A major employee demotivator is a colleague who isn't pulling his weight - and is getting away with it.

When There's a Freeloader on Your Team

by Rodd Wagner and James K. Harter

FREE RIDERS. HITCHHIKERS. DEADWOOD. SLUGS. Drones. Barnacles. Slackers. Every manager has had one of these on her team at some point—whether she knew it or not. Even if she wasn't aware that one of her employees wasn't pulling his weight, his peers certainly were—after all, they had to pick up his slack and find ways to workaround him. Chances are they found the experience enormously frustrating and demoralizing.

According to extensive research that we and others at The Gallup Organization (Washington, D.C.) have conducted over the past decade, few factors are as corrosive to employee engagement as a colleague who skates through the workweek taking advantage of the much harder work of others. What's the cost of disengagement? Much more than any manager wants to pay.

"Engagement" may sound like a soft concept, but it's one with a hard bottom-line impact. For example, work teams with the highest levels of engagement outperformed those with the lowest level, averaging 18% higher productivity and 12% greater profitability. Business units with many actively disengaged employees experience 51% more turnover than do those with many engaged employees. When you consider that replacing an entry-level employee costs anywhere from 25% to 80% of his annual wage and replacing a specialist such as an engineer or salesperson costs 75% to a staggering 400% of her annual pay, disengagement's impact on a business unit's profitability is clear.

People who feel part of a solidly committed team are routinely safer, better with customers, less likely to quit, and more productive than those who don't. If you've got dead wood in your group, you're losing out not only because of his subpar productivity but also from the effect it has on your team. One of the worst one-two punches to a team's esprit de corps and productivity is having a slacker in its midst and a manager who lacks the spine to do anything about it. If there's someone on your team now who's not pulling her weight, you need to act quickly and decisively to fix the problem. In this article, we draw on more than 10 years of Gallup research in 114 countries across industries as varied as utilities, retail stores, paper mills, government agencies, hospitals, banks, and newspapers to give you a framework for understanding—and correcting—a freeloader's pernicious effect on your team's motivation and productivity.

Coasting and cooperation: They're both contagious

Managers know in their gut what social scientists have determined in experiment after experiment: when you present a group of people with a chance to earn more by making contributions to the group's general welfare but you don't establish any way to prevent some from coasting, more and more people will give up until almost no one contributes to the common good. For instance, University of Zurich researchers Ernst Fehrand Simon Gächter conducted a series of experiments in which they organized subjects in groups of four and gave every person in each group some money. Individuals could choose to keep the money or contribute some portion of it to the group's pool of funds, which would be increased by 40% and divided equally among the group members, regardless of whether they contributed some, all, or none of their initial stake.

At the beginning of the game, most players invested some of their money, which was measured in points; the average was a little more than 9 out of 20 points. But as the game continued and players who were contributing realized others were freeloading, they reduced their contributions until, 10 rounds later, the average contribution was only 3 points. In other words, the average participant—convinced he was being taken advantage of—kept nearly all his money to himself.

Then Fehr and Gächter made one change: they allowed players to spend some of their money on "punishment" points that would reduce the funds of the freeloaders. Even though spending money to punish another player also reduced the punishers' own funds, they were quite willing to pay the price.

As Fehr and Gächter's work and that of other researchers has shown, the desire for revenge is a potent psychological force, one that's often more powerful than the pressure to just get along or to overlook an associate's lack of work ethic. "Just pay attention to your own job" simply doesn't cut it in the mind of an employee who sees a slacker pushing around paper clips all day in the office next door. Adding the chance to even the score changed the whole game for Fehr and Gächter's subjects. Average contributions reached 18.2 points, with82.5% of players investing everything in the common pool.

Three fundamentals about employee behavior that managers should understand

These experiments shed a revealing light on the subtleties of human interaction, providing managers with three fundamental truths to build on as they work toward increasing individuals' contributions to team efforts:

1. Most people want to cooperate.

Even though in these experiments there were incentives to freeload from the very beginning, a large proportion of people started by venturing some of their money, maybe to test the waters, maybe out of a sense of morality. Translating these findings to the workplace suggests that most people begin a new job fully prepared to cooperate with their colleagues, and they'll continue to cooperate if they find cooperation to be the norm.

2. Without accountability, coasting will occur.

In the first set of experiments, the lack of accountability pushed some of the research subjects to withhold contributions to their groups' funds. In any workplace, some employees will coast if they know they won't be called t otask for coasting. And when their coworkers realize what's going on, they'll be tempted to coast, too. What can result is an almost perfectly selfish workgroup that loses the chance of making solid profits.

3. Some people will pay to enforce fairness—even at a cost to themselves.

Fehr and Gächter's second set of experiments shows that even when it is personally expensive to punish another team member, many participants will "invest" in keeping the game fair. Researchers call this altruistic punishment because it requires a player to spend his own money to enforce the group's interest. While this might initially sound like a good thing, it really isn't. Translated into the push-and-pull of the workplace, this tendency motivates some workers to neglect their own work as they dedicate time and energy to punishing freeloading colleagues. In other words, employees' attention can be seriously diverted when a bad apple is in the barrel.

