

The Future of Engagement: Thought Piece Collection

Employee engagement: How is it changing and what drives it?

Peter Cheese



Peter Cheese is Chief Executive at the Chartered Institute of Personnel and Development (CIPD). Before joining CIPD in July 2012, he spent 30 years working at Accenture, culminating in a seven-year spell as Global Managing Director leading the firm's Talent and Organisation Performance Consulting Practice. After leaving Accenture in 2009, Peter held a portfolio of consulting and non-executive roles, including chairing the Institute of Leadership and Management.

In this thought piece, Peter sets engagement in context, asks some searching questions and offers his views on what really matters and what needs to be done in future. He considers changes in employment context and argues for a focus on measurement and the key factors that drive and maintain engagement. Equally, he contends that employee engagement should not be seen transactionally, but is inextricably bound up in its theoretical roots and a very certain philosophy of people management.

Employee engagement: How is it changing and what drives it?

Employee engagement is now a topic that many people across business and even in the political sphere are talking about as a genuine business issue and a key ingredient of performance. The MacLeod report and the Engage for Success movement has further raised the visibility, particularly amongst business leaders, as the launch of the report demonstrated - with a bevy of top business leaders (if that is the right collective noun) and heads of TUC, CBI and others all saying how important engagement was.

That is clearly a positive progression of modern management thinking and something the HR profession should rejoice at, having for a long time been trying to measure it and understand how to improve it in their workforces.

However, many questions remain and there often still seems to be too much debate on what really drives engagement and how and even whether it is open to robust measurement. What is certainly true is that the motivation and alignment of people to a common cause, to contribute more of themselves, to support each other, are important principles of any successful endeavour and as old as the hills - from rousing Shakespearean speeches on the battlefield, to the ancient pursuit of team sports. People feel better when they are engaged, work better, and live better.

Why now then are we considering it as more of an issue, what is changing, and do we have real new thinking to bring that will make a difference?

Some background to engagement thinking

The language of employee engagement may be relatively new, but really it is a time-old tension: transactional and controlling Taylorist management versus leadership that emphasises purpose and values, and supports employees to perform. Motivational theory and behavioural studies have been around a long time, and many still refer to Maslow's Hierarchy of Needs from the 1950s as the model through which to understand engagement. Even Douglas McGregor with his Theory X and Theory Y 50 years ago was highlighting motivational drivers of performance.

Dan Pink's seminal book, 'Drive, or the surprising truth about what motivates us', was really summarising all the studies and work that has been done over the last decades and pointing out that we have known for a long time what really motivates or demotivates people. He brings together much of the behavioural research and concludes that the main drivers are alignment of purpose, autonomy (or giving employees more space and responsibility to work), and mastery, which is the notion that everyone wants to improve and our job as managers or organisations is to help our employees improve.

So it has become ever clearer that engagement is not, as is often implied, something that managers or organisations 'do' to their people; rather, it is a mental, emotional and physical state and something that employees *give*. But even though managers and leaders cannot directly control the engagement of others, how they behave, the work environment they create, the support and encouragement they give to their teams, and the trust they engender are clearly all critical.

Whilst much of these principles have been long understood, the trouble is that we have not always been doing a good job of applying this knowledge. And understanding and building engagement, alignment, wellbeing and trust is getting harder with a changing context that sets the bar higher and higher. The nature of work, and what most of us do, has profoundly changed since the early days of motivation thinking. We have economies that are increasingly reliant on employees using their tacit knowledge and skills, so more is to be gained from discretionary effort and motivation.

A changing context and environment

The UK was the first nation to industrialise and was also the first nation to undergo a process of de-industrialisation, whereby output and employment became increasingly concentrated in services rather than manufacturing. Since the mid-20th century, we have seen a decline in manufacturing employment, so that by 2011 less than one tenth of people in employment in England and Wales were employed in this sector, compared to over four fifths in services.

These trends are reflected in the nature of corporate value. Over the last 20 years, the total value of an enterprise has shifted from the so-called tangible (*ie* easily measurable) assets of a business (plant, machinery etc) to the intangible, particularly human and knowledge capital. On average around 70 per cent of value is in this intangible domain as opposed to 20 to 30 per cent 20 years ago.

If this is a macro view of the changing nature of work it points to the increasing human element of the work interaction, opportunity for self-determination in how a job gets done and at what pace, and the real difference an individual's emotional and intellectual energy can have in impacting the outcome. When combined with the increasingly diverse nature of the workforce, with the wide range of expectations, aspirations, and emotional styles involved, understanding how to engage and motivate employees becomes ever more challenging.

How do we measure and understand levels of engagement?

Perhaps then, given its importance, one of the first questions has to be how do we assess or measure engagement.

