

The Future of Engagement: Thought Piece Collection

Is it right to expect employees to be permanently engaged?

Linda Holbeche



Linda Holbeche is co-Director of The Holbeche Partnership and Visiting Professor at Cass, Bedfordshire, Imperial College and London Metropolitan Business Schools. A thought and practice leader in the fields of leadership, HRM, organisation design and development, Linda has a strong interest in helping organisations and individuals achieve sustainable high performance. An established author, consultant, coach and developer, Linda was previously Director of Research and Policy at the CIPD, of Leadership and Consultancy at the Work Foundation and of Research and Strategy at Roffey Park. Recent books include *Engaged* (with G. Matthews, 2012).

In this thought piece, Linda asks some searching questions about employee engagement and argues that changing contexts require both employers and employees to re-think the psychological contract, or fair treatment at work. She advocates a move towards a more genuinely and explicitly mutual employment relationship, breaking free of commonly accepted unitarist assumptions and, for some, renegotiating what has become a modern-day Taylorism.

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Employee engagement has become something of a holy grail for employers in recent years. That is because high performance theory places employee engagement, or 'the intellectual and emotional attachment that an employee has for his or her work' (Heger, 2007), at the heart of performance, especially among knowledge workers. Employee engagement is also linked with notions of workplace happiness, employee voice and wellbeing – all good things to which employees themselves no doubt aspire.

But in today's climate is it reasonable to expect employees to be 'engaged' with their work – and more particularly their organisations – most of the time? In this paper I consider some of the underlying context challenges which may make employee engagement something of a chimera.

A global business scenario

The world today is highly interdependent, hyper-competitive and often unpredictable and, to be well plugged into the world economy, organisations need to be ready to respond quickly to shifts in global trends. How organisations choose to respond has implications for the people they employ. Only a few years back, the UK's knowledge and service economy seemed to be thriving, employment options for many people seemed reasonably plentiful, and the unitarist axiom that 'what is good for the business is good for the people, and vice versa', appeared plausible. The aspirations of many 'white collar' workers in particular, as reflected in employee engagement surveys, were for 'meaningful' work. At the time of writing, despite the UK's post-crisis economy slowly returning to growth and more buoyant levels of employment, instability and cost-cutting continue to apply to workplaces in many sectors and in parts of the public sector in particular, significant cuts are under way, to both services and to employee jobs and pensions.

In such a context, many employees have found that their individual 'psychological contract' – or what they expect from their employment relationship with their employer – has been breached in recent years. Indeed, it could be argued that the balance of power and benefit in the employment relationship has shifted to the advantage of employers at the expense of employees. Given that implicit in psychological contract theory is the notion of reciprocity, how likely is it then that employees will remain engaged with their organisations? And to paraphrase Stephen Overall (2008), are notions of 'employee engagement' and 'meaningful work' simply fey issues, a luxury residue of the previous times of growth?

The often negative effects on employees of today's context challenges are all too evident in various workplace and labour market surveys. For instance, the CIPD's quarterly UK Employee Outlook survey (McCartney and Willmott, 2010), which charts (white collar) employee perspectives about what is happening to them, their work and their organisation, finds that on average only a third of UK employees are 'engaged' at any one time. Similarly, the latest Skills and Employment Survey (2013) conducted every six years by the UK Commission for Employment and Skills (UKCES) and the Economic and Social Research Council (ESRC) has found that, over the last six years, public sector employees have become more concerned about losing their employment than those in the private sector and that people in workplaces that have downsized or reorganised are the most likely to feel these concerns. Moreover, a deteriorating quality of working life is highlighted with half of the 3,000 workers

interviewed for the survey concerned about a loss in their job status, including pay reductions, followed by a loss of say over things affecting their role. The research also found that work intensification is rife; people are working harder and both the speed of work and pressures of working to tight deadlines have risen to record highs. Not surprisingly, job stress has gone up and job related well-being has gone down in the six years since the previous survey.

Given that Geoff Matthews and I concluded from our research for our book *Engaged* (Holbeche and Matthews, 2012), that connection, employee voice, support and scope were vital elements of engagement, such survey findings make grim reading. They highlight core issues in the employment relationship – of trust, exchange and control – that are driven by people’s feelings which cannot easily be measured in fixed terms. Indeed it might be argued that ‘employee engagement’ survey findings have become a barometer of the health of the employment relationship since they are symptomatic of not only what is happening to an individual’s psychological contract, but also of the state of the broader economy and the evolving social contract around work.

Let us consider some of the underlying context drivers that make engagement something of a chimera.

Since the neo-liberal free market transformation of the UK and US economies in the 1980s, the UK’s economy has gradually become more knowledge and services-driven. Whilst in theory therefore the truism ‘people are our greatest asset’ should underpin organisational life, in practice the dominant pursuit of shareholder value has tended to produce short-termist business strategies and work and employment practices have followed suit. Employers have pursued labour flexibility as a means to drive down cost and achieve competitive advantage in the global marketplace. Thanks to the advent of new technology, work can now be done anywhere by anyone, from outsourced vendors to contingent workers, leading to unique challenges in managing a diverse and distributed workforce. Similarly, as work is increasingly carried out across time, place and organisational boundaries, even the notions of ‘leisure’, ‘employment’ and ‘workplace’ as well as ‘employee engagement’ become open to new interpretations.

