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Employee Engagement

Key concepts and terms

- Commitment
- Discretionary behaviour
- Employee engagement
- Employer of choice
- Job engagement
- Job satisfaction
- Organizational citizenship
- Organizational engagement
- Performance management
- Social exchange theory

Learning outcomes

On completing this chapter you should be able to define these key concepts. You should also know about:

- The meaning of employee engagement
- Why engagement is important
- Discretionary behaviour
- The drivers of engagement
- Methods of enhancing engagement

Introduction

The concept of employee engagement has attracted a lot of attention recently. Reilly and Brown (2008) noted that the terms 'job satisfaction', 'motivation' and 'commitment' are generally being replaced now in business by 'engagement' because it appears to have more descriptive force and face validity. As Emmott (2006) commented, 'Employee engagement has become a new

management mantra – and it's not difficult to see why. Engaged employees – those who feel positive about their jobs – perform better for their employers and can promote their organization as “an employer of choice”.

Everyone believes that engagement is a good thing, but many are vague about what it really is. Perhaps this is because all sorts of different meanings are attached to it. It is often used loosely as a notion which embraces pretty well everything the organization is seeking with regard to the contribution and behaviour of its employees in terms of job performance, discretionary effort, motivation, commitment to the organization and organizational citizenship. Some definitions refer to engagement as a condition that is solely related to the jobs people do. Others define it as, in effect, commitment to the purposes and values of the organization. Yet others mix up job and organizational engagement in a way which makes it impossible to disentangle which is which (and therefore difficult to develop programmes for enhancing engagement that distinguish between what is needed to deal with the job aspects of engagement as distinct from the organizational aspects). Only Balain and Sparrow (2009) make a clear distinction between the two. It is difficult not to agree with the comment by Guest (2009) that ‘the concept of employee engagement needs to be more clearly defined... or it needs to be abandoned’.

But the term ‘employee engagement’ seems to be here to stay, and this chapter therefore begins with an attempt to clarify its meaning and define its significance. This leads to an assessment of the drivers of engagement, and a discussion of one of the key notions associated with it – that of discretionary effort. The chapter ends with a review of approaches to engaging employees.

The meaning of employee engagement

In their comprehensive study of employee engagement, MacLeod and Clarke (2009) concluded that ‘The way employee engagement operates can take many forms.’ So can descriptions of what it means. There are four approaches to definition, described below.

Job engagement

The term ‘engagement’ can be used in a specific job-related way to describe what takes place when people are interested in and positive, even excited, about their jobs, exercise discretionary behaviour and are motivated to achieve high levels of performance.

Gallup (2009) defined engagement as ‘The individual’s involvement and satisfaction with as well as enthusiasm for work.’ Balain and Sparrow (2009) noted that a number of other well-known applied research and consultancy organizations have defined engagement on similar lines, often emphasizing the importance of discretionary behaviour as the key outcome or distinguishing feature of an engaged employee. An academic definition based on research by Maslach *et al* (2001) referred to engagement as ‘A positive, fulfilling, work-related state of mind that is characterized by vigour, dedication, and absorption.’

An engaged employee was defined by Bevan *et al* (1997) as someone ‘who is aware of business context, and works closely with colleagues to improve performance within the job for the benefit of the organization.’ Murlis and Watson (2001) defined ‘engaged performance’ as ‘A result that is achieved by stimulating employees’ enthusiasm for their work and directing it towards organizational success. This result can only be achieved when employers offer an implied contract to their employees that elicits specific positive behaviours aligned with the organization’s goals.’ Towers Perrin (2008) adopted a similar approach when it defined employee engagement as ‘the extent to which employees put discretionary effort into their work, beyond the minimum to get the job done, in the form of extra time, brainpower or energy’.

Organizational engagement

Organizational engagement focuses on attachment to the organization as a whole. The Conference Board in the United States (2006) defined employee engagement as ‘a heightened connection that an employee feels for his or her organization.’ Robinson *et al* (2004) emphasized the organizational aspect of engagement when they defined employee engagement as ‘a positive attitude held by the employee towards the organization and its values’.

This definition of engagement makes it more or less indistinguishable from the traditional notion of commitment. Porter *et al* (1974) defined this as the relative strength of the individual’s identification with, and involvement in, a particular organization. The three characteristics of commitment identified by Mowday *et al* (1982) are:

- a strong desire to remain a member of the organization;
- a strong belief in and acceptance of the values and goals of the organization;
- a readiness to exert considerable effort on behalf of the organization.