How to put these lessons to work

Taken together, these three lessons teach the value of accountability. If everyone on a team knows that slackers will be reprimanded, the slackers behave better, and the naturally cooperative people, seeing a fairer system, become more willing to invest their time and efforts. The group's productivity then rises. But if team members see that deadwood is tolerated, many will start holding back. And it's likely that conscientious employees who tend to be naturally cooperative will, in time, start looking for an environment in which their hard work will be met with hard work in kind. In short, accountability spells the difference between a team whose tacit motto is "Every man for himself " and a team that operates on the principle "All for one and one for all." What can you as a manager do to create an environment that encourages the members of your team to work for the common good of the group?

Examine practices and policies: Is work distributed fairly?

Sometimes workplace policies and procedures inadvertently require less effort from some employees than from others, creating the appearance of coasting. Take the experience of Eric Taverna, general manager of a Best Buy store in Manchester, Conn.

As with any retail enterprise, there's a fine line between profit and loss at a Best Buy store. Staying on the right side of that line requires a manager who can balance many competing aspects of the business at once. Is staffing sufficient to meet customer needs yet lean enough to keep prices competitive? Is everything clean and bright? Is everything properly stocked and labeled? Beyond these basic and tangible aspects are more subtle, equally crucial issues of employee engagement. Are the employees, often young people with one eye on the job and the other on this week's exam or next weekend's concert, getting what they need from the company? Are they motivated to do a good job?

These are not trivial questions. Gallup analysts have found that employee engagement is a crucial component of the performance of Best Buy stores, affecting everything from customer attitudes to the percentage of merchandise lost to theft to profitability itself. For this reason, Taverna and his hundreds of counterparts across the country are judged, in part, by how well they maintain morale. A July 2003 employee survey showed that Store 484—Taverna's store—had a good, but not great, engagement level. Compared with Gallup's database of workgroup engagement scores, the store barely made the top third. Employees gave particularly low ratings to the commitment of their fellow employees to doing quality work.

Taverna and his team of five assistant managers brought up this issue during their next quarterly all-employee meeting, during which several associates suggested a solution: institute "team close," in which all employees on the clock when the store closed would pitch in to help their colleagues, even those outside their own department. "We want 'team close,'" they said. "We want everyone to be treated the same, and we want to walk out together as a team."

Closing a Best Buy store is a substantial endeavor. The registers have to be closed down, the receipts secured, and the store readied for opening the next morning. Everything must be cleaned, the shelves must be restocked, and hundreds of display items must be turned off. The situation in Manchester was complicated by differences in how one assistant manager or another would close the store. An employee in a smaller department might be able to finish her area and be on her way faster than her colleagues in the larger departments—or maybe not, depending on the manager. Although the Manchester store closed at 9:30 p.m., it was not unusual for some employees to be in the store until almost midnight, while others were long gone.

By practice, if not by design, Store 484 had created one of the most discouraging situations for any team: allowing some people to shoulder less of the burden while requiring the others to carry the bulk of the load.

In response, Taverna and his five assistant managers developed a team close procedure, agreed that every manager would follow it consistently, and put it into action as the 2003 holiday season approached.

The next survey, in January 2004, showed that their efforts paid off. Store 484's employee-engagement score jumped from good to great, reaching the top 10% of the workgroup scores in Gallup's database. Not coincidentally, the store was performing well against budget and, in a high-churn business, had substantially lowered turnover.

Solicit frank feedback from employees: Do they see a problem you don't?

Taverna and his assistant managers learned that employees can identify positive solutions to tough problems. But employees also can identify problems the manager doesn't see. It's not always clear to a manager—especially one recently appointed to a new role—which employees are slackers by inclination and which have lost interest in giving their all because of the slacker in their midst. Because coasting is contagious, some employees turning in lackluster performance now may have started the job primed to cooperate and contribute fully.

To pinpoint the origin of a downward performance spiral, you can do as Nancy Sorells did when she was appointed manager of an underperforming Marriott hotel near Dallas. She asked the employees: "Who is the worst employee at this hotel, and how long have they been here?" When questioned as to why she wanted to know, she replied, "Whoever is the lowest sets your standard, no matter what you say to the contrary."

Of course, information gained in this manner has to be handled with sensitivity. Someone may have an ax to grind, for instance, and unfairly single out a colleague as a result. But if the same handful of names keep popping up, that's a signal to take a closer look at those individuals and how their performance is affecting that of their colleagues.

Observe closely how new employees behave: Are there some people they gravitate to?

If you see that gung-ho new hires tend to go to a certain employee for advice and camaraderie, you have identified a natural motivator in your midst. Make full use of him: increase his responsibilities, get him training that will boost his knowledge and influence, and assign him to work on projects that are having trouble getting off the ground. And check in with him regularly to get his read on the organization—he may have insight into performance issues or staff concerns you don't even know about yet.

A management imperative

Employee engagement is by no means the sole cause of a company's or a team's success; it may not even be the most important. Yet the evidence is clear that creating and maintaining high levels of employee engagement has positive bottom-line consequences. For this reason, no manager has wholly fulfilled her responsibilities—to her colleagues, to the organization, to the organization's stockholders— until she makes increasing team engagement a priority.

"When he's awake, he can work circles around me."

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