

Employee Engagement: What Do We Really Know? What Do We Need to Know to Take Action?

A Collection of White Papers

- **Employee Engagement: I WANT IT, what is it?**
- **Employee Engagement and Fairness in the Workplace**
- **Old Wine in New Bottles? Engagement and the Bottom Line**
- **Employee Engagement and Change Management**
- **Communicating for Engagement**
- **“Seeing Clearly”: Employee Engagement and Line of Sight**

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Introduction

Employee engagement is high on the agenda for many CAHRS sponsors whether they are based in Europe, Asia or the U.S. Many companies are presently defining what employee engagement is and are conducting surveys to measure the commitment of their employees to consistently act in the best interest of the organization. The CAHRS Paris conference will present rigorous faculty and sponsor company research to explore the real issues of employee engagement. In addition, there will be presentations and roundtable discussions to share best practices. We will all work together to learn about the integration of concepts of employee engagement into corporate strategy, how HR offers products and services to support the business delivery of the strategy, how employee engagement impacts business performance, and how it drives the outcomes of HR measurement and analysis.

The CAHRS graduate research assistants have worked over the course of the semester, with the generous support of CAHRS sponsor companies, to prepare this series of white papers examining the current issues affecting employee engagement and the practice of HR. The papers take account of a wide range of both academic- and practitioner-based literatures on the subject as well as emerging key trends.

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EXECUTIVE SUMMARY: PAPER ABSTRACTS

Employee Engagement: I WANT IT, what is it?

There is confusion and misdirection as to what exactly employee engagement is. The primary causes of this confusion and misdirection are a lack of congruity concerning the definition and measurement of employee engagement and a lack of distinction from other closely related concepts. This paper addresses these issues in greater detail as well as provides advice for human resource leaders.

Employee Engagement and Fairness in the Workplace

There is little doubt that employee engagement can be strengthened by fairness and its related elements, just as employee engagement can be weakened by unfairness and the like. As both the workforce and the workplace evolve, organizations may find that in order to win the “war for talent,” they must first win the battle for employees’ hearts. Justice, trust, perception and risks are only a few pieces of a greater puzzle; and their roles are can be made clearer. This paper clarifies these roles and addresses the links between fairness and engagement as well as discusses the impacts of perceived unfair treatment on engagement.

Old Wine in New Bottles? Engagement and the Bottom Line

Beginning with a discussion of employee engagement as a theoretical construct and its operation within the firm, this paper examines the extant research linking engagement, and related measures of employee attitudes and commitment, with bottom-line financial results. From here, discrepancies between and within the academic and practitioner literatures are addressed as are possible alternative explanations of the engagement-business-outcome relationship. Last, the implications for HR managers and executives are considered.

Employee Engagement and Change Management

This paper provides an overview of change management and employee engagement. It details background information on the two concepts; relates the two concepts to each other; introduces findings on the relationship between organizational commitment and change management; discusses types, key functions, and strategies of change management; and presents barriers to as well as success stories about engagement during change management initiatives.

Communicating for Engagement

By now, it has become common knowledge among HR executives and the employees within their respective firms that the nature of internal communication within the organization can have a dramatic, if not revolutionary, impact on the conduct of business. However, the methods of communication your company employs as well as the manner in which those methods are carried out can have a large effect on both the process and results of your company’s efforts to get the workforce engaged. This paper explores how to maximize the effectiveness of your company’s engagement efforts by maximizing the effectiveness of communication within the firm.

“Seeing Clearly” Employee Engagement and Line of Sight

Establishing a clear line of sight and building an employer brand around it from inside the organization while leveraging leadership, communication, employee development and corporate & social responsibility may not be something entirely new to the world of strategic HRM, but it does appear to be a worthwhile investment, especially with regard to employee engagement. This paper examines engagement as it relates to employment these subjects and offers suggestions for HR practitioners.

EMPLOYEE ENGAGEMENT: I WANT IT, WHAT IS IT?

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It is said a company that unlocks the secrets of employee engagement is promised profits beyond its wildest dreams. Jack Welch, former General Electric CEO and business consultant, lists employee engagement as the number one measure of a company's health (Vance, 2006). Unfortunately, the quest for the key to these secrets is leading challenge seekers down long roads of confusion and misdirection. The primary causes of confusion and misdirection are a lack of congruity concerning the definition and measurement of employee engagement and a lack of distinction from other closely related concepts. This paper addresses these issues in greater detail as well as provides advice for human resource leaders.

Employee Engagement: Definitions

One of the most glaring issues concerning the concept of employee engagement is that there is no clear definition. If you take a cross section of employee engagement definitions from practitioners, corporations, and academic researchers you will find extensive variations.

In a publication titled, "Employee Engagement and Commitment," the Society for Human Resource Management (SHRM) provides an entire page of definitions although they do not venture to provide a definition of their own (Vance, 2006).

William H. Kahn (1990) completed some of the earliest work on engagement and defined 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."

The Gallup Organization, potentially the most widely recognized name associated with employee engagement due to their best selling book, "*First, Break All the Rules*," defines 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" (GMJ, 2006).

Melcrum Publishing recently produced a research report, "Employee Engagement: How to build a high-performance workforce" that provides a very comprehensive review on the current state of employee engagement (Shaw, 2005). The author of Melcrum's report, Kieron Shaw (2005), highlights multiple definitions of employee engagement. For the purposes of his research, Shaw (2005) also created a definition of employee engagement, which is, "translating employee potential into employee performance and business success" and thus "changing the way employees perform by utilizing the tools in the armory of internal communication professionals."

