

THE ESSENCE OF ENGAGEMENT: ACHIEVING RESULTS THROUGH PEOPLE

Anna Erickson, Ph.D.

The idea is ground-breaking. The strategy is innovative. The market is ready. And the competition won't know what hit them. It's go time. Are your employees ready?

Successful business leaders understand the importance of aligning talent behind the strategy in accomplishing goals. But winning the "hearts and minds" of followers is much more complex than speeches and banners. Common sense tells us that employee attitudes, morale, emotion, and buy-in are imperative. Yet the solution is multifaceted and realization is challenging. The quest to harness these factors has led to a century of scientific research on what drives employee performance. One finding is clear: employee engagement is a crucial element in this highly complex puzzle.



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ENGAGEMENT

You can hardly pick up a magazine, newspaper or professional journal without finding an article about it. Employee engagement is big business. And the claims about employee engagement are as varied as the hundreds of companies that peddle it – from the “quick fix” surveys consisting of just a handful of questions to highly abstract, unimplementable theoretical models.

With increasing global competition, highly mobile workforces, and pressure for continuing strides in worker productivity, the employee becomes the keystone to achieving business results. And it’s not merely about getting employees to work harder. It’s so much more. It’s about retaining the best talent, aligning the organization behind objectives, and helping employees grow with the changing needs of the company. What organizations need are truly engaged employees: not just employees that are satisfied with their jobs, but employees that are enthusiastic, productive, loyal, committed to the company’s success and aligned with the company’s vision for the future.

But what is hype and what is real? Is employee engagement actually different from employee satisfaction? Do we really know what it takes to build a culture of engagement? And what can science tell us about the bottom line impact of engagement on relevant business outcomes? To address these questions we need to understand how we got here in the first place.

THE SCIENCE OF PERFORMANCE

We’ve all experienced it in one form or another. A speech that moved us to take action. A favorite

teacher that inspired us to follow our dreams. A difficult working environment that stifled our creativity. A stretch goal that drove us to perform beyond our own expectations. A workload or stress level that interfered with our ability to concentrate or perform on the job. Instinctively we know that other people, our work environment, and circumstances impact not only our motivation, but our ability to perform. We also understand the complexity of these influences. While a stretch goal can motivate us, an unreasonable one can be debilitating. A message that deeply touches us in one situation can seem disingenuous in another. Discerning the intricate nature of human behavior is onerous. Even more difficult is leveraging that knowledge to further the achievement of business objectives. Nevertheless, whether through instinct or instruction, it is this skill that is the essence of strong leadership and the key to building a successful organization.

For more than a century, scientists have been working to uncover key drivers of human performance in employment settings: what is the ideal mix of environmental and individual components that will maximize performance on the job? It was this pursuit, many maintain, that gave birth to the field of Industrial Psychology at the beginning of the 20th century. Early researchers focused a great deal on job design and the interaction of workers with their work environment. At the height of the industrial revolution, Scientific Management emerged as the solution of choice for maximizing business performance. Through his “time and motion” studies, researcher Frank Gilbreth (1911) spent years documenting and streamlining the fundamental motions required for workers to perform manual tasks. Despite this very mechanistic approach to worker efficiency, Gilbreth recognized the importance of employee attitudes

and morale, citing “contentment” as one of several “worker” variables impacting employee productivity.

It was experimentation in this same Scientific Management movement that led to startling results that underscored the impact of employee attitudes for the very first time. In the now famous experiments by Western Electric Company at their Hawthorne plant, workers’ productivity seemed to improve no matter what the intervention. While trying to find the optimal conditions for work productivity, researchers discovered that the intervention itself acted as a catalyst for improving performance – presumably due to the increased attention workers received by participating in the research. These experiments clearly demonstrated that the work and worker cannot be viewed in isolation. Work output began to be recognized as a form of social behavior that could only be understood through knowledge of employee attitudes and sentiments.



In contrast, by the mid-1950s the value of understanding employee attitudes in order to improve job performance had come into question.

In 1955, research scientists Brayfield and Crockett noted a surge in the use of employee attitude surveys in the workplace both during and after World War II. However, their comprehensive review of empirical research cast doubt on the utility of such tools. These researchers concluded that “there is little evidence in the available literature that employee attitudes of the type usually measured in morale surveys bear any simple – or, for that matter, appreciable – relationship to performance on the job.”

In the decades that followed, a flood of research ensued in pursuit of what some have dubbed “the holy grail” of management research: the relationship between job satisfaction and job performance. While many studies in this area found evidence for the influence of employee satisfaction on workplace performance, many did not. Thirty years later, a review of the published research continued to find mixed results, leading psychologists Iaffaldano and Muchinsky (1985) to conclude that “satisfaction and performance are only slightly related to each other.”

