	37%
Individual contributor	12%

(n = 340)

Seventy-three percent of respondents' organization are headquartered in North America.

Functional Area	
Human Resources / Talent Management	55%
Learning and Development	31%
Others (combined)	14%

Number of Employees	
Less than 101	11%
101 to 1,000	33%
1,001 to 10,000	32%
10,001 to 50,000	17%
Greater than 50,000	7%

Industry	
Financial Services/Real Estate/Insurance	14%
Business/Professional Services	11%
Auto/Industrial/Manufacturing	10%
Health care	9%
Non-Profit	7%
Government	7%
IT Hardware/Software	6%
Others (combined)	36%

# About the research partners



Formed in 1995, the International Coach Federation is the world's largest organization of professional trained coaches, with more than 23,000 members in more than 130 countries worldwide. ICF is dedicated to advancing the coaching profession by setting high ethical standards, providing independent certification and building a worldwide network of credentialed coaches. Coaching is a distinct service and differs greatly from therapy, consulting, mentoring, or training. ICF defines coaching as partnering with clients in a thought-provoking and creative process that inspires them to maximize their personal and professional potential. For more information, please visit our website at [www.coachfederation.org](http://www.coachfederation.org).

# About the research partners



The Human Capital Institute (HCI) is the global association for strategic talent management and new economy leadership, and a clearinghouse for best practices and new ideas. Our network of expert practitioners, Fortune 1000 and Global 2000 corporations, government agencies, global consultants, and business schools contribute a stream of constantly evolving information, the best of which is organized, analyzed, and shared with members through HCI communities, research, education, and events. For more information, please visit [www.hci.org](http://www.hci.org).

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