The 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 or think, feel and act.

Dell Inc. defines employee engagement by stating, "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" (Vance, 2006).

The British Broadcasting Corporation (BBC) prefers not to use the term ‘engagement’ because they feel one would never use it to describe how they are feeling. The BBC definition is “creating a shared meaning and understanding in such a way that our people actively want to participate” (Shaw, 2005).

In 2001, N.P. Rothbard’s definition described engagement as a psychological presence with two key mechanisms, attention and absorption. Attention is “cognitive ability and the amount of time one spends thinking about a role” and absorption is “being engrossed in a role and refers to the intensity of one’s focus on a role” (Saks, 2006).

In a dissertation by Ulrika Eriksson Hallberg (2005) on engagement and its relation to the concept of ‘burnout’, the author explains that engagement, conceptually, is inherently related to burnout because it describes a loss of engagement. Maslach et al provide more clarity concerning this relationship by describing engagement dimensions (energy, involvement, efficacy) and burnout dimensions (exhaustion, cynicism, inefficacy) as complete opposites (Saks, 2006).

Table 1-1 (based on 18 definitions of employee engagement)	
Concept	Percentage Used
Commitment - cognitive, affective, behavioral	5.5%
Commitment - rational & emotional	5.5%
Discretionary effort – going above and beyond	11%
Drive innovation	5.5%
Drive business success	22%
Energy, involvement, efficacy	11%
Passion and profound connection	5.5%
Positive attitude toward company	5.5%
Psychological presence- attention and absorption	5.5%
Shared meaning, understanding- active participation	5.5%
Stay, say, strive	5.5%
Think, feel, act, during performance	11%
Translate employee potential into performance	5.5%

With hopes of finding common themes or concepts, eighteen definitions were reviewed including those mentioned above and results were posted in Table 1-1.

It is clear that there are many different concepts being used to define employee engagement and very few of these concepts span across definitions. In addition, forms of commitment are used to describe engagement implying they are one in the same and raising issues that will be discussed later in this paper.

Another concern related to all of these definitions of employee engagement is that they are all very broad, overarching concepts that seem to be vision statements rather than definitions and as such provide very little direction for practitioners trying to implement the concept on the front line (Shaw, 2005). Therefore, anyone interested in incorporating employee engagement into their organization must first determine which definition to use and then what that definition actually means to the rest of the organization.

Measuring engagement

Probably the most consistent message concerning the concept of employee engagement is that it should be measured through the use of a survey. From there, the similarities seem to end. Many names are used for this survey; an engagement survey, an attitude survey, work climate improvement survey, etc. Even more structures and survey questions are recommended concerning the best way to measure employee engagement. The Gallup study highlights twelve key elements that form the foundation of strong engagement and believes these elements can be accessed through twelve questions (Thackray, 2001). The Institute for Employment Studies (IES) also did a study and found, “twelve attitude statements representing engagement were tested; all were found to ‘sit together’ reliably, to comprise a single indicator of engagement.” But, the IES elements are not a clear match to those of Gallup and IES also state that a subset of five questions is allowed (Robinson et al, 2004) if twelve questions are unmanageable.

Another measurement example comes from Development Dimensions International (DDI). DDI has their own measure, “E3,” which assess three key elements of engagement (individual value, focused work, and interpersonal support) as well as provides a standard measure for employee satisfaction, which they feel is a result or consequence of engaging employees.

Kieron Shaw (2005), reviewed employee engagement research and measurement proposals of many entities including Gallup, Towers Perrin, ISR, and Accenture. Concerning *how* to measure, Shaw’s study struggles to provide any real clarification. Shaw offers suggestions based on, “sifting through our desk research and interviews and trying to subject the ideas to some reasoned analysis” and breaks engagement questions into three macro categories: climate, driver, and outcome. In the end, Shaw (2005) states, “It’s arguably unfeasible to directly measure in the survey all the actions behind engagement,” due to the fact that, “there are potentially thousands of different individual actions, attitudes, and processes that affect engagement.”

A different way to consider the difficulty of measuring employee engagement is to imagine the concept of employee engagement as a large geographical country such as the United States. Survey questions may represent a very specific piece of information about a given city or town in the United States. When you consider all of the subtle and profound differences between cities such as Las Vegas, Nevada and Boston, Massachusetts you begin to understand the complexity of measuring employee engagement.

Definitions and Measurement

Definitions and measurement of employee engagement share a common problem in that there are extensive variances across both. HR leaders interested in employee engagement will be best served to create a custom approach to defining and measuring engagement based off extensive research on their company’s strengths and weaknesses as well as research on closely related concepts with a longer history. Choose a definition that is the best match for the company and tie measurement directly to that definition. Remember that measures mix drivers and outcomes and it is very difficult to ascertain which to change to obtain desired results therefore, stick to one measurement. Finally, HR leaders should exercise extreme caution when gathering and/or using “benchmark” information. With such a nebulous concept assuming success simply because it worked for another company could produce disastrous results. Measure employee engagement as defined by the company and compare results *within* the company year-to-year.

Related Concepts

After doing preliminary research, one question that repeatedly surfaced was “is employee engagement a longer standing concept neatly wrapped in attractive new packaging”? Soon thereafter, many studies attempting to address this exact question surfaced and created a sea of subtle yet hypothetically important distinctions between these concepts. Employee involvement, work involvement, attitudinal commitment, stakeholder engagement, and staff engagement are just a few of these closely related concepts. Certainly some seem more related to employee engagement than others but four in particular that are worth discussing in more detail are; work engagement, organizational commitment, job satisfaction, and organizational citizenship behavior (OCB).