Allied to this, with respect to white collar work in particular, the psychological contract has grown in complexity. Largely gone are the ‘old’ psychological contracts that were stereotypically founded on notions of mutuality of interest, reciprocity and trust between employers and employees and whose features reflected expectations of long-term job security and gradual career progression up a hierarchy in exchange for loyalty and hard work. These have been supplanted by ‘new deal’ (Herriot and Pemberton, 1995), expectations which are often reflected in actual contracts of employment - of flexibility, performance, ‘employability’ and individual career self-management. Thus the final salary pension schemes, long service awards and annual pay increases of yesteryear are increasingly replaced by variations on short term contracts, including zero hours, downgraded pension arrangements and performance-related pay. It could be argued then that the mutuality implicit in the ‘old’ psychological contracts has been largely swept to one side. As long as the economy was in growth mode, the unitarist assumptions behind the ‘new deal’ – that ‘what is good for the business is good for the people’ seemingly held true. Now that the economy is flat-lining at best, these assumptions have proved faulty.

In many organisations responsibility for employee engagement strategies typically falls to HR and/or Internal Communications functions. Yet within the UK’s political economy of work over the last three decades, HRM has played a key part in supporting business ambitions by installing what Sennett calls a ‘new work culture of capitalism’ (Sennett, 2006), which aligns to business strategy. Yesterday’s collective employee relations, based on union representation, have largely been replaced by individualised, HR-based, employee engagement approaches. Similarly, HR has been proactive in transforming the employment relationship and reforging individual psychological contract expectations. The emphasis on performance, rather than length of service, has afforded employers greater discrimination in the ways employees are recruited, managed and rewarded, with increasing polarisation of treatment between those deemed to be ‘talent’ – who receive significantly greater opportunities – and those who are viewed

of lesser potential or value. Market forces arguments have been used to justify extremes of pay for individuals in some sectors while workers in other sectors struggle to achieve a living wage.

The dismantling of the 'old' psychological contract has been used by managements in ways that FW Taylor, a significant early proponent of 'scientific management' practices, might have dreamed of: to secure control over, and produce greater output from, what is arguably an insecure, over-worked, over-managed and alienated workforce. 'Taylorism' originally applied to blue-collar work and involved the separation of the conception of work from its execution. Thus work could be broken down into manageable routine 'chunks' which require less skill to execute and allow only management to control the overall work process as well as the workforce. Brown et al (2010) argue that the use of technology today is affecting white collar work in a similar way. What they describe as 'Digital Taylorism' is enabling employers to convert not only clerical work into outsourceable chunks but also to transform the professional and technical know-how of individuals into easily accessible 'working knowledge' that can render anyone expendable. Technology has not only led to work intensification, it has also enabled closer monitoring of the work of employees. Performance management systems expose individual performances to scrutiny and remind people that they are only as secure as their last performance (and as long as their skills are needed). In today's uncertain context, all the risk in the employment relationship is with employees.

Owing to the pressure to do more with less, the seemingly never-ending flow of work and reduced individual autonomy, loss of job security and job satisfaction, work can be undignified, degraded and damaging to worker wellbeing. Far from widespread employer concern about such issues, as Professor Cary Cooper (January 2013) points out: '*...we now have a much more abrasive, bureaucratic and autocratic management style as a result of this recession, which is disappointing given this is supposed to be the HR era of engagement!*' Indeed, some employers might be encouraged to make ever greater demands and induce employees to comply even more, to become 'willing slaves' (Bunting, 2004), who continuously 'go the extra mile' in order to survive and thrive - until they 'burn out'. Do people then profess to be 'engaged' in order to keep their jobs? In such a context the notions of social justice, fair treatment and employee engagement are compromised and mutuality of interest in the employment relationship exposed as a myth.

In *The Corrosion of Character*, Sennett (1998) argues that, with the degradation of work, pride among workers has dissipated and people do not look 'long-term'. In today's workplace he proposes, one must be very flexible, therefore loyalty and commitment are not part of a fast-paced, 'short-term' society. Workers know that they are simply a tool that can be replaced with the twist of a wrench. Consequently, Sennett argues, people's interests are with themselves; they don't look at what they can offer, but instead at what they want to receive. In such a context, Sennett argues, people struggle to sustain a life narrative that comes out of their work and as a result, personal character is corroded. Yet various previous studies have highlighted the desire of many white collar workers for greater fulfilment from work, since it now occupies so much space in their lives, and for better work-life balance (eg Roffey Park, 2004 to 2013).

In today's uncertain context, will employees continue to seek identity and self-actualisation (in Maslowian terms) through work, or will more basic concerns such as safety and job security take precedence? Is it up to employees to adjust their expectations about work or should employers be taking a lead in developing a more sustainable approach to employing and managing people?