INDISPUTABLE EVIDENCE

So is attitude really unrelated to job performance? Clearly this is not the case. While happy workers are not necessarily more productive, there is a great deal of evidence that attitudes, cognitions, and emotions impact performance in very real ways. Scientists tell us that these intangibles impact not only our motivation to work, but our ability to do so effectively. In controlled experiments, researchers demonstrated that suggestions, even subtle ones, related to an individual’s feelings of control impact the individual’s ability to concentrate, make decisions, and perform routine tasks. When placed

in a situation where they lack power, individuals are less accurate, and less effective at updating and planning. They also have increased difficulty distinguishing between goal relevant and goal irrelevant behaviors. (Smith, Jostmann, Galinsky, van Dijk, 2008) Other research has shown that favorable attitudes facilitate flexibility, effective problem-solving, decision-making, thinking, and evaluations of events.

Effects outside the lab are always more difficult to pin down. When researching in actual business environments, multiple uncontrolled and/or unrecognized factors intervene to impact results. Still, additional research and analysis of previous research has clearly demonstrated that attitudes, including satisfaction, impact business outcomes. In addition, more sophisticated analysis techniques have helped researchers understand how and when this relationship exists. Yet it was the emergence of Employee Engagement that provided the strongest support for driving organizational outcomes through employee attitudes and work environment.

DEFINING ENGAGEMENT

Sometime at the beginning of the 1990s, the shift in focus began. William Kahn (1990) is often credited with first introducing the concept of employee engagement. Kahn recognized the importance of effort and commitment in predicting job performance, citing physical, cognitive, and emotional components of engagement. Rather than measuring attitudes and then trying to uncover if those attitudes were related to employee performance, employee engagement began with the goal of identifying and measuring those factors most important to employee performance.

So what is engagement? And how does it differ from satisfaction? There is no doubt that employee engagement is related to employee satisfaction. In fact, many researchers have drawn parallels between the two. But employee engagement goes beyond employee satisfaction, moving from the emotional – satisfaction with the job – to the behavioral – performance on the job.

The biggest difference between job satisfaction and employee engagement is the purpose with which it is defined. Employee engagement is by definition employee behavior demonstrating high levels of employee performance, commitment, and loyalty. In order to predict these outcomes, research focused on identifying those factors most likely to impact that performance. The resulting construct that emerged focused on those factors shown by research to be specifically related to performance on the job.

DRIVING BUSINESS OUTCOMES

Engagement is unique in its focus on work outcomes. The consequence is clear. Employees who are engaged are highly motivated, energetic, focused on work, committed to the organization, and willing to put in extra effort to accomplish work-related goals.

A great deal of research has emerged over the past decade or so on the impact of employee engagement in the workplace. Research shows engaged employees drive superior business results, when compared with their less engaged counterparts. It is this unique combination of employee and work environment characteristics typifying employee engagement that has the most

evident implications for key business outcome measures.

Turnover. Engaged employees are more committed to and less likely to leave their employer. In fact, while satisfaction has been long recognized as a predictor of employee retention, our research shows that employee engagement is more effective than satisfaction in predicting whether an employee will stay or leave their employer. Others have found similar results. For example, researchers Harter, Schmidt, and Hayes (2002) found that turnover was strongly related to employee engagement across multiple companies and industries.

Engagement and Comparable Store Sales



Customer Loyalty. Engaged employees are better at engaging customers. Research shows strong relationships exist between employee engagement and customer satisfaction, especially in client-facing industries such as retail, hospitality, and banking. It's more than just presenting a happy face to the customer. Work environments that foster employee engagement create a climate for service that builds customer loyalty. While not the only determinant of customer loyalty, Questar's research shows that groups with highly engaged employees generate customer loyalty scores 10% higher than their lower scoring counterparts. These loyal customers return

more frequently and spend more money, resulting in higher revenues for groups with the highest employee engagement. This is consistent with other research that has been done in this area. For example, Salanova, Agut, and Peiro (2005) found that when employees perceive that organizational resources are available to remove obstacles at work, they feel more engaged in work, which in turn is related to a better climate for service. This climate for service is in fact reciprocating and self-sustaining, with satisfied customers themselves providing incentives for performance through positive feedback and affirmative relationships with client-facing company employees.

Quality. Engaged employees produce superior deliverables. Questar found that highly engaged manufacturing employees delivered better quality numbers in terms of zero defect quality and dollar value of returned material. Because engagement focuses on those elements necessary for successful performance, engagement augments both motivation and ability to perform. This support for performance enhances each employee's ability to focus on performance, identify errors, and make decisions. Engaged employees feel empowered to raise concerns, receive resources needed to perform, and are recognized for achieving results.