Work Engagement. Like employee engagement, work engagement is a relatively new concept coming from organizational psychology that only recently has been given theoretical definitions and instruments for assessment (Hallberg, 2005). One such instrument is the Utrecht Work Engagement Scale (UWES), which measures three dimensions: vigor, dedication, and absorption. Vigor is described as, “being fully charged with energy and resilient in one’s work even during a regular ‘dull’ day when nothing particular happens.” Dedication is, “being proud of one’s work and convinced that what one performs is significant.” Finally, absorption is the concept of, “being carried away by work, forgetting everything in one’s surroundings, looking at your watch and finding that you have missed your coffee break without even noticing.” The construct validity of UWES was established early on and has shown good factorial validity across occupational groups, countries, and cultures (Hallberg, 2005).

Organizational commitment. Organizational commitment research seemed to really take form in the early 1970’s. One definition from the mid 1980’s states organizational commitment is, “a process of identification with the goals of an organization’s multiple constituencies.” The goals referred to in this definition can range from broad organizational goals and values to a more specific formulation that specifies whose goals and values should be the focal point for multiple commitments (Reichers, 1985). More recently, SHRM defined organizational commitment as, “a willingness to persist in a course of action and reluctance to change plans, often owing to a sense of obligation to stay the course.” Like the earlier definition, SHRM highlights the fact that people are committed to multiple entities simultaneously. SHRM also discuss an emotional and rational component. The emotional is described as a positive feeling toward an entity and the rational being conscious and thoughtful planning and action to fulfill the commitments (Vance, 2005).

Over the years organizational commitment has gone through extensive changes in how it is defined, studied, and measured. Unfortunately, the concept continues to be criticized for having a lack of precision and concept redundancy (Reichers, 1985).

Job Satisfaction. Similar to organizational commitment, job satisfaction is an older concept that took root in the mid 1970’s. In 1976, it was defined as, “a pleasurable or positive emotional state resulting from the appraisal of one’s job or job experiences” (Brief & Weiss 2002). However, researchers in the mid-1980’s discovered that this definition had shortcomings. The 1976 definition really only described affective dimensions but measurement tools of the 1980’s only measured cognitive components, thus, creating a paradox. By the late 1990’s and early 2000’s new research updated the definition of job satisfaction to include cognitive components. Weiss (2002) defined job satisfaction as, “a positive (or negative) evaluative judgment one makes about one’s job or job situation.” While the definition has been updated to include a cognitive component the measurement of job satisfaction still struggles with the paradox mentioned earlier.

Organizational Citizenship Behavior. In 1964, D. Katz defined and discussed a concept he referred to as 'extra role behavior.' Beginning around 1983 the term organizational citizenship behavior (OCB) was given to 'extra role behavior.' OCB has since been defined as, "individual behavior that is discretionary, not directly or explicitly recognized by the formal reward system, and in the aggregate promotes the efficient and effective functioning of the organization" (Williams & Anderson, 1991). From a practical perspective, OCBs improve efficiency and effectiveness by supplying support to transformations, innovations, and adaptations within the organization. From a macro perspective, OCBs supply direct support to the organization as well as to individuals within the organization, which indirectly supports the organization (ibid).

Organizational Citizenship Behavior has several sub-components that can be grouped into seven common dimensions: helping behavior, sportsmanship, organizational loyalty, organizational compliance, individual initiative, civic virtue, and self-development. As you read through definitions of these dimensions you find strong similarities to definitions of employee engagement. 'Helping Behavior' describes, "voluntary helping others" and "preventing the occurrence of, work-related problems." 'Organizational Loyalty' describes, "remaining committed to it even under adverse conditions." The dimension with the strongest relation to employee engagement seems to be 'Individual Initiative.' Individual Initiative is described as, "persisting with extra enthusiasm and effort to accomplish one's job" or "volunteering to take on extra responsibilities, and encouraging others in the organization to do the same." All of descriptive behaviors are said to fall under the concept of going, "above and beyond the call of duty" (Podsakoff et al, 2000).

Concept Crossovers

Traditionally, issues of crossover have occurred between organizational commitment and employee engagement. Authors in psychological literature such as McCashland defined employee engagement as, "commitment or engagement - an emotional outcome to the employee resulting from the critical components of the workplace" and used commitment and employee engagement interchangeably within the same sentence (Ferguson). The Corporate Leadership Council defines employee engagement 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" (Klein, 2004).

This crossover between organizational commitment and employee engagement is not surprising when you review research on both concepts. Historically, organizational commitment has followed a very similar path to that of employee engagement's current path. Commitment has been found to have a significant negative association with turnover, a lesser negative association with absenteeism and tardiness, and a lesser positive association with performance. Measurement of commitment's independent variables has traditionally been done through a questionnaire and while the outcomes of commitment are relatively clear the antecedents to commitment are quite unclear. This ambiguity is attributed to an inconsistency in organizational commitment definitions. Like employee engagement, one can find an extensive list of varying definitions for commitment (Reichers, 1985).