Organizational engagement is associated with the notion of organizational citizenship behaviour, which Katz and Kahn (1966) defined as ‘innovative and spontaneous activity directed toward achievement of organizational objectives, but which goes beyond role requirements’.

General definitions

General definitions of engagement tend to describe what it does rather than what it is. A good example is this one by Truss *et al* (2006):

Engagement is about creating opportunities for employees to connect with their colleagues, managers and wider organization. It is also about creating an environment where employees are motivated to want to connect with their work and really care about doing a good job... It is a concept that places flexibility, change and continuous improvement at the heart of what it means to be an employee and an employer in a twenty-first century workplace.

Another example is provided by Robinson (2008), who stated that ‘An engaged employee experiences a blend of job satisfaction, organizational commitment, job involvement and feelings of empowerment. It is a concept that is greater than the sum of its parts.’

MacLeod and Clarke (2009) also defined engagement generally as ‘a workplace approach designed to ensure that employees are committed to their organization’s goals and values, motivated to contribute to organizational success, and are able at the same time to enhance their own sense of well-being.’

Analytical definitions

Perhaps the most illuminating and helpful approach to definition is to analyse the concept specifically in terms of job and organizational engagement. A good example of this is the explanation by Balain and Sparrow (2009), based on the work of Saks (2006), of the antecedents, types and consequences of engagement. It is shown in Table 9.1.

Table 9.1 Antecedents, types and consequences of engagement

Antecedents of engagement	Types of employee engagement	Consequences
<ul style="list-style-type: none"> ● Enriched and challenging jobs (job characteristics). ● Quality of the employee–organization relationship (perceived organizational support). ● Quality of the employee–supervisor relationship (perceived supervisor support). ● Rewards and recognition. ● Fairness in the processes that allocate resources or resolve disputes (procedural justice). ● What is considered just or right in the allocation of goods in a society (distributive justice). 	<ul style="list-style-type: none"> ● Job engagement. ● Organizational engagement. 	<ul style="list-style-type: none"> ● Job satisfaction. ● Organizational commitment. ● Level of intention to quit. ● Organizational citizenship behaviour.

Source: Balain and Sparrow (2009).

Engagement defined

On the basis of the Balain and Sparrow analysis, engagement can be defined as:

Engagement happens when people are committed to their work and the organization and motivated to achieve high levels of performance. It has two interrelated aspects: first, job engagement, which takes place when employees exercise discretionary effort because they find their job interesting, challenging and rewarding; and second, organizational engagement, when they identify with the values and purpose of their organization and believe that it is a great place in which to work.

Discretionary behaviour

There is a close link between high levels of employee engagement and positive discretionary behaviour or effort. Purcell *et al* (2003) described discretionary behaviour as referring to the choices that people at work often have on the way they do the job and the amount of effort, care, innovation and productive behaviour they display. It can be positive when people 'go the extra mile' to achieve high levels of performance. It can be negative when they exercise their discretion to slack at their work. Discretionary behaviour is hard for the employer to define, monitor and control, but positive discretionary behaviour can happen when people are engaged with their work. On the basis of their longitudinal research Purcell *et al* suggested that the following conditions are required for discretionary behaviour to take place.

- It is more likely to occur when individuals are committed to their organization and/or when they feel motivated to do so and/or when they gain high levels of job satisfaction.
- Commitment, motivation and job satisfaction, either together or separately, will be higher when people positively experience the application of HR policies concerned with creating an able workforce, motivating valued behaviours and providing opportunities to participate.
- This positive experience will be higher if the wide range of HR policies necessary to develop ability, motivation and opportunity are both in place and are mutually reinforcing.
- The way HR and reward policies and practices are implemented by front-line managers and the way top-level espoused values and organizational cultures are enacted by them will enhance or weaken the effect of HR policies in triggering discretionary behaviour by influencing attitudes.
- The experience of success seen in performance outcomes helps reinforce positive attitudes.

Why engagement is important

David Guest (2009) suggested that:

Employee engagement will be manifested in positive attitudes (for example job satisfaction, organizational commitment and identification with the organization) and behaviour (low labour turnover and absence and high citizenship behaviour) on the part of employees; and evidence of perceptions of trust, fairness and a positive exchange within a psychological contract where two-way promises and commitments are fulfilled.

