
Employee engagement

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The aspiration to involve, engage and win commitment from employees has long been high on the agenda of a select portion of enlightened management. However, there has been a notable resurgence of interest in employee engagement in recent times and it seems that the phenomenon has evolved and been redrawn. Distinctive posts are now advertised which call, for example, for ‘Directors of Employee Engagement’ rather than, or sometimes in addition to, Director of HR. Recent conferences linking employer branding to employee engagement also indicate the nature of the trend, and the professional associations for HR professionals in the USA and the UK have both paid close attention to the issue (Chartered Institute of Personnel and Development 2006, 2007; SHRM 2008). The Australian Human Resource Institute has engagement as a key component of its ‘Model of Excellence’ which incorporates the latest research results from the HR Competency Model developed by Dave Ulrich and Wayne Brockbank of the University of Michigan. The practices and the remit are being reimagined and reinvented. The intensity of interest has been such that the Editor of T&D has moved to ask: ‘What’s the Big Deal About Employee Engagement?’ (Ketter 2008). The purpose of this chapter is to explore the meanings and manifestations of employee engagement in its revitalized mode. We will answer four questions about employee engagement:

1. What does employee engagement mean?
2. What are the outcomes?
3. What are the methods?
4. What are the future theoretical and practical challenges?

Answering these four questions will help academics and consultants synthesize and advance engagement work and assist managers and HR professionals to make wiser choices about employee engagement activities and investments.

The meaning of employee engagement

We want to begin by seeking to clarify the meaning of employee engagement. Because it has grown so quickly in popularity, many consultants, companies, and researchers have developed their own definitions of engagement, resulting in confusion of meanings and of approaches. We begin with some commercial definitions and then move on to consider some academic definitions.

The Caterpillar Company defines it as: 'The extent of employees' commitment, work effort, and desire to stay in an organization.' Dell Inc declares that, 'To compete today, companies need to win over the minds (rational commitment) and the hearts (emotional commitment) of employees in ways that lead to extraordinary effort.' The Corporate Leadership Council defines it as 'The extent to which employees commit to something or someone in their organization, how hard they work and how long they stay as a result of that commitment.' The Gallup Organization simply states that it 'is the involvement with, and enthusiasm for, work' (Vance 2006a, b). The Gallup Organization (2006) has elaborated their understanding by referring to 'engaged employees' as those who 'work with a passion and feel a profound connection to their company and drive innovation and move the organization forward'. In the UK, the CIPD (2007) refers to it as 'passion for work' and the willingness to go the extra mile.

Academic researchers have defined employee engagement as 'the harnessing of organization members' selves to their work roles; in engagement, people employ and express themselves physically, cognitively, and emotionally during role performances' (Kahn 1990). Others have noted the centrality of 'vigor' in the idea of engagement – that is, feelings of strength and emotional energy in the workplace (Shirom 2003). Shaw (2005) defined engagement as 'translating employee potential into employee performance and business success'. This means changing the way employees perform 'by utilizing the tools in the armoury of internal communication professionals'.

International Survey Research (ISR) defines employee engagement as 'a process by which an organization increases commitment and continuation of its employees to the achievement of superior results'. The ISR separates commitment into three parts: cognitive commitment, affective commitment and behavioral commitment. In other words, the three dimensions are: think, feel and act.

The challenge with most of these definitions is that they define the construct in terms of its outcomes more than the construct itself. The definitions also suggest an overlap between engagement and commitment and yet the argument has been posited that engagement exists 'as a distinct and unique construct that consists of cognitive, emotional, and behavioral components that are associated with role performance' (Saks 2006: 602). When applied to organizational settings, however, the concept tends to exhibit considerable overlap with constructs such as affective organizational commitment and organizational citizenship behavior (OCB). There are overlaps too with ideas about (i) role expansion, (ii) the taking of initiative and (iii) the voluntary giving of discretionary – and even extraordinary – effort. Thus, employee engagement is hard to distinguish conceptually from this range of constructs relating to cognitive and emotional commitment. It is also important to ask 'engagement in or to what?' – the answer could be the immediate task, the social life of the group, the department or the organization as a whole. Each of these behaviours is of course rather different from the others.

For the purposes of this chapter 'employee engagement' is understood to mean the affective commitment which employees make in practice. Affective commitment implies discretionary energy and working hard on the job versus 'satisfaction' which focuses on 'liking' a job. There are cognitive, emotional and physical dimensions to engagement. We can demonstrate the

distinction of satisfaction versus commitment with a simple illustration. When conducting a company workshop, we often ask participants the satisfaction question: ‘Do you like your job (boss, pay, or other job features)?’ To get at commitment means asking a different set of questions such as: ‘To what extent do you go beyond your job description to do your best for the organization?’ Someone can like or be satisfied with their job, but not work very hard at doing it well. Conversely, someone may work hard but not like the work they do. Thus, we define engagement as: *a set of positive attitudes and behaviours enabling high job performance of a kind which is in tune with the organization’s mission.* To bring this about usually requires a mix of human resource practices built around involvement, perceived appropriate rewards, a set of learning and development opportunities and good leadership at multiple levels.