Additional research providing evidence of crossovers among employee engagement, work engagement, organizational commitment, job satisfaction, and OCB exists. One such study investigated job satisfaction and organizational commitment as predictors of OCB and supported the theory that organizational commitment has strong theoretical support for its impact on OCB performance (Williams & Anderson, 1991). A different study by Robinson et al (2004) describes employee engagement as, "one step up" from commitment and states, "research shows that committed employees perform better, therefore, commitment drives engagement." Carrig and Wright (2006) break away from using these terms in relation to each other and highlight building trust through information sharing and communication as

antecedents to engagement. But, in the primary work climate survey (SYSCO) used for research, engagement and discretionary behavior are portrayed as separate subcomponents of job satisfaction.

Concept Conflicts

While crossovers among these terms are confusing, discussions concerning ‘clear distinctions’ are troubling. Distinctions between employee engagement and any of the other concepts can vary as much as the definitions of these terms. For example, Robinson et al (2004) and Saks (2006) described distinct differences between engagement, satisfaction, commitment, and OCB. Robinson et al (2004) states, “engagement contains many of the elements of both commitment and OCB, but is by no means a perfect match with either. In addition, neither commitment nor OCB reflect sufficiently two aspects of engagement – its ‘two-way nature,’ and the extent to which engaged employees are expected to have an element of business awareness.”

One potential challenge to Robinson et al’s statement concerning engagement’s unique ‘two way nature’ comes from research done by William & Anderson (1991) on OCB. They support the idea that, “OCB performance is a function of fairness of overall treatment by the organization” and “the general fairness of the organization policies and practices.” Research by Vance (2006) on commitment also provides a potential challenge when he states, “reciprocity affects the intensity of a commitment. When an entity or individual to whom someone has made a commitment fails to come through with the expected exchange, the commitment erodes.”

Saks (2006) goes on to differentiate OCB and engagement by stating, “OCB involves voluntary and informal behaviors that can help co-workers” while “engagement is one’s formal role performance rather than extra-role and voluntary behavior.” But, one can argue that ‘going above and beyond,’ a common description of employee engagement, is extra-role or voluntary behavior and challenges the theory that employee engagement is “one’s formal role performance.”

Saks later summarizes by stating, “although the definition and meaning of engagement in the practitioner literature often overlaps with other constructs, in the academic literature it has been defined as a ‘distinct’ and unique construct that consists of cognitive, emotional, and behavioral components that are associated with individual role performance.” If you refer to the International Survey Research’s (ISR) definition of engagement this ‘distinct’ construct seems indistinct. The ISR refers to engagement as being, “a combination of an employee’s cognitive (think), affective (feel) and behavioral (act) *commitment* to a company” and they refer to these constructs as making up engagement not as antecedents or precursors to engagement (Shaw, 2005).

While it is entirely possible these authors can produce additional evidence to support their theories and well-founded distinctions between these concepts there is simply too little research on employee engagement to truly know.

Summary

Shaw (2005) suggests that employee engagement falls into two basic approaches: The philosophical approach where engagement is more of a “management philosophy” to consider when making overall HR decisions, and the pragmatic approach where a company has a “dedicated program” for engagement where they try to articulate and measure engagement. But, neither process is stated to provide a clear winner in achieving an ‘engaged’ workforce.

An HR leader interested in the concept of engagement should be wary of any entity recommending:

1. Employee engagement as the next great thing—re-channeling extensive time and resources in order to create a new employee engagement initiative
 - Your company may already be working on strong initiatives that are producing positive results. Starting a whole new initiative could simply misdirect a healthy focus and stall forward progress.
2. Which approach the company should use and why
 - Remember, every company is unique. They would not know this information without extensive knowledge of your company and a mutual agreement with your leaders on the definition of employee engagement.
3. Specific actions or steps the company should take to achieve success.
 - Again, every company is unique. They need extensive knowledge of your company processes.

Ultimately, HR leaders interested in employee engagement will be best served to create a custom definition and measurement based off extensive research of their company's strengths and weaknesses as well as research on closely related concepts with a longer history. In addition, HR leaders should maintain a healthy respect and understanding of the 'unknowns' of employee engagement.

Conclusion

Employee engagement is a concept with multiple definitions, arguably no form of direct measure, and bewildering crossover with other longer standing concepts. Engagement affects both micro and macro levels of your organization from many different directions. In order to reduce the overarching ambiguity around employee engagement further research must be done to clarify what employee engagement is and what makes it unique. Any company hoping to achieve controllable results using employee engagement, as it is currently understood, is advised to proceed with caution using deliberate steps and the expectation of creating a custom approach based on extensive research of company strengths and weaknesses, related concepts, and the 'unknowns' of employee engagement.

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(2006). Gallup Study: Engaged employees inspire company innovation. *Gallup Management Journal*, <http://gmj.gallup.com/content/default.aspx?ci=24880&pg=1>.

Abstract: This article gives a brief overview of the research completed by Gallup on the concept of engagement. It highlights three types of employees: engaged, not-engaged, and actively disengaged. In addition, the article provides research results concerning the business implications these types of engaged employees have on organizational productivity.

Bernthal, P.R. Measuring employee engagement. *Development Dimensions International, Inc*, http://www.ddiworld.com/pdf/ddi_MeasuringEmployeeEngagement_wp.pdf.

Abstract: This paper discusses the recent expressed interest of organizations in the concept of employee engagement. The author gives a brief history of the concept, provides an opinion for the business implications of improving engagement in an organization, and promotes the work done by his firm on employee engagement.

Brief, A. P. & Weiss, H. M. (2002). Organizational behavior: Affect in the workplace. *Annual Review of Psychology*, 53, 1, 279-308

Abstract: This paper reviews critical work from the 1990s that raised serious questions about the affective status of job satisfaction in terms of its causes as well as its definition and measurement. It also reviews recent research on the production of moods and emotions at work and consequences of workers' feelings, in particular, a variety of performance outcomes.