Employee engagement is important to employers because a considerable amount of research indicates that high levels of engagement result in behaviours such as maximizing discretionary effort, taking initiative, wanting to develop, or aligning actions with organizational needs. These deliver a range of organizational benefits, for example:

- higher productivity/performance – engaged employees perform 20 per cent better than the average (Conference Board, 2006);
- lower staff turnover – engaged employees are 87 per cent less likely to leave (Corporate Leadership Council, 2004);
- improved safety (Vance, 2006).

Gallup (2006a) examined 23,910 business units and compared top quartile and bottom quartile financial performance with engagement scores. They found that:

- Those with engagement scores in the bottom quartile averaged 31–51 per cent more employee turnover, 51 per cent more inventory shrinkage and 62 per cent more accidents.
- Those with engagement scores in the top quartile averaged 12 per cent higher customer advocacy, 18 per cent higher productivity and 12 per cent higher profitability.

A second Gallup study in 2006(b) of earnings per share (EPS) growth in 89 organizations found that the EPS growth rate of organizations with engagement scores in the top quartile was 2.6 times that of organizations with below-average engagement scores.

Drivers of engagement

The following drivers of engagement were listed by MacLeod and Clarke (2009):

- leadership which ensures a strong, transparent and explicit organizational culture which gives employees a line of sight between their job and the vision and aims of the organization;

- engaging managers who offer clarity, appreciation of employees' effort and contribution, who treat their people as individuals and who ensure that work is organized efficiently and effectively so that employees feel they are valued, and equipped and supported to do their job;
- employees feeling they are able to voice their ideas and be listened to, both about how they do their job and in decision making in their own department, with joint sharing of problems and challenges and a commitment to arrive at joint solutions;
- a belief among employees that the organization lives its values, and that espoused behavioural norms are adhered to, resulting in trust and a sense of integrity.

Towers Perrin's 2008 Global Workforce Study of employee views found that the top driver of engagement was senior management demonstrating a sincere interest in employee well-being.

Balain and Sparrow (2009) concluded that 'To understand what really causes engagement, and what it causes in turn, we need to embed the idea in a well-founded theory. The one that is considered most appropriate is social exchange theory, which sees feelings of loyalty, commitment, discretionary effort as all being forms of social reciprocation by employees to a good employer.'

MacLeod and Clarke (2009) pointed out that engagement is a two-way process: 'organizations must work to engage the employee, who in turn has a choice about the level of engagement to offer the employer. Each reinforces the other.' They also noted that 'Engagement is about establishing mutual respect in the workplace for what people can do and be.' As a representative of the home insulation company KHI put it to them, 'Employee engagement is when the business values the employee and the employee values the business.'

Research cited by IDS (2007) has identified two key elements that have to be present if genuine engagement in its broadest sense is to exist. The first is the rational aspect, which relates to an employee's understanding of their role, where it fits in the wider organization, and how it aligns with business objectives. The second is the emotional aspect, which has to do with how the person feels about the organization, whether their work gives them a sense of personal accomplishment and how they relate to their manager.

To summarize, job engagement will be affected by work and job design, the quality of leadership exercised by line managers and the reward system. Organizational engagement will be affected by the quality of life provided by the working environment and by ensuring that the organization is an employer of choice.

Enhancing engagement

Engaging their employees is what every employer wants to do. But how can they do it? They will need to address issues concerning both aspects of engagement: job and organizational engagement. These are interrelated, and any actions taken to enhance either aspect will be

mutually supporting, although it is useful to consider what can be done specifically in each area bearing in mind the particular circumstances and needs of the organization. There are no universal prescriptions, and any actions taken should be based on evidence derived from measurements of levels of engagement, trends in those levels and benchmarking. The data need to be analysed and assessed to provide information on what might be done.

Measuring engagement

Interest in engagement has been stimulated by the scope for measuring levels and trends through engagement surveys. These provide the basis for the development and implementation of engagement strategies through the ‘triple-A’ approach: Analysis, Assessment and Action. An example of a survey is given in Figure 9.1. The first 10 questions focus on job engagement and the next 10 are more concerned with organizational engagement.

Enhancing job engagement

Justin King (2009), CEO of Sainsbury’s, has stressed that ‘In our business with almost 150,000 people, engagement is a key concern. In businesses of our scale, you don’t even get started without engagement.’ For anyone working in Sainsbury’s engagement was only possible if three conditions were met:

- they were clear about what they were expected to do;
- they had the skills to do it;
- they understood why they had to do it.

These three conditions can be satisfied through good job design, learning and development programmes, performance management, and improving the quality of leadership provided by line managers. In addition rewards in the broadest sense, that is, non-financial as well as financial, can play an important part.