Contemporary approaches to employee engagement in practice almost invariably involve some systematic attempt to measure the phenomenon and to act upon the results over a series of iterations. We have undertaken a wide-ranging assessment of such surveys. The questions used in engagement surveys indicate the nature of the construct. Some typical core questions are shown below (these are normally accompanied by a Likert scale of responses):

- I am proud to work for this company
- I put my heart into the job
- I would recommend this company to a friend
- Our company is energizing and exciting
- I enjoy the challenges in my work
- I like to stay until the work is done.

This affective commitment should, and as we will show under the appropriate conditions does, impact employee behaviour in ways that can result in positive organizational outcomes. There are of course conditional factors such as team leader behaviour, job design and energy. We will focus later in the chapter on the ‘energy’ variable as we have conducted extensive research in this area both with managers’ energy and that of employees.

The outcomes from employee engagement

When employees experience engagement or commitment, a number of positive outcomes occur. Some of the outcomes of engagement link to other employee affective responses to work. For example, the UK Workplace Relations Survey found that more engaged employees had higher employee participation in company programs, retention, receptiveness to change, and loyalty. In addition, employee engagement has also been found to be related to less:

- role conflict and stress;
- cynicism about the organization and its goals;

and more:

- sense of control over one’s work environment;
- confidence in the future of the organization;
- sense of self-confidence in the ability to make change happen in the organization;
- willingness to learn and experiment;
- willing to stay with the company (lower turnover or higher retention);

- motivation;
- creative ideas and solutions; continuous improvement;
- team working;
- organization identity.

Most people can reflect on a personal experience when they felt more engaged with the organization and when conversely they felt less engaged or even disengaged. These feelings of engagement are associated with a greater willingness to work hard, feeling connected to both the work and cohorts doing the work, there is a sharper focus on achieving the goals of the organization, and a feeling of being part of the 'flow' of the organization. Researchers have confirmed and generalized these personal experiences. For example, work by Saks (2006: 613) revealed that engagement levels are predicted by perceived support granted to employees by the organization and that measures of engagement themselves predict levels of job satisfaction, commitment measures, intentions to quit, and positive behaviours within the organization.

In addition to these personal outcomes, when an organization has more engaged employees, the organization performs better. The relationship between employee engagement and performance seems to have been found in much of the empirical research that has tried to relate it to business unit or firm outcomes. For instance, the following quotes illustrate these empirical findings:

Companies in which 60 percent (or more) of the workforce is engaged have average five-year total returns to shareholders (TSR) of more than 20 percent. That compares to companies where only 40 to 60 percent of the employees are engaged, which have an average TSR of about six percent.

(Baumruk et al. 2006: 24)

Highly engaged employees achieve 12 percent more of their goals than employees with low engagement. Twelve percent of an employee salary of \$35,000 equates to \$4,200. When considering the impact on an organization with 10,000 employees, the value of engagement can yield a major impact of \$42 million.

A meta-analysis by Harter et al. (2002) of data collected by the Gallup Organization produced similar findings. This revealed the strong effects employee engagement can have on levels of customer satisfaction and loyalty. A weaker, but practically significant, effect was also found between measures of engagement and satisfaction and business-level outcomes. In another meta-analytic study, Ricketta (2002) found a correlation between measures of attitudinal organizational commitment – defined as 'the relative strength of an individual's identification with and involvement in a particular organization' (Mowday et al. 1979: 226) – and job performance. Interestingly, the strength of this correlation was found to be moderated by the type of data collected and was stronger when self-ratings were used as compared to objective and/or supervisor-rated measures. Additionally, Luthans et al. (2002) examined the role of managers with regard to employees' levels of engagement and determined that levels of manager self-efficacy partially mediated the relationship.

Thus, research conducted by both academic and consulting firms seems to suggest that engagement (or commitment) is related to outcomes that are considered important by managers of organizations at both individual and organization levels.

Ways of achieving employee engagement

Many consulting firms, such as Accenture, Concoors, Gallup, Hewitt, Mercer, Towers Perrin, Watson Wyatt and others, have created engagement surveys. We have assessed each of these products and we have identified seven common factors, briefly defined and then developed below.

- *Vision*: The work unit has a clear sense of the future that engages hearts and minds and creates pride among employees.
- *Opportunity*: The work on offer provides a chance to grow both personally and professionally, through participation in the work unit's activities.
- *Incentive*: The compensation package is fair and equitable, including base salary, bonus, and other financial incentives.
- *Impact*: The work itself makes a difference or creates meaning, particularly as it connects the employee with a customer who uses the employee's work.
- *Community*: The social environment includes being part of a team when appropriate, and working with co-workers who care.
- *Communication*: The flow of information is two-way, so employees are in the know about what is going on.
- *Experimentation*: The work hour, dress, and other policies are flexible and designed to adapt to the needs of both the firm and the employee.