Carrig, K. & Wright, P.M. (2006). Building profit through building people. *Society for Human Resource Management*, 1-190.

Abstract: In this book Carrig and Wright highlight tools that help improve an organization's corporate focus on the vital links between employee, customer, and shareholder satisfaction. They review the theory of value-profit-chain (VPC) and also provide specific approaches for evaluating a company's progress along the goals set at critical links in the VPC.

Ferguson, A. Employee engagement: does it exist, and if so, how does it relate to performance, other constructs and individual differences. *Macquarie University*, www.lifethatworks.com/Employee-Engagement.prn.pdf.

Abstract: This paper takes a critical look at the concept of employee engagement and its origins including various definitions and models of engagement available in psychological and business literature.

Hallberg, U. E. (2005). A thesis on fire: Studies of work engagement, type a behavior and burnout. *Department of Psychology, Stockholm University*, ISBN 91-7155-171-9.

Abstract: The primary focus of this thesis is to focus on the association between being 'on fire' and burnout. More specifically, the thesis focuses largely on two representations of involvement in work (work engagement and Type A behavior) and their respective relationships to burnout.

Kahn, W.A. (1990). Psychological conditions of personal engagement and disengagement at work. *Academy of Management Journal*, 33, 4, 692-724.

Abstract: This article describes and illustrates three psychological conditions—meaningfulness, safety, and availability— and their individual and contextual sources. These psychological conditions are linked to existing theoretical concepts, and directions for future research are described.

Klein, M. (2004). Driving performance and retention through employee engagement. *Corporate Leadership Council*. www.corporateleadershipcouncil.com

Abstract: This executive summary highlights insights for senior executives interested in obtaining a better understanding of the voice of the workforce and its implications for an organization.

Podsakoff, P.M., MacKenzie, S.B., Paine, J.B., & Bachrach, D.G. (2000). Organizational citizenship behaviors: A critical review of the theoretical and empirical literature and suggestions for future research. *Journal of Management*, 26, 51, 1-56.

Abstract: This paper critically examines the literature on organizational citizenship behavior and other, related constructs. More specifically, it: (i) explores the conceptual similarities and differences between the various forms of "citizenship" behavior constructs identified in the literature; (ii) summarizes the empirical findings of both the antecedents and consequences of OCBs; and (iii) identifies several interesting directions for future research.

Reichers, A. E. (1985). A review and reconceptualization of organizational commitment. *Academy of Management Review*, 10, 3, 465-476.

Abstract: This paper argues that current, global conceptions of organizational commitment may be deficient in several respects. It suggests that employees experience several different commitments to the goals and values of multiple groups and the paper supplies some implications of this perspective.

Robinson, D., Perryman, S., & Hayday, S. (2004). The drivers of employee engagement. *Institute for Employment Studies*, report 408, ISBN: 978-1-5184-336-7.

Abstract: This paper reviews research completed by the Institute for Employment Studies on the concept of employee engagement. IES research suggests that engagement is more than a passing fad and raising engagement levels, and maintaining them, takes time, effort, commitment and investment.

Saks, A. M. (2006). Antecedents and consequences of employee engagement. *Journal of Managerial Psychology*, 21, 7, 600-619.

Abstract: The purpose of this study was to test a model of the antecedents and consequences of job and organization engagements based on social exchange theory. Results indicate that there is a meaningful difference between job and organization engagements and that perceived organizational support predicts both job and organization engagement; job characteristics predicts job engagement; and procedural justice predicts organization engagement. In addition, job and organization engagement mediated the relationships between the antecedents and job satisfaction, organizational commitment, intentions to quit, and organizational citizenship behavior.

Shaw, K. (2005). Employee engagement, how to build a high-performance workforce. Melcrum Publishing Limited, ISBN: 0-9547741-3-2.
<http://www.emeraldinsight.com/Insight/ViewContentServlet?Filename=Published/EmeraldFullTextArticle/Articles/0500210701.html#b15>

Abstract: The report describes their findings concerning how one can move from defining engagement to embedding a strategy around it. The study also goes into further detail concerning the individual elements of an engagement strategy and provides suggestions on how to approach major obstacles as well as other important issues.

Thackray, J. (2001). Feedback for real. Gallup Management Journal, <http://gmj.gallup.com/content/811/Feedback-for-Real.aspx>

Abstract: This article provides a review of the Gallup Organizations work on creating a better feedback process for employers. Their primary goal was to identify and measure the elements of worker engagement that are most powerfully linked to improved business outcomes. Gallup uncovered 12 key employee expectations that, when satisfied, form the foundation of strong feelings of engagement. The result was a 12-question survey in which employees are asked to rate their response to each question on a scale of one to five.

Vance, R. J. (2006). Employee engagement and commitment, A guide to understanding, measuring and increasing engagement in your organization. Society for Human Resource Management, 1-45.

Abstract: This is a effective practice guide created by the Society for Human Resource Management (SHRM) to help its members better understand how to measure and increase employee engagement in their perspective organizations.

Williams, L.J. & Anderson, S.E. (1991). Job satisfaction and organizational commitment as predictors of organizational citizenship and In-role behaviors. Journal of Management, 17, 3, 601-617.

