



Understanding Engagement

Annual or bi-annual staff surveys are a common feature of the corporate landscape and the industry that provides these surveys is large and well-established. In the UK alone, money spent on employee attitude surveys runs into tens of millions of pounds. And in the US, where industrial/organisational psychology and concepts like 'human capital management' are far more entrenched, the figure amounts to hundreds of millions of dollars. Why do organisations conduct these surveys?

The argument runs as follows: (1) Employee engagement (a collection of positive attitudes towards the organisation in general and specific aspects of its operation in particular) impacts business performance by affecting retention, quality of work, morale, and productivity. (2) In this context, employee engagement is clearly a good thing. (3) If you want to increase employee engagement, you need to (a) understand the factors that drive it (b) measure them to establish a benchmark (c) measure against that benchmark over time.

Put in this way, the argument is superficially attractive. Indeed, it is so superficially attractive that there is barely a large organisation in the world that doesn't conduct this sort of annual census survey. However, despite the argument's intuitive appeal, the assumptions behind it are fraught with difficulties.

The difficulties

There is a great deal of academic research that supports the basic assumptions of the argument at the individual level i.e. happy, enthusiastic, energized employees are more productive than unhappy, unenthusiastic, de-energized employees. What's more, the argument has an intuitive (as opposed to a scientific) plausibility about it. After all, who would you rather have working in your organisation, an unhappy, unengaged cynic or a happy, engaged enthusiast? However:

1. Individual attitudes tell us little about organisational performance

The research – while robust at the individual level - says little about the organizational impact of this assumption – i.e. even if people who feel positively about specific desirable organisational attributes tend to be more productive, that does not necessarily translate into organisational performance.

The reason it doesn't is that so many other things can get in the way. No amount of 'employee engagement' will overcome a duff business model, a hopeless business strategy or significant structural (organisational) weaknesses and/or inefficiencies. Of course, if a business has a duff business model, a hopeless business strategy and significant organisational weaknesses it's unlikely you will find many 'engaged employees' ... which brings us to the second issue.

2. Correlation tells us nothing about causation

The reason you won't find many engaged employees in a company like this is that performance is at least as powerful a determinant of attitudes as attitudes are of performance. In other words, many employee research models simply confuse correlation and causation.

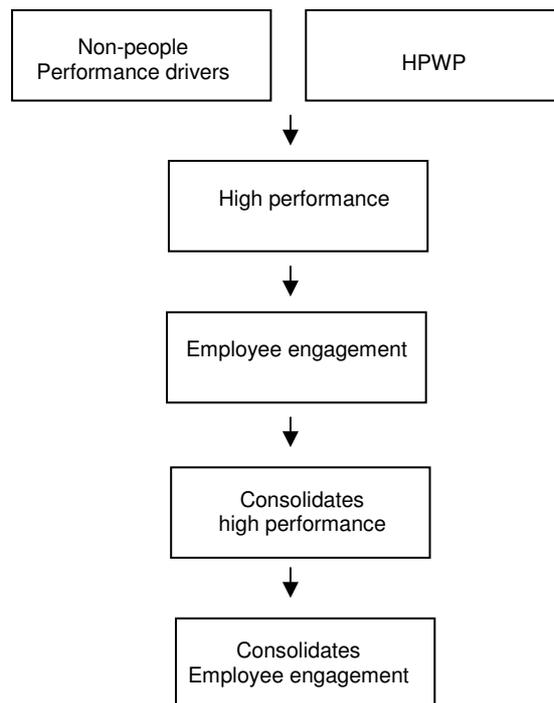
Indeed there are a number of significant academic (as opposed to commercial) longitudinal studies showing that performance drives attitudes to a far greater extent than attitudes drive performance.



So what drives high performance? Well, a lot of things, a number of which are nothing to do with 'people' issues. However, the common 'people' elements can perhaps be grouped under the general term, High Performance Work Practices (HPWP).

HPWP – which include things like “rigorous recruitment and selection procedures, performance-related incentive and compensation systems, management development and training activities, clear communication and a significant commitment to employee involvement” – are a collection of well understood and entrenched HR practices which do have a proven relationship with both individual and organisational performance.

So we can postulate a model like this ...



As opposed to a model where employee engagement is an unmediated driver of organisational performance, and for which there is either no, or weak, evidence of a causal relationship

Where then does this leave the annual employee attitude survey?

What employee surveys are really measuring

In reality employee attitude surveys are not measuring enthusiasm or engagement or energy, they are – for the most part - measuring attitudes towards the existence and/or efficacy of HPWP, the sum of which are then described in terms of some mystery ingredient called enthusiasm or engagement or energy i.e. they are merely identifying employee attitudes towards, usually, the presence or absence of certain generic attributes of HPWP.



Thus, a question like “Where I work, I have been given a real opportunity to improve my skills” is a question about training and development.

However, it’s not the sort of question you would ask if you really wanted to understand the efficacy or otherwise of training and development programmes within your organisation; or if it is, it would be one question amongst many.

So why do organisations conduct surveys consisting of these sort of questions?

The answer is probably something to do with the appeal of ‘validity’ i.e. the questions we are asking have a proven relationship with business performance because they have been asked in 100 other organisations where they correlate with business performance. However, arguably, this ‘validity’ comes at the price of effectively removing all meaningful and useful business specific content from the questions you are asking.

Conclusions

So what conclusions might we draw from all this?

1. Organisations need to shift the emphasis from business-neutral questions about generally desirable practices to business specific questions about the effective implementation of HPWP in particular and other key business actions in general. What organisations need to know is whether (and how) specific actions/policies/strategies/initiatives are understood and/or experienced; and, if the organisation accepts employees’ insights are valuable at all, how they are viewed.
2. Organisations need to increase the regularity of employee attitude research to address the fast changing specifics of the implementation, embeddedness and management of HPWP and other business actions; and, in large organisations, where there may be entirely different initiatives in different business units or geographical locations, they need to address specific questions to specific parts of the organisation.
3. Internal benchmarking is far more important than external benchmarking. The traditional argument for external benchmarking is that without it you simply don’t know what data means. However, this argument depends, to a great extent, on the questions you are asking. The more business specific the questions, the less relevant are external comparisons (because other organisations are not doing the same thing and so the attitudes being measured are attitudes towards different things). However, as external benchmarking becomes less relevant, so internal benchmarking becomes a much more important source of insight, particularly in terms of identifying the ‘best practice’ that is hidden within most organisations.

In broad terms, in the field of people management, organisations already know the sort of things they should be doing i.e. the details of HPWP are up for grabs but the principles are well established. The real questions they should be asking their employees are:

1. Are the actions they are taking understood
2. Is what they are doing effective in the eyes of those who experience it

The technology exists to provide this level of analysis in a manageable form; but it also requires that organisations face up to the organisational challenge of building flexible systems and rigorous rules of governance to make it work. The alternative, the annual staff survey, might be very expensive snake oil.