We call these inducements VOI2C2E. This framework stems from the work of Anthony Rucci and it has been elaborated in Ulrich and Brockbank (2005). Each of the elements represents a set of choices which leaders can make to increase employee engagement. An individual may differ on his/her interest in each of these seven factors (e.g., some may be more interested in community than in communication). Over a career span, employees may also vary on the relative weighting of each of these elements (e.g., early in a career, incentives or financial rewards may be more important than later in a career). These seven elements can be woven into an employee value proposition, representing what employees get in return for their dedication to the firm. They are shown diagrammatically in [Figure 18.1](#).

In the following commentary on the figure we discuss the meaning of each term and we also in each case focus especially on the implications for leaders of teams, departments and organizations.

Vision

Defining a future direction for an organization unit goes by many names: strategy, goals, objectives, aspirations, themes, values, milestones, mission, intent, and purpose. While there are nuances of differences among these concepts, they all focus on a future direction and investments to make tomorrow's direction real today.

When employees understand, accept, and align their actions to the direction of the organization, they are more likely to be engaged. There are a number of specific dimensions of the vision that lead to employees being more engaged:

- *Clarity*. Visions should combine analytics which lay out statistical projections of the future and stories which capture the impact of the future investments on employees and customers. In consulting, we often ask members of a management team to write in

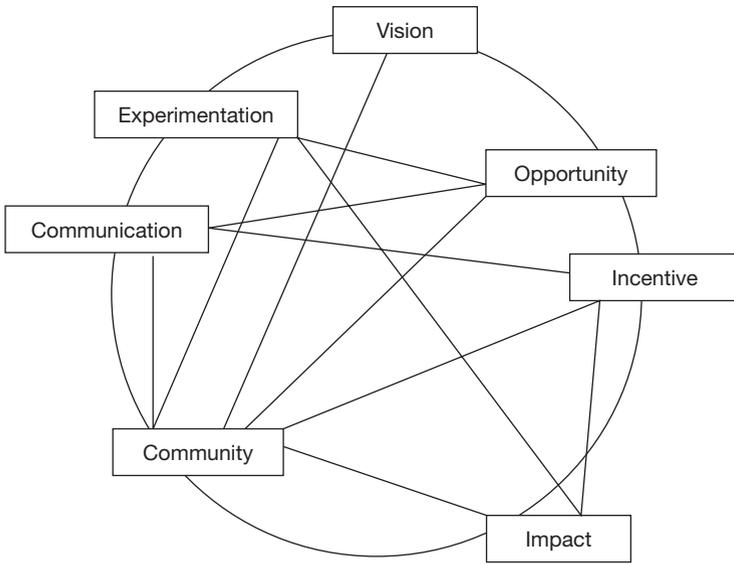


Figure 18.1 The VOICE framework

20 words or less ‘What are we trying to accomplish?’ We can quickly discern the extent to which there is a shared vision among the managers of the management team. Visions engage employees when they offer them a sense of purpose that has meaning to each of them.

- *Line of sight.* Visions in the abstract remain at the hoped-for-but-not-likely level. When visions translate to employee actions, they become real. Employees who can see how their day-to-day behaviour links to longer term organization visions become more engaged. This is consistent with expectancy theory which advocates the alignment between an employee’s effort and performance and performance and outcomes. When this line of sight exists, employees feel engaged because they believe that their work will have impact.
- *Future focused.* Visions focus on what can be, not what has been. By creating the future, visions engage employees in working together to deliver a desired result.
- *Emotive and cognitive.* Visions create energy by generating passion among employees about what can be. Energy often comes from emotions that may exist within a company or from the leaders of the company. Cognitive visions ensure that the passions are grounded in reality.

When leaders build purpose-driven organizations, employees are more engaged. Employees in these organizations act like volunteers because they believe in the cause or purpose of the organization. At times, a crisis may create a temporary purpose-driven organization. In utility firms, when a storm creates power outages, utility employees find a clear and unifying purpose to their work. Employees think much less about distracting politics or policies and focus on restoring power. These employees are engaged. The greater challenge for leaders is to ensure a continuity of engagement with the benefit of an external crisis.

Implications for leaders

Leaders who create visions that lead to employee engagement should identify and connect with leading customers, anticipate technology and industry trends, determine how to leverage their core competencies to move into new markets, and find ways to involve employees in defining and shaping their strategy. Nokia leaders knew that the cellular phone devices strategy which had been so successful had to morph to being an internet company where content on the devices defined their future. They held broad-based employee ‘café’ meetings where employees throughout the company could learn about the future and engage in discussing the strategy. As the Nokia internet strategy emerges, employees who participated in it will be more engaged with it.