Abstract: The study reviewed survey data from 127 employees' supervisors and supported the distinction between in-role behaviors and two forms of OCBs. Hierarchical regression analysis found intrinsic and extrinsic variables to be differentially related to the two types OCBs, but affective variables and organizational commitment were not significant predictors. The links between these findings and previous research as well as directions for future research are discussed.

Questions for Discussion:

Do you have a definition for employee engagement at your organization? If so, please share it. Is the definition one you created or is it one you adopted from another source?

Do you believe employee engagement has distinct characteristics from other closely related constructs such as organizational commitment, job satisfaction, and organizational citizenship behavior? If so please describe these distinct characteristics.

Is employee engagement used more as a management philosophy within your organization or does your organization have a dedicated program around employee engagement in which you try to articulate engagement and measure it? Please give some detail concerning your philosophy or dedicated program.

Have you witnessed engagement having a positive impact on business results within your organization or that of another organization? Please describe the situation and how engagement was tied to the business results?

“The hearts of employees are a tougher battlefield than the minds of employees.”

EMPLOYEE ENGAGEMENT AND FAIRNESS IN THE WORKPLACE

Anne-Marie Kontakos, Alcoa Graduate Research Assistant to CAHRS

Introduction

Employee engagement is argued to be associated with; a sustainable workload, feelings of choice and control, appropriate recognition and reward, a supportive work community, fairness and justice, and meaningful and valued work (Saks, 2006). Similarly, according to a survey conducted in thirty-two countries by Walker Information, the factors that most influence employee commitment (and one could argue employee engagement) are fairness, care and concern for employees, and trust (Frank, Finnegan & Taylor, 2004).

However, while the debate over the existence and exact definition of employee engagement continues, there is little doubt about the importance of fairness in the workplace. Fairness strives to make the employees' place of work better and has become more than just adequate pay, benefits and opportunities. The thought is that if an organization treats its employees well, they will give back as much or more in terms of both physical and emotional commitment (Insightlink, 2005). But, employee engagement ultimately comes down an employee's desire and willingness to give discretionary efforts in their jobs (Frank, Finnegan & Taylor, 2004).

Organizational justice is defined as the impact of justice on effective organizational functioning and is best conceptualized as three distinct dimensions; procedural, distributive and interactional (Colquitt, 2001). The level(s) of justice influence the levels of perceived fairness by employees.

Procedural Justice

Procedural justice refers to an employees' perceptions of fairness in the means and processes used to determine the amount and distribution of resources (Saks, 2006). Higher perceptions of procedural justice by employees are more likely to reciprocate with greater organizational engagement (Saks, 2006) and an employees' positive evaluation of their supervisor (McFarlin & Sweeney, 1992). The basic tenet of procedural justice – a voice in the development of an outcome - enhances the perceived fairness in the workplace independent of the effects of its implementation (Greenberg, 2002).

For example, in terms of performance appraisals, procedural variables may be more important than distributive (outcome) variables as determinants of the perceived level fairness by employees (Greenberg, 2002). An organization that provides knowledge to employees about procedures demonstrates regard for employees concerns. Decision-making processes that are unclear to employees violate procedural fairness and trust – damaging the employer-employee relationship.

Distributive Justice

Distributive justice pertains to an employees' perception of fairness in decision outcomes and resource allocation (Saks, 2006). In order to be “just”, the allocation of an outcome should be consistent with the set goals of a particular situation. The “equity rule” associated with distributive justice dictates that rewards and resources be distributed in accordance with contributions. Past research shows that

distributive justice is strongly correlated with job satisfaction (Schappe, 1998) and pay satisfaction (McFarlin & Sweeney, 1992), which in turn can be said to be strong elements of employee engagement. An organization must be cognizant of efforts made by leadership and management to ensure that it show legitimate concern for employees regarding the distributive outcomes that not only the employees themselves receive, but those received by their colleagues.

Interactional Justice

This type of justice refers to the quality of interpersonal treatment employees receive when procedures are implemented (Colquitt et al, 2001). There are four criteria for interactional justice; justification, truthfulness, respect and propriety (Colquitt, 2001). Interactional justice consists of two specific types of interpersonal treatment – interpersonal justice and informational justice (Colquitt et al, 2001). Interpersonal justice deals with how employees are treated with politeness, dignity and respect by leadership and management – those who execute procedures and outcome distribution (Colquitt et al, 2001). Informational justice focuses on the explanations and information given to employees by leadership and management that provide detail on procedures and outcome distribution (Colquitt et al, 2001).

Fairness

The labeling of an organization as “fair” can be made off of the basis of perception and reality. Fairness is ideally seen and felt throughout all levels of the organization (thereby confirming it is real rather than just perceived) and can take many forms in the workplace; application of policies, procedures and the presence of unions to help level the playing field. Equity, and in essence - fairness, is a key driver of employee engagement.

Other factors that impact perceptions of fairness include; proximity (how close an employee is to the situation and their level of involvement), expectations and entitlement (Beugré, 1998). Demographic factors also impact perceptions of fairness; level of education, occupational status, occupational tenure and gender – where men are more likely to perceive fairness as equity, whereas women are more likely to perceive fairness as equality (Beugré, 1998).