MAKING IT WORK

So how can organizations build employee engagement? Without a doubt, most employees want to be successful. Creating an engaging work environment is all about providing employees with what they need to be successful on the job. Research shows several key factors are needed to allow employees to perform on the job.

Job-Person Fit. The nature of the work and the fit of the employee to his or her job are critical to employee engagement. Engaging jobs are those that provide challenging work, a sense of personal accomplishment, and an opportunity to use key skills and strengths. This process begins with employee selection. A comprehensive process to select and place employees in jobs where they can succeed is essential. But it doesn't stop there. Engagement requires flexibility to allow jobs to grow with employees and employees to grow into jobs. Managers on the ground need to understand individual employee strengths, interests, and ambitions and work to leverage those every day on the job.

Co-workers/teamwork. This is an easy one. In fact, for most companies it's the thing they do best. Most organizations understand the importance of teamwork. And employees frequently cite coworkers as the best part of their job. Yet when it's missing, results are disastrous. Research clearly demonstrates that the stress associated with conflict in the workplace decreases overall productivity and work quality, while lack of collaboration creates unnecessary obstacles in the workplace.

Work environments that are engaging require that employees are cooperative, supportive, respectful and responsible. High-performing organizations understand the importance of this goal, yet it can be difficult to achieve. It is critical to align individual reward systems to focus on collaborating to achieve organizational objectives rather than competing for scarce organizational resources.

The Manager. It's been said many times before, yet its importance cannot be overstated: the boss can



make or break an individual's effectiveness on the job. Employee engagement is fostered when the supervisor is respectful, fair, and competent. Superior performance is enabled by managers who clearly explain expectations, provide feedback related to performance, and support employee development. Beyond these basics, research tells us that managers who focus on accomplishments and emphasize strengths deliver results above that of managers whose feedback is more "corrective" or focused primarily on areas needing improvement.

Resources. A basic element of employee performance is having the resources needed to do the job. Top performing companies ensure that employees have the training they need, equipment required, and work processes defined to facilitate efficiency on the job. Engagement is facilitated when employees understand their customer and see how their work makes a difference to the end product. In addition, engaged employees know they have the freedom and authority to make decisions that will enhance service to the customer.

Feeling Valued. Employees who feel valued at work are much more likely to be engaged. Fostering feelings of value is not limited to providing performance-based rewards and recognition for employees. It includes having programs that help employees balance their lives at and away from work, support for taking risks, and providing opportunities for input. As employees see they make a difference at work, they are more likely to increase their efforts to produce results. This subtle yet important aspect of the work environment is often challenging, but provides large payout in terms of increases to the bottom line.

Company Image. One of the most powerful engagers for employees inside the organization is similar to what makes it appealing outside the organization. Believing in the company, its values, mission, and objectives is a powerful motivator for most employees. Foundational to engagement is building an organization that employees are proud to be a part of, with impeccable integrity and strong leadership. In addition to improving performance, company reputation builds loyalty within the organization, attracts top talent wanting to join the organization, and builds customer loyalty outside the organization. Still, many companies focus more on communication to the outside – to investors and shareholders – than to their stakeholders within the organization. High-performing organizations expend effort and resources on internal communications that build employee performance and commitment from within.

Senior Leadership. No one can deny the importance of strong leadership in driving organizational performance. Yet truly strong leadership goes beyond the decisions made in the boardroom. It is vital to the performance of every employee to understand and respect the leadership of the company. Engaged employees need to have confidence in the company's leadership and trust the company management team. Employees expect clear communication of direction and decisions and need strong leadership in times of change.

C ONCLUSION

In today's increasingly complex business environment, employers expect more from the workforce than ever before. The American Psychological Association reports that two-thirds of employed adults say that work has a significant impact on their stress level, and one in four has called in sick or taken a "mental health day" as a result of work stress. On the other hand, employers really can reduce stress while increasing performance through an understanding of employee engagement. As humans, we are driven to achieve. And employees yearn for success – individually and as a team. It is no wonder employee engagement has captured the interest of so many organizations.

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About the Author:

Anna Erickson, Ph.D., leads the Organizational Insights Consulting team at Questar. She holds a Ph.D. in Industrial/Organizational Psychology and has more than 15 years experience building effective organizations through people. She has worked internally at Fortune 500 companies such as SBC Communications/AT&T and Best Buy Companies; she has also served as a consultant to a wide variety of public and private sector organizations.

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