Opportunity

Opportunity means that employees are given the chance to learn and grow through their participation in the work’s activities. Opportunities to participate may come from direct participation involving individual employees, indirect or representative participation through the intermediary of employee representative bodies, such as works councils or trade unions, and financial participation. Each of these forms is discussed in more detail below. Through all of these forums, employees participate in decision making and work impact.

- Direct participation can be seen as taking two main forms: *consultative participation* where management encourages employees to make their views known on work-related matters, but retains the right to take action or not; and *delegative participation* where management gives employees increased discretion and responsibility to organize and do their jobs without reference back.

Both *consultative* and *delegative participation* can involve individual employees or groups of employees. The two forms of consultative participation can be further subdivided. Individual consultation can be ‘face-to-face’ or ‘arm’s-length’; group consultation can involve temporary or permanent groups.

- Indirect or representative participation includes co-determination or rights of works councils in some EU member countries, notably Germany. The decision forums make social policy decisions jointly with management. Joint consultation may also exist, where management seeks the views of the union and takes them into account in making its decision. The most obvious example of a ‘dual system’ is to be found in Germany where it is enshrined in the legal framework. Joint regulation is largely the responsibility of the employers’ organizations and trade unions and takes place outside the workplace at the level of the industry or the Land. Inside the workplace, the task of representing the interests of employees is taken over by the statutory works councils, which have limited rights of joint regulation but extensive powers of joint consultation as well as information, which means a much wider range of issues is discussed between management and employee representatives.

As these forums for participation increase, employees are given more opportunities to join in how the organization defines and delivers work. When employees participate, they feel more engaged. Research on commitment among self-employed workers shows that their engagement scores are higher because they participate in and have control over decisions.

Opportunity also means that employees have prospects of learning and growing at work. This growth may come from formal training and development experiences, but it may also

come from work assignments. Learning also comes when a culture exists that encourages risk taking and reflection. Employees are more engaged when they have opportunities to learn.

Implications for leaders

Leaders lead by doing, but also by getting others to do. Leaders recognize that their ultimate responsibility is to help others nurture and growth their talents. The participation and learning opportunities for employees should be a constant leadership action item. As decisions are made, leaders can ask questions such as: Who should be involved in this decision? Who are the next generation of talented employees and how do we give them learning opportunities? What is our workforce plan and how do we make sure we have employees prepared for what is coming? As leaders open their decision processes to more employees, these employees will be more engaged.

Impact

Hackman and Oldham's (1974) work on motivation showed that when employees could see the outcome of their work, they were more likely to be committed to it. Impact means that employees feel that their hard work will lead to desired results. In this present volume, the chapter by Bowen and Pugh (Chapter 30) shows the impact of employees seeing that their work will affect customer response to the firm. When employees realize that their attitude and behaviors will show up in customer attitude and behaviours, these employees are more engaged as they know that what they do makes a difference.

Leaders can help employees see the impact of their work by helping them understand how their work fits into the overall process of customer service. Every employee has a customer, either inside or outside the organization. When an employee can see the ways in which his or her work delivers value to customers, the employee is more likely to be emotionally engaged in delivering the work.

Some of the nature of this impact can be found in the empowerment literature especially in relation to those circumstances where employees are empowered to make decisions that affect customers. But good empowerment is not just about decentralizing decision making and sharing authority; it also means making sure that employees have the information required to make good decisions and the competencies to use that information to serve customers.

Implications for leaders

Leaders often have information about the connection of activities inside a company to users of the activities. Leaders can see the beginning of the processes to the end. As they open these processes to employees, employees become equally engaged with the impact that they have. This means getting more employees touching and thinking like customers. A large retail chain asked all of its 200,000 sales associates to interview ten people in a thirty-day period and ask questions like: Why do (or don't) you shop at our company? How would you rate your last experience in our store? What could we do to improve? What do you tell your friends about our company? At first, the leaders were excited about building a data base with all this data, but then they realized that the real impact was having employees throughout the company connecting with customers so that they could better experience the impact of their work.

Rewards and incentive

Few like to admit publicly that they are motivated by something so crass as money but, as the chapter in this volume by Barry Gerhart suggests (Chapter 14), financial incentives can shape employee behaviour. There are two main forms of financial participation: profit sharing and share ownership. Both have a long history in the UK. The John Lewis Partnership, for example, which embraces Waitrose, the multiple food retailer, as well as the general household stores, has long been a strong advocate of profit sharing and the organization in recent years has outperformed the industry sector.

Although a regular feature in the remuneration of many managers, however, profit sharing and share ownership among employees in general has not been extensively practised. In the UK, for example, the number of workplaces with an employee share ownership scheme for non-managerial employees amounts to no more than 15 per cent, while profit-sharing schemes cover about 30 per cent of workplaces. Typically, too, the amounts of money involved in profit sharing or the number of holdings in share ownership are relatively small.