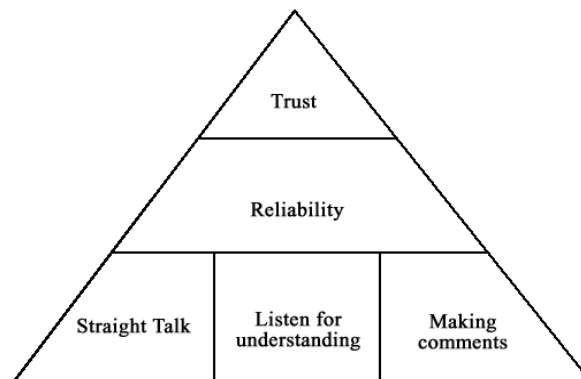
Employees who perceive unfairness in the workplace may experience feelings of under-appreciation, lack of respect and recognition. Furthermore, the presence of hierarchal divisions and cliques increases the potential for perceptions of unfairness, breaks connections between employees and prevents groups from working together (Axelrod, 2000). There is little doubt that perceptions of unfairness (regardless of whether or not they are warranted) will lead to lower levels of employee engagement. Employees who do not see things as fair in the workplace are more likely to withdraw and display negative behaviors.

However, it is not clear as to what extent employee engagement can influence perceptions of (un)fairness, nor how the reality of fairness affects employee engagement. However, fairness is considered to be one of the necessary conditions present leading to trust (Beugré, 1998), which is essential for employee engagement.

Trust

As in any relationship, trust is among the essential traits that keep commitment and engagement strong. The employee – employer relationship is no different. Relationships evolve over time into trusting, loyal and mutual commitments as long as the parties abide by certain “rules” of the exchange (Saks 2006). Trust is highly valued and can only be built up over time, but can be lost quickly.

The trust triangle was developed by Dr. John Carter at the Gestalt Institute and can be used by organizations as a guide to building trust. The first component of the triangle is straight talk. Ideally, leadership and management are “sharing all the information available in an honest and forthright manner” (Axelrod, 2000). Moving to the right along the base of the triangle, the next component is listening for understanding. By focusing closely on listening, more information is exchanged between the employer and employee and there is an increase in the level of trust in the sender by the receiver. Making commitments is the third element in the foundation of the triangle, as most importantly, “trust is built when commitments are kept” (Axelrod, 2000). If commitments cannot be fulfilled by the organization, going back to the first component of the triangle foundation (straight talk) to provide an explanation is necessary. Only after achieving the foundation can the organization move onto the next level of the triangle. Reliability is established by the organization through leadership and management over time following the foundation principles, eventually building up to the top level of trust.



It is obvious that trust lies in the hands of the organizations’ leadership and management. In order to build trust within the organization it is necessary to ensure that these individuals are not only personally involved in the organization, but that they also submit themselves to the same vulnerabilities and risks as their employees (Axelrod, 2000). For example, an organization that requires 360-degree feedback for performance management should ensure that all leaders and manager go through the same process. These individuals should set the example for employee behavior. With a strong bond of trust, employees are not only more likely to be engaged, but have faith and perceive that the organization is a fair place to work.

The Power of Perception

“In studying justice, what is important is not the reality itself, but the subject’s perception of reality.”

- *Beugré, 1998*

Perceptions held by employees can greatly affect their engagement levels. For example, perceptions of the procedures used to determine pay raises uniquely contribute to such factors as organizational commitment and trust in supervisors (both of which are strongly related to employee engagement). And, perceptions of outcomes are uniquely associated with an employee’s own pay satisfaction (Greenburg, 2002). Justice perceptions, (including fairness in the workplace), are also related to organizational outcomes; job satisfaction, organizational commitment, organizational citizenship behavior withdrawal and performance (Saks, 2006).

Organizations that wish to improve levels of employee engagement can focus on increasing and strengthening employees’ perceptions of support they receive from the organization (Saks, 2006). Many organizations seem to have forgotten that perception begins at the onset of the employee-employer relationship with the application process. The saying “you never get a second chance to make a first impression” is extremely fitting. These first impressions serve as a reference point to the employee in many ways. A fair application process should be the first touch-point for each and every employee. Additionally, an increasingly important level of perception for an organization to monitor is the employees’ perception of diversity within the organization. This is true for all employees regardless of their majority or minority status. While the composition of an organization can affect an employees’ level of commitment, it is an employees’ “perception of fit” in terms of demographics and culture within their immediate workgroup that affects the level of employee engagement.

Organizational changes (including cost-cutting, structural change and role reduction) can quickly and easily lead to perceptions of unfairness and a decrease in employee engagement. However, it is important for organizations to note that it is not the changes per se that lead to employee perceptions of unfairness and lower levels of employee engagement, but the way in which employees are treated (or perceived to be treated) during implementation of specific changes (Beugré, 1998). Communication and trust are important drivers that must be utilized to ensure that employees perceive that they are treated with care and respect during these turbulent times.

Evaluating Risk

An interesting element to the relationship between employee engagement and fairness in the workplace is the element of risk and the notion of procedural fairness based on the assessment of risk. For example, the individual responsible for making the final hiring or promotion decision will not only use his or her perception, but will also assess and evaluate the level of risk of his or her decision for themselves and the organization. Risk behavior is influenced by; i) the culture or organization in which the decision making is taking place; ii) the particular situational factors associated with the decision and; iii) the characteristics of the decision maker (Cabrera & Thomas-Hunt, 2007).

It has been argued that when evaluating the risk of a potential employee, a determination of the required level of affective commitment (and arguably potential level of employee engagement) to the organization is made (Shore, Barksdale & Shore, 1995). When evaluating current employees, decision makers may be influenced by current levels of employee engagement and the future potential and likelihood of promotion (Shore, Barksdale & Shore, 1995). Additionally, it has been proposed that the gender of the decision maker will affect the assessments of both the candidate (including both the potential and current

employee) and the level of risk perceived to be associated with the position. All of these potential biases can greatly impact the acceptance and promotion of qualified individuals, in particular women in the workplace.