Job design

As Herzberg (1968) remarked, ‘If you want someone to do a good job give them a good job to do.’ Intrinsic motivation and therefore increased engagement can be generated by the work itself if it provides interest and opportunities for achievement and self-fulfilment. The approaches to motivation through job design suggested by Robertson and Smith (1985) are to influence:

- *skill variety* by providing opportunities for people to do several tasks and combining tasks;
- *task identity* by combining tasks and forming natural work units;
- *task significance* by informing people of the importance of their work;

Engagement survey					
Please circle the number which most closely matches your opinion					
	Strongly agree	Agree	Disagree	Strongly disagree	
1	I am very satisfied with the work I do	1	2	3	4
2	My job is interesting	1	2	3	4
3	I know exactly what I am expected to do	1	2	3	4
4	I am prepared to put myself out to do my work	1	2	3	4
5	I have plenty of freedom to decide how to do my work	1	2	3	4
6	I get lots of opportunities to use and develop my skills in this job	1	2	3	4
7	The facilities/equipment/tools provided are excellent	1	2	3	4
8	I get good support from my boss	1	2	3	4
9	My boss gives me helpful feedback on how well I am doing	1	2	3	4
10	I am rewarded well for my contribution	1	2	3	4
11	I think this organization is a great place in which to work	1	2	3	4
12	I would recommend this organization to people as a good employer	1	2	3	4
13	I believe I have a good future in this organization	1	2	3	4
14	I intend to go on working for this organization	1	2	3	4
15	I am happy about the values of this organization, the ways in which it conducts its business	1	2	3	4
16	I believe that the products/services provided by this organization are excellent	1	2	3	4
17	The management of this organization is really concerned about the well-being of employees	1	2	3	4
18	I have no problems in achieving a balance between my work and my private life	1	2	3	4
19	I like working for my boss	1	2	3	4
20	I get on well with my work colleagues	1	2	3	4

Figure 9.1 Example of an engagement survey

- *autonomy* by giving people responsibility for determining their own working systems;
- *feedback* on how well they are doing.

These approaches may be used when setting up new work systems and jobs, and the intrinsic motivation strategy should include provision for guidance and advice along these lines to those

responsible for such developments. But the greatest impact on the design of work systems or jobs is made by line managers on a day-to-day basis. An engagement strategy should therefore include arrangements for educating them as part of a leadership development programme in the importance of good work and job design, and what they can do to improve intrinsic motivation.

The work environment

A strategy for increasing job engagement through the work environment will be generally concerned with developing a culture which encourages positive attitudes to work, promoting interest and excitement in the jobs people do, and reducing stress. Lands' End believes that staff who are enjoying themselves, who are being supported and developed, and who feel fulfilled and respected at work will provide the best service to customers.

Performance management

Performance management processes (described in Chapter 14) can be used to define expectations and to provide feedback.

Learning and development programmes

Learning and development programmes can ensure that people have the opportunity and are given the encouragement to learn and grow in their roles. This includes the use of policies which focus on role flexibility – giving people the chance to develop their roles by making better and extended use of their talents. This means going beyond talent management for the favoured few and developing the abilities of the core people on whom the organization depends. The philosophy should be that everyone has the ability to succeed, and the aim should be to 'achieve extraordinary results with ordinary people'. It includes using performance management primarily as a developmental process with an emphasis on personal development planning.

The strategy should also cover career development opportunities, and how individuals can be given the guidance, support and encouragement they need if they are to fulfil their potential and achieve a successful career with the organization, in tune with their talents and aspirations. The actions required to provide men and women of promise with a sequence of learning activities and experiences that will equip them for whatever level of responsibility they have the ability to reach should be included in the strategy.

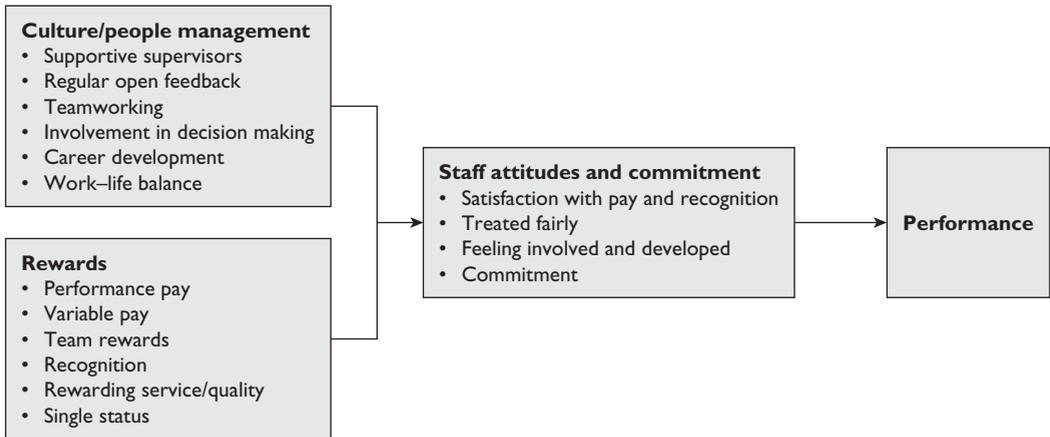


Figure 9.2 How reward policies influence performance through engagement

Line managers

Line managers play a vital and immediate part in increasing levels of job engagement. They do this by exercising leadership and ensuring that their team members are clear about what they have to do, acquire the skills required and appreciate the significance of their contribution. They have considerable influence over job and work design, and are there to provide support, encouragement and coaching with the help of the performance management system. They need guidance on what they are expected to do, and help in developing the skills they need.

Developing engagement through reward

Reilly and Brown (2008) contend that appropriate reward practices and processes, both financial and non-financial and managed in combination (in a total rewards approach) can help to build and improve employee engagement, and that badly designed or executed rewards can hinder it. Their model, based on research of how reward policies influence performance through engagement, is shown in Figure 9.2.

Enhancing organizational engagement

It was suggested by David Guest (2009) that engagement can be achieved ‘through effective leadership of a strong, positive culture that ensures the enactment of organizational values; through strong management that supports employees’ work and well-being; through careful design of systems and jobs to enable employees to contribute through full use of their

knowledge and skills; through effective employee voice; and through provision of appropriate resources, tools and information to perform effectively’.

A basis for enhancing organizational engagements was established by the longitudinal research in 12 companies conducted by Professor John Purcell and his colleagues (Purcell *et al.*, 2003). They found that the most successful companies had ‘the big idea’. This meant that:

They had a clear vision and a set of integrated values. They were concerned with sustaining performance and flexibility. Clear evidence existed between positive attitudes towards HR policies and practices, levels of satisfaction, motivation and commitment, and operational performance. Policy and practice implementation (not the number of HR practices adopted) is the vital ingredient in linking people management to business performance and this is primarily the task of line managers.

At Lands’ End the thinking behind how the company inspires its staff is straightforward – employees’ willingness to do that little bit extra arises from their sense of pride in what the organization stands for (quality, service and value). It makes the difference between a good experience for customers and a poor one.

High-involvement management

Organizational engagement can be developed through high-involvement management. This term was first used by Lawler (1986) to describe management systems based on commitment and involvement, as opposed to the old bureaucratic model based on control. The underlying hypothesis is that each employee will increase their involvement with the company if they are given the opportunity to control and understand their work. Lawler claimed that high-involvement practices worked well because they acted as a synergy and had a multiplicative effect.

High-involvement management involves treating employees as partners in the enterprise, whose interests are respected and who have a voice on matters that concern them. It is concerned with communication and participation. The aim is to create a climate in which a continuing dialogue between managers and the members of their teams takes place in order to define expectations and share information on the organization’s mission, values and objectives. This establishes mutual understanding of what is to be achieved, and a framework for managing and developing people to ensure that it will be achieved.

Employee engagement: key learning points

The meaning of employee engagement

Engagement takes place when people are committed to their work and motivated to achieve high levels of performance.

Why engagement is important

Engagement is important to employers because a considerable amount of research indicates that high levels of engagement which result in behaviours such as maximizing discretionary effort, taking initiative, wanting to develop, and aligning actions with organizational needs deliver a range of organizational benefits, for example higher productivity/performance.

The factors that affect engagement

Engagement will be affected by the quality of work and job design, the quality of life provided by the working environment, and the quality of leadership and the reward system.

Methods of enhancing engagement

Financial and nonfinancial rewards can enhance engagement, but providing intrinsic motivation through the work itself, improving the work environment and ensuring that line managers play their part are equally if not more important.

Questions

1. Distinguish between the concepts of engagement, motivation and organizational citizenship.
2. What is discretionary behaviour, why is it a good thing and how can it be encouraged?
3. What is the role of line managers in enhancing engagement?

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