Employee engagement increases when employees receive financial benefits from their engagement. Remuneration sends communication signals about what matters, serves as a scorecard for performance, and also meets the needs of some employees. Profit sharing and share ownership can be very useful in sensitizing employees to the state of the business. It is a moot point, however, whether they do a great deal for involvement and participation on a day-to-day basis. Arguably, they need to be raised to the levels available to senior managers to have a serious impact in this respect.

Implications for leaders

Creating an incentive system that drives the right behaviour starts by being very clear about the behaviour that reflects the strategy. Behaviours or standards that put strategic directions into actions that employees understand may come when leaders share directions with employees and then ask employees what they should do more or less of to make the direction actionable. The responses to these questions become the basis for employee standards. Then, as employees reach these standards, they receive positive financial or non-financial consequences. If employees miss these standards, this has negative consequences. Leaders need to continually audit their incentive systems to make sure that they are measuring the right things, having clear standards, connecting rewards to standards, and providing employees with feedback on how they are doing.

Community

Community affects employee engagement in two ways. First, a community represents cohorts of teams with whom the employee works. Peer pressure and social networks encourage employees to commit to their job. Gallup's finding of having a friend at work as a source of engagement implies a reciprocal relationship between the employee and his/her peers. Because of personal relationships, employees have goodwill towards their peers and will try to not let them down, and to make sure that they are not the weak link on the team. Richard Hackman's (2002) research on high-performing teams shows that when employees feel like they are part of a social network, or community, they allocate more effort to supporting the goals of the team.

Community is often rooted in leadership. Clearly, leadership matters. When an employee works for a respected and admired leader, the leader is able to engage the employee to work hard by personal relationship or influence. Leaders who engage employees, listen, reinforce positive behaviour, help employees meet their personal goals, care for employees, and deliver

results, are generally surrounded by employees who reciprocate by being more engaged. Obviously visible and immediate leaders have more impact than distant leaders who are higher in the hierarchy. However, we are finding that with internet blogs and other corporate transparency, employees in the bowels of the organization relate to the leaders at the top of the organization. When senior executives communicate an environment of openness and caring, employees throughout the organization feel more engaged.

Implications for leaders

Leaders who build community model what they want others to do. Employees hear what leaders say, but they watch closely what leaders do. Leaders who build the right community start with customer expectations by answering the question: What do we want to be known for by our best customers in the future? The answers to this question then should be translated into leadership behaviours that leaders should model. If customers want a firm to be innovative, leaders need to take risks, ask questions, spend time on new products, and be open to change. In addition, leaders set the tone for the community they serve. This team work shows up in how the team makes decisions, processes information, manages relationships, and learns from good and bad experiences. Leaders who build community have employees who are more engaged.

Communication

Employees are more engaged when they know what is going on and why. Communication systems that inform employees help employees feel more a part of the organization. Communications can, of course, be two-way. Thus there can be channels of communicating *with* employees and channels for 'listening' *to* employees. Sometimes the terms 'top-down' and 'bottom-up' are used. For the purposes of analysis and exposition, however, it makes sense to use the term communications or information disclosure to describe the former and consultation the latter. The importance of communications hardly needs emphasizing. Lack of understanding is a major source of inefficiency and lack of motivation. More worrying from a management perspective is that, in the absence of clear information, the infamous 'grapevine' takes over.

Leaders who build top-down, bottom-up, side-to-side, and inside-out communication plans ensure that employees understand what is expected and why it is expected. Employees are more engaged when they are more informed. Some employees like to be at the centre of the information network and become transmitters of information to others. Engaging these employees happens when they become spokespeople for the organization.

Implications for leaders

Leaders who communicate well have clear messages that they share redundantly. They share at both the cognitive and emotive levels. They are open to feedback and are constantly trying to improve. They use multiple tools to share information, from one-on-one meetings, to town hall meetings, to blogs, to videos, to e-mails depending on the purpose of their communication. They think carefully about the audience for their messages and tailor common messages to different audiences.

Entrepreneurship or flexibility

Finally, we know that employees, particularly the next-generation employees, enjoy flexibility. The playlist generation of employees has been raised on choices through computer technology.

In the work setting, flexibility about terms and conditions of work may help engage employees. Flexibility might include work hours, benefits, work location, work attire, office space, and other policies that give employees more choice over their work setting.

Flexibility gives employees choice. When an employee makes a choice about his or her work setting, they are more engaged because they have a feeling of ownership.

Implications for leaders

Leaders who encourage flexibility focus on the outcomes of an activity more than the activity. They are open to innovative and creative ways to accomplish the outcomes. They invite employees to find new ways to deliver on important goals. They are willing to experiment and learn by trying new things, and then learning from those experiments. They treat each employee as an individual, with clear performance expectations, but with flexibility on how to reach business goals.

Three future challenges

Our research and consultancy work in the domain of employee engagement suggests a need for more concentrated effort along three dimensions. These are challenges mainly for leaders and managers though by implication there are also research challenges involved here.

Challenge 1: Leadership energy

We find that despite the exhortations, in practice many managers are often resistant to employee engagement programs. This can be for two underlying reasons – first, some inherent uncertainty about the implications for the leader role and second, due to the perceived additional work required by the leader. It can be argued from afar that engagement would in fact lighten the leader's role, but the perception is real and is a barrier to be overcome. We have found that those leaders who feel overburdened tend to judge that an 'engagement' programme will be an added cost to them personally. Our research also suggests that unless these interpretations are faced at the outset, it is difficult to embed and sustain a major engagement initiative in any organization.

The awareness-raising elements of an employee engagement initiative such as training, surveys, posters, action planning and the like are in fact the easy bits. Then comes the problem of implementation proper. This may be simple in an environment where leaders have the time for the additional work required for engagement initiatives; however, our work shows that many leaders are overworked and may even be burned out. They have little energy to embed the initiative in any meaningful sense. One of us in particular (Welbourne) has focused on this problem. Data have been collected from 4,000 leaders every two months since 2003 to track their energy at work¹ and gather comments about what is affecting energy. Using this data we can show that over the past few years, the measure of overall leadership energy has in fact been declining among this sample. These leaders are reporting their energy levels are at a rate that is lower than where they are most productive. These leaders say they have no time to get the most critical elements of their core work jobs done, and this is the key factor they report as negatively affecting their personal energy levels at work. Given that engagement implies activity 'above and beyond' (a common expression used for engagement), the problem is that these leaders are working at suboptimal energy levels and cannot even engage themselves properly because they

are too busy just trying to cope with their personal workloads; still less do they feel that they have time or inclination to engage others.

The leadership study described above was inspired by two separate research initiatives. The first was a longitudinal study covering over a thousand firms which examined the predictors of earnings growth, stock price growth and firm survival. The second was the case study work within organizations that grew from the firm-level research. The key finding in the firm-level work was that organizations with higher, long-term performance had high energy cultures. The work involved surveying individual employee energy levels over time – in some cases at weekly intervals. The case study data found that, using the individual employee measure of energy established for the project, energy measures predicted levels of labour turnover, absenteeism, productivity, safety outcomes, patient satisfaction in hospitals, and customer satisfaction.

The case study also discovered that leader energy predicted employee energy. And so it is especially disconcerting to find in the ongoing leader study (that began in 2003) that leader energy is not optimal. If leader energy is falling and/or suboptimal, the overall outcome is negative for bottom-line productivity and firm performance because leader energy predicts employee energy, and high energy cultures predict organizational outcomes (stock price growth, survival). Therefore, exploring and dealing with the root causes of suboptimal leader energy is important for understanding long-term firm performance and the potential for employee engagement initiatives to work in any organization.

In order to provide some context for the above leader energy findings and the link of falling leader energy to employee engagement, we now briefly describe how it was measured for the studies mentioned. ‘Energy’ is a construct that is different from the constructs explored through traditional questions used in most employee surveys and it has been shown to be predictive in some unique ways. First, the ideal energy level varies from individual to individual and from occupation to occupation. The measurement process uses a 0 to 10 scale, where 0 = no energy, 8 = high energy, and 10 = too much energy.² Thus, energy is an optimization versus a maximization scale. A point can be reached where people are exerting so much energy they cannot find time to replenish themselves fast enough. An employee can have too much stimulus at work, and this can result in burnout. However, the definition of ‘too much’ differs from person to person, and it is important when measuring energy to ask more than one question. The measurement process used in the above-mentioned studies produces a variety of scores: energy overall, most productive energy level, and the gap between where one is most productive and where one is today.

When energy is measured, a few unique things are done: employees are asked to rate their energy frequently (bimonthly or even weekly); they rate where they are most productive using the same energy question; the ‘most productive’ rate is used to establish control zones, which are zones where the employee is most productive (similar to target heart zones when exercising); and variance over time in energy is measured and tracked.

Challenge 2: Role-based performance to define engagement

Leaders cannot get their core jobs done when they are overworked and near burnout. What does that mean for engagement? In order to delve into this question in more detail and add a theoretical perspective to the topic of engagement, we introduce the role-based performance model.

Five different categories of work behaviour can be defined via the roles that employers set up at work and reward within organizations. Short descriptions of each and an overall model follow:

1. Core job holder role (what is in the job description);
2. Entrepreneur or innovator role (improving process, coming up with new ideas, participating in others' innovations);
3. Team member role (participating in teams, working with others in different jobs);
4. Career role (learning, engaging in activities to improve your skills and knowledge);
5. Organizational member role (citizenship role or doing things that are good for the company).³

(Welbourne et al. 1998)

When the role-based approach to work is combined with a resource-based view of the firm, a link between role-based behaviour and firm performance can be derived. The resource-based view of the firm states that firms 'win' when they create long-term competitive advantage from resources that are valuable, rare, inimitable, and for which substitutes do not exist (Barney 1991, 1995). Researchers in human resource management strategy applied this work, suggesting that employees are a key strategic asset that meets the requirements of providing competitive advantage.

However, it is what people are doing at work specifically (or what roles they are engaged in) that drives results. If the role-based model of performance is applied, long-term competitive advantage does not come with people simply doing their core jobs. If employees are only doing core jobs (for which job descriptions are easily available), the competition can hire people, train them to do those same jobs, and do this in a location where wages and other costs are much lower.

But, if employees engage in behaviours above and beyond the core job, then true competitive advantage from people materializes. When employees have firm-specific knowledge and use that information to develop new ideas, to improve the organization, to assist new team members, and to continue to escalate their careers, then the synergy that comes from all of these above and beyond behaviours starts to drive long-term competitive advantage, which then affects firm performance.

If one starts with firm performance in mind and works backwards, then it becomes clear why employee engagement is so popular today. It makes sense that 'emotional commitment', 'above and beyond' behaviours, or 'discretionary' efforts (all terms found in the work on employee engagement) are desirable. A clear understanding of what these words mean is essential for anyone who expects to improve engagement and improve performance through their employees' efforts. Also, the link between extra role (entrepreneur, team, career, and organizational member) and core-job role performance needs to be clearly understood because if employees cannot find enough time to do the core job role, then the odds on engaging in any non-core roles are very low.

Going back to the leadership findings, leaders are saying they are de-energized because they do not have enough time to get their core jobs done. In such an environment, how can these leaders be expected to work on an employee engagement initiative? By adding yet one more piece of work to overburdened leaders, organizations run the risk of further de-energizing them.

Thus, the lesson learned from all of this discussion of energy and research is that engagement programmes need to start at the top. Start with leader energy and leader role-based performance. Leaders themselves need to have time to go 'above and beyond' so that they exemplify what employee engagement can be by being engaged leaders. Only when leaders have the time they need will they be able to help the managers and employees who report to them reach their own optimal energy levels, balance their work in core and non-core job roles and engage in the behaviours that will drive the organization's strategy.

Challenge 3: Engaging low energy employees

As noted above, seeking to engage low energy leaders can be a problem; in a supplementary stream of research we also found that engaging non-manager employees can decrease employee performance. At the Society for Industrial and Organizational Psychology conference in 2007, several consulting firms presented tales of employee engagement noting that there is ‘something more’ going on with the data. In other words, there was a non-specific but consistent reference to engagement not being enough, at least when discussed in terms of raising engagement survey scores. Additional research linking engagement to energy in non-leader populations helps translate what is now becoming a concern or ‘feeling’ about employee engagement work (Welbourne 2007). The findings of a series of in-depth case studies with organizations in multiple organizations indicates that raising employee engagement survey scores for low energy employees has a negative effect on their performance. Figure 18.2 shows an example of what the resulting interaction effect looks like.

Although these same results were found in multiple within-organization case studies done with surveys developed by our team, with traditional, engagement-like survey questions, perhaps the more interesting study is with an organization that has been doing its own engagement survey, using its own questions, for the last five years. In addition to running their traditional employee engagement survey, the organization collected monthly energy data for a subpopulation of about 1,200 employees. At the end of the project, an analysis was done using data collected for the change in the firm’s own employee engagement scores, average employee energy (over 12 months), change in the employees’ performance appraisal scores and a series of control variables (location, job level, salary, gender, ethnicity). The analysis predicts change in employee performance appraisal scores as a function of both the change in their employee engagement scores and average energy. As can be seen from Figure 18.2, increasing employee engagement scores of high energy employees had a positive impact on their performance over the year. However, increasing employee engagement scores for employees with low energy scores backfired – it lowered their performance.

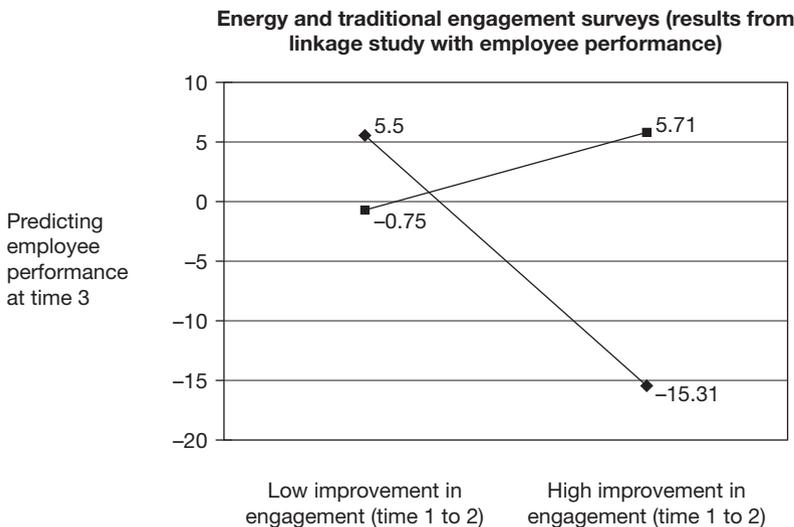


Figure 18.2 Interactive effect of energy and engagement on individual employee performance

It should be noted that this organization may or may not be increasing ‘real’ employee engagement in this situation; we are improving employee engagement survey scores. According to Macey and Schneider (2008: 11–12) who did a very extensive literature review of the academic work surrounding employee engagement:

The measures of “engagement” we have seen in the world of practice are highly similar to measures used for assessments of job satisfaction (or climate or culture), albeit with a new label. While there may be room for satisfaction within the engagement construct, engagement connotes activation while satisfaction connotes satiation . . . [these surveys] do not directly tap engagement.

There are two potential reasons for the negative outcome. The first may be the same cause uncovered in the leader studies. The employees with low energy scores may have been reporting low levels of energy due to burnout and not getting their core work done. Trying to engage these low energy employees could have led to more distractions from the core job and resulted in lower performance appraisal scores because, in reality, most performance appraisals focus on core job (vs. non-core job roles). There is, however, a second possibility that has been borne out in some of our interview data with non-manager employees.

This second possibility only makes sense if we consider that much of what is studied in the engagement survey are really factors related to satisfaction or ‘satiating’. Low energy employees are given better communications, more attention, made to feel more valued, cared about and nurtured, while all the time, employers may be simply enhancing the comfort level of the already ‘low energy’ employees.

If this were the case, then clearly there could be problems associated with including employee engagement survey scores as part of a balanced score card. There could be conditions under which the employer is doing more harm than good.

Taken together, we think that two key processes need to be added to employee engagement initiatives. First, start with the leaders. Second, improve energy before trying to increase employee engagement.

What these cautionary tales are telling us

Too often in HR there is a search for the ‘holy grail’, the thing that will improve performance overnight. There is a worry that employee engagement has the potential to become yet one more HR fad because after millions of dollars being spent on this intervention, there is still a lack of a clear, actionable, definition. In addition to being a field with many fads, HR also often generalizes more than is warranted or needed. Not everyone needs to be retained, trained, motivated, or indeed engaged at the same time. The faster we move to clear understanding of interventions and when they work and do not work, the better.

We believe that employee engagement should be treated as any other HR intervention. It should be a strategic programme, derived from an organizational need to change behaviour in order to achieve a strategic outcome. This means the starting point is not engagement. We should not be implementing ‘engagement’ because it is now in vogue.

The most important question anyone contemplating spending time and money on employee engagement should be asking is: ‘Engaged in what?’ Only when this question is asked first will employee engagement be a useful part of an organization’s strategy.

Conclusions

Employee engagement is attracting a great deal of interest from employers across numerous sectors. In some respects it is a very old aspiration – the desire by employers to find ways to increase employee motivation and to win more commitment to the job and the organization. In some ways it is ‘new’ in that the context within which engagement is being sought is different. One aspect of this difference is the greater penalty to be paid if workers are less engaged than the employees of competitors, given the state of international competition and the raising of the bar on efficiency standards. A second aspect is that the whole nature of the meaning of work and the ground rules for employment relations have shifted and there is an open space concerning the character of the relationship to work and to organization which employers sense can be filled with more sophisticated approaches.

But there is reason to worry about the lack of rigor that has, to date, often characterized much work in employee engagement. If we continue to refer to ‘engagement’ without understanding the potential negative consequences, the core requirements of success, and the processes through which it must be implemented, and if we cannot agree even to a clear definition of what people are supposed to be engaged in doing differently at work (the engaged ‘in what’ question), then engagement may just be one more ‘HR thing’ that is only here for a short time. On a positive note, there is now a wider array of measurement techniques with which to assess trends in engagement and an associated array of approaches to effect some change. Thus, aspiration can more feasibly be translated into action.

Notes

- 1 Energy is defined as the degree to which they are energized or motivated at work. The construct has been validated (predicts turnover, productivity, customer service scores, and more) by numerous studies done since 1993. References to this work are available at www.eepulse.com.
- 2 The energy metric used in these studies is trademarked and copyright protected; use of the measure requires the written permission of Dr. T.M. Welbourne.
- 3 Validation research for this approach is available in: Welbourne, T.M., Johnson, D., & Erez, A. (1998). ‘The role-based performance scale: Validity analysis of a theory-based measure of performance’, *Academy of Management Journal*, 41(5): 540–55.

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