Women as “Risky Business”

It has been suggested that an employee must demonstrate both commitment and engagement to the organization and their career (among various other factors) in order to move further up the corporate ladder (Cabrera & Thomas-Hunt, 2007). “Highly committed and engaged employees are more likely to be promoted (Cannings & Montmarquette, 1991) and are less likely to contemplate quitting (Hunt & Morgan, 1994).” While there is little to no evidence to suggest that women (in general) are any more or less committed or engaged than men in the workplace, due to social norms, women with children and household responsibilities are perceived as being less committed employees (Cabrera & Thomas-Hunt, 2007). Simply due to these obligations and time constraints, a “good mother/wife/daughter” cannot also be a “good employee”.

Some researchers argue that women desire fewer hours at work because of a disproportionate share of household responsibilities (Bryner, 2007). According to the U.S. Department of Labor Monthly Review (April, 2007), women’s participation in the labor force, which had climbed in the early 1990s, has leveled off over the past five to ten years. Why this has occurred is unclear; both academic and non-academics argue that women are “happier” at home, while others believe that organizations are too rigid and prevent a sustainable work-life balance. However, there is no doubt that in terms of family and household needs, women are more likely than men to temporarily step off the career path or permanently exit the workplace. For women, starting and raising families has been the norm, but with the aging population, women are increasingly taking time out from their career and the workplace to care for elderly parents and in-laws. Due to the greater tendency for women rather than men to take these roles, female employees are labeled as “riskier” employees (Cabrera & Thomas-Hunt, 2007). And because organizations mitigate all kinds and levels of risk – including risk from employees, they in turn limit the ascent of women up the corporate ladder and return to the workplace.

In terms of the perception of fairness in the workplace and female employees, it is somewhat surprising that women either do not see the workplace as unfair or that they choose to ignore it. In fact, women tend to not feel deprived despite an objectively underpaid status. And, women often fail to prompt attempts to redress these inequities, including those that directly affect them (Greenberg, 2002). This non-reaction may be in part because women have lower comparison standards for pay or work than do men (Greenberg, 2002). As individuals are theorized to adjust their own or the comparison of another’s’ actual or perceived inputs or outcomes in order to change unpleasant inequitable states to more pleasant equitable ones, women may be purposefully comparing themselves to other women rather than their equally qualified and positioned male counterparts; therefore continuing to expect that they will be paid lower than what is fair and equitable (Greenberg, 2002).

In the end, there are numerous factors that can contribute to the exit of women from the workplace – rather than simply chalking it up to a lack of their commitment or engagement. Unfortunately, workplace reality will continue to be unfair to women as long as they remain incorrectly perceived as “risky business”.

Cross-Cultural and Race Issues

In addition to the plight of women, organizations must better prepare for and react to the external environment and internal workplace which are becoming increasingly competitive, global and heterogeneous. Drastically different perceptions of fairness in the workplace exist due to varying cultural definitions of fairness within groups and around the globe. Therefore, establishing and improving levels of employee engagement across multiple cultures may require tactics that are quite different from what has been successful in North America and Europe.

While further research is needed to determine the cross-cultural effects on employee engagement and fairness in the workplace, some inferences can be drawn from past research. One of Hofstede's dimensions of culture is power distance. James (1993) contends that power distance influences perceptions of fairness and tolerance to unfairness. Therefore, varying dimensions of power distance may affect levels of employee engagement. Additionally, the Social Identity Theory (SIT) originally developed by Tajfel and Turner (1979), may help to explain why groups in societies often display prejudice to one another. In relating SIT to power distance and perceptions of fairness - it can be argued that individuals and groups may have an inherent need to compete against rivals, and outperform them, in order to boost their own level(s) of self-esteem. Members of different groups often view each other in disparate ways. These actions will undoubtedly lower and possibly destroy any existing levels of employee engagement.

Organizations must ensure that they create and promote an inclusive and open workplace environment. Again, perceived support is essential to employee engagement and is critical in diverse environments. Minority groups often report lower levels of perceived support in the workplace and therefore, are more susceptible to lower levels of employee engagement. This can affect both individual and organizational outcomes; the less engaged employee may find it difficult to achieve organizational and personal success. Jones & Harter (2005) found that "at low levels of engagement, members of different-race dyads report a lower tendency to remain with their organization for at least one year than members of the same-race dyads." This does not mean that organizations should not have different-race dyads, but rather that the dyads are present in an environment of support, increasing the level of employee engagement and decreasing the potential for turnover. The use of Affinity groups in an organization can assist with promoting inclusion and increasing perceived and actual levels of support. Affinity groups have been found to help attract and retain diverse employees. It would not be surprising if with further research they will also be found to increase levels of employee engagement.

Possible Outcomes of Unfairness in the Workplace

Employees who perceive unfairness in the workplace may exhibit varying degrees of negative behavior. However, because employees are individuals and the circumstances surrounding each employee and situation can and will differ greatly, reactions and outcomes to unfairness are not predictable.

It is possible, that at least temporarily; employees will change their behavior, attitude or both in a negative manner, thereby lowering production and performance levels. Employees may also show signs of withdrawal behavior resulting in absenteeism or by leaving the organization. High turnover rates are a sign of employee attitude, intentions specific to distributive justice and low levels of engagement. Other negative behaviors may include, but are in no way limited to; employee theft and workplace aggression. Additionally, an organization cannot ignore