I would argue that both are necessary. There are currently significant societal changes under way specifically involving attitudes to traditional corporations, markets and governance which will increasingly challenge the employment practices characteristic of the era of market fundamentalism we have lived through in recent decades. The apparent widespread public revulsion at the initial causes and ongoing consequences of the banking crisis and subsequent recession, and at the disparity between the 'rewards for failure', by which bankers continue to award themselves huge bonuses, leaving the rest of society to pay the price for their actions, suggests that continuing with the neo-liberal status quo is likely

to lead to growing protest. At the very least, there are likely to be increased demands for genuine accountability and a new form of social justice, without which it could be envisaged that, at least over the medium term, social unrest will grow, as we have already seen with student protests over university tuition fees and industrial action over changes to public sector pensions, a visible manifestation of the erosion of the 'traditional' psychological contract.

Similarly, pressure on employers for a more ethical and win-win approach to the employment relationship with employees is likely to increase as time goes by. Social connectivity and technological empowerment pose a real threat to old-style corporate models of organisation. Besides changing workforce demographics, as employment patterns shift from lifetime employment to lifetime employability, employers now must interface with an emerging generation of younger workers, whose attitudes, demands and expectations of employers may be very different from those only a generation ago. Younger generations have seen the free market model fail, and fail young people in particular. Unless something changes, employer and employee interests may be on a collision course.

So will a new form of capitalism and related employment practice emerge that takes into account the needs of different stakeholders and has a longer-term perspective? Pink (2009) suggests that, despite successive economic downturns in the past 60 years, the broad trend in western societies has been towards 'less materialist values'. Examples of extremely potent 'community' driven enterprises are already in evidence. Zuboff (2010) argues that potential clashes inherent in this transition include those between the interests of worker and organisation; between the shared duties of professional ethics and the personal values of individuals; between down-to-earth industrial relations issues and a more psychological emphasis on self-realisation. As Budd (2004) points out, organisations cannot be run with efficiency as the only goal and it is also incumbent upon individuals to look further than their own direct personal interests. Moreover, as Brown et al propose (2010, p.160):

'Social justice is also about giving people a sense of dignity and recognition for their contribution to society regardless of whether they are an all-out winner in the global auction. This part of a new bargain challenges the winner-takes-all society based on neo-liberal assumptions about talent, contribution, and rewards.'

If these writers are correct, the employment relationship must, by definition, have multiple objectives. In such a context, what then will employee engagement involve?

Employers will need to rethink their mode of operation since central to engagement is the notion of meaningful work which Sennett (2008) argues management has not paid enough attention to in the past two decades. Meaningful work has concrete characteristics: people must feel there is procedural justice in work; that is, when they do something right that they are rewarded and if they are maltreated that there is some way in which they can find redress. Other vital elements include autonomy, not being treated just as a commodity, being recognised for doing something distinctive, and craftsmanship – when people feel they can build a skill that can help them take real satisfaction out of their work.

Isles (2010), too, argues that employers must ensure that workers have ownership of what they do – both financial and intellectual – in the craft tradition, ensuring that workers enjoy the interdependent and inter-related sovereignties of task, time and place. Then employers should identify what reduces employee motivation within the organisation system and redesign, simplify, or remove processes that get in the way, such as performance management systems which appear more geared to penalising poor performance than recognising and celebrating good performance. As a result, Isles argues, people will feel they own their own destiny and will want to give of their best. In such a context, employee engagement is likely to be sustainable.

Given that the world of work will continue to change, so too will the concept of the psychological contract, in its definitions, significance and complexity, with employee engagement acting as a useful gauge of its current state. Like Sparrow and Cooper (2003), I recognise its dynamic quality, social and emotional factors. It has been argued that the notion of psychological contract needs extending to give greater weight to context and to what is described as the *state* of the psychological contract, incorporating issues of fairness and trust that lie at the heart of employment relations (Guest, 2004). The basic principle – that people seek fair treatment at work – is simple. Complexities and dynamics come to life as soon as the principle is applied in practice. For true employee engagement to exist, reflecting a positive psychological contract within a healthy employment relationship, honesty and clarity about mutual expectations will be vital.

To date, it seems that employees and arguably society at large have largely borne the brunt of free market fundamentalism and related employment practices. So will a more genuinely mutual employment relationship emerge phoenix-like from the ashes of economic crisis? Perhaps – if the pressure on businesses to behave ethically and to become more humane institutions continues to grow and becomes a new ‘norm’ by which organisational success is judged. Then corporate reputation will no longer be just a public relations exercise; it will be grounded in people’s lived experience. And as long as employers require particular sorts of skills and talent, labour power may force improvements in the employment relationship. In such a context I believe that the concept of employee engagement will be a useful yardstick by which progress towards a more genuinely fair and sustainably and mutually beneficial employment relationship can be measured.

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This paper forms one in a collection of thought pieces by the Engage for Success special interest group on 'The future of employee engagement'. A white paper on the same theme is being published separately. The full collection is available (as will be the white paper) at: www.engageforsuccess.org/futures