Measuring engagement has always been more of an art than a science. There are many different tools that organisations use, from the very simple 'mood monitor' that regularly asks whether you feel happy, ok, or unhappy, to long and involved surveys (which of themselves are hardly engaging!) and focus groups. Increasingly, social media is also being used, both to generate discussion and, with the use of language sentiment analysis, to measure employee opinions.

The more extensive employee research typically aims to uncover more than pure 'engagement' but also to shed light on cultural dynamics, the understanding and alignment to the organisations goals and strategy, perception of communications and of leadership, and reaction to changes that might be happening.

This is helpful, as there is a real danger of oversimplifying employee engagement, by pigeonholing employees into groups like 'say, stay and strive'. Or by implying that truly active engagement is only present if we answer 100 per cent positively to all questions asked – something I have always struggled with as most people, particularly the more cynically inclined Brits, would never answer 100 per cent satisfaction to any questions asked of them.

The measurement challenge was illustrated to me recently when talking with a senior business executive about engagement in his organisation. He said he was pleased that it had recently significantly improved. When asked how he had achieved this he simply replied that he had changed the measurement system!

The most important point is that we should have some pragmatic, reliable and regular means of understanding the key issues with engagement and the trend of engagement sentiment within our organisations. We need to be able to provide usable information back to the managers and their teams so they can better understand it and gain insight to the actions that can improve engagement in their teams. And if we can make the means of gathering employee insight more engaging, all the better.

What then have we learned from all this measurement about what really drives engagement?

What really matters in improving engagement

With all this debate, it seems that we still have a lack of strategic focus on engagement versus looking at it in terms of transactional short term fixes. Many organisations still struggle to make sense of their engagement surveys, and are not well positioned to make a real seismic shift on engagement of their employees. In thinking how to move beyond this, I see several key things that often need to be addressed.

First

As Dan Pink identified, we need to recognise shared purpose as the first major driver of engagement. Is the purpose of the enterprise clear and itself engaging, and is it understood by the employees and clear how it links to their jobs and roles? Without understanding of and belief in the organisation's purpose, engagement lacks an anchor. Purpose should be clearly translated into objectives from the top down, so that employees have a line of sight to their role in achieving the overall vision. This was well demonstrated in the classic story of the floor sweeper at NASA who, when asked from a Presidential visit in the 1960s about his job, replied 'to help put a man on the moon'.

Following on from purpose, values should call out what the enterprise sees as its behavioural norms, its definition of the culture it espouses. Both purpose and values need to pervade performance management systems and processes, learning and development and communications, and be tangible in the behaviours of leaders and managers at all levels.

Second

Designing roles and our organisations around the notion of providing more autonomy to employees is a strategic shift in thinking and a conscious move from command and control management.

An interesting analogy to draw is with the military. It has become accepted doctrine within the military world that to respond to the very different threats that modern armies face from the era of the Cold War, requires a much more agile response. Fighting insurgents in urban environments where the threat can change in minutes is a bit different from global superpowers threatening each other. The result has been to create much more autonomous teams with a mix of capabilities, capable of making decisions and responding to the immediate situation, whilst operating within broad mission parameters.

This should be how we think about much of the work we do in the modern business world. Focus on the wider outcomes and objectives we want teams to achieve, make sure they have the capabilities and resource they need, then let them determine more about how best to get there. I still see too many

examples of micromanagement which is very disengaging. Process re-engineering and clever work scheduling systems can often lead to an outcome not far removed from the old principles of scientific management. We determine what work needs to be done by whom and by when, by breaking down tasks, assigning standard times and metrics, and then using clever algorithms to determine how the work gets scheduled. It may look efficient in how best to use our resources, but it is rarely engaging to the people on the receiving end.

We must also make sure that we are supporting the employees in the work they do. Training them properly, providing the resources they need to perform effectively, and providing regular feedback so they know what they need to do and how to improve – never more necessary than with Gen Y, the new generation entering the workforce. This is the role of every manager, supported and enabled by efficient HR processes of performance management, training and learning, and reward to encourage the sustaining of good practice.

Third

We need to acknowledge the importance of feeling that you have a voice. Employee voice is the means by which employees are able to communicate, consult, and influence decision making, as well as raise concerns and to challenge. Social media is providing more opportunity than even before for employees to be heard and it can be seen as a democratising force. Through it, employees can converse with colleagues and management at the same time – voice is multidirectional (Silverman et al, 2013).

The CIPD sponsored a two-year research project on employee engagement that looked at these voice issues more in depth (Alfes et al, 2010). This work found evidence that:

- Employee voice within the team is clearly associated with greater employee engagement.
- This relationship is partially explained by the fact that employee voice leads to higher trust in senior leaders and to better relationships with line managers, both of which are also related to employee engagement.

The research highlights that it is ‘high-quality social exchange’ that influences employees’ perceptions of voice and is of central importance for employee engagement. But it is not just a question of line manager relationships and trust in leaders. Independent of these, there is still a direct relationship: in and of itself, employee voice is, as the MacLeod Review put it, a key enabler of employee engagement.

So, while any form of employee voice helps, we need to continue to find more genuine, responsive and open ways of engaging with employees and listening to them. It can and should be done through a variety of channels, and particularly now with social media we have many different means and opportunities.

Fourth

We need to make sure that we are managing for *sustainable* employee engagement, which means also paying attention to employees’ physical and mental well-being. CIPD’s research (CIPD 2012a) shows how employee engagement and well-being combine to provide productive and happy employees, who are likely to stay and committed to the organisation’s purpose, yet not burnt out.

It is clearly not enough to focus on maximising employees’ effort and buy-in to organisational purpose with no regard to their well-being. There may be short-term benefits, but no one can work at 110 per cent indefinitely. As part of the same research, CIPD identified that workplace stress has become the greatest source of absenteeism and sickness. We have to make sure we are addressing this by understanding the

issues and supporting employees, particularly at times as we are presently, where uncertainty and economic challenges are affecting so many.

Fifth

There remains one absolutely crucial and pervasive element of engagement, and that is trust. Without trust, it is hard to get much done. It is hard to get people to follow you, work hard for your cause, accept decisions that are hard to stomach, contribute ideas for your vision, or make change happen.

Many surveys have indicated falling levels of trust. The Edelman trust barometer, one of the best respected measures, shows a marked decline in trust in business leaders, regulators and politicians, and a move towards a reliance on people like us – a localisation of trust, if you will.

Kenexa's Worktrends report last year pointed to the most important lever of trust being integrity, above benevolence or competence. Integrity is in many ways synonymous with trust – doing what you say, ethically and morally bound, doing unto others as you would wish done unto yourself. It could be regarded as something that should pervade all business – an almost unspoken code of conduct – but clearly it is not pervasive enough (CIPD 2012b). Interesting that many corporations call out integrity as a core value, particularly the banks who themselves in the past fell far short of this value.

So the context for any organisation is one of a trend for employees to be less trusting and more sceptical of their leaders. This trend has to be reversed if we are to sustainably improve employee engagement. And trust works both ways. To empower employees and give them more autonomy, leaders and managers have to trust their teams to do the right thing, and to work within a broader set of parameters.

In conclusion

What easily gets lost in amongst the business case arguments and metrics (both of which are very important) is that employee engagement is about embracing a particular philosophy and culture of people management.

We have not fully resolved the time-old Theory X versus Theory Y tension, though many talk as if we have. For all the rhetoric of engagement, there is plenty of draconian people management, frustration and burnout.

We need a renewed determination to develop 'engaging managers' who make employees feel respected, supported, empowered, inspired and valued. Of course that also means that those managers in turn are treated in this way themselves and on up to the top of the organisation. We can no longer leave this all to chance, given the increasing complexity of the work we do and how we work, and the diverse nature of the workforce. Organisations of all shapes and sizes need to become much better at developing the people management skills of managers at all levels, from first line supervisors on. Too often the focus has been on the technical skills that might lead to the initial promotion, but then not supporting on the 'soft' skills, which actually are the harder skills to develop and acquire and the most important in driving long term engagement and organisational success.

We also need to put our money where our mouth is in giving employees a voice; in having the courage to open up all the channels of communication and being more prepared to listen. This is vital in engagement and building trust, but also in better managing behavioural and other risk in the business.

It is vital therefore that we wake up to the importance of collaboration and networks. Organisations that encourage collaboration and sharing across the business, rather than just up and down the organisational hierarchies and silos, will always get more from their employees: the sharing of

experience and tacit knowledge, combined around a common purpose and understanding. And the more we engage our employees, the more engaged they will feel and the more they will want to contribute.

References

CIPD (2012a), *Managing for sustainable employee engagement: developing a behavioural framework*, London: CIPD, available at: www.cipd.co.uk/publicpolicy/policy-reports/engagement-behavioural-framework.aspx

CIPD (2012b), *Where has all the trust gone?*, London: CIPD, available at: <http://www.cipd.co.uk/hr-resources/research/where-trust-gone.aspx>

Kenexa (2011/2012), *Trust Matters*, Worktrends Report, London: Kenexa High Performance Institute

Pink D (2011), *Drive: The Surprising Truth About What Motivates Us*, Edinburgh: Canongate

Silverman M, Bakhshalian E, Hillman L (2013), *Social media and employee voice: the current landscape*, London: CIPD, available at: <http://www.cipd.co.uk/hr-resources/research/social-media-employee-voice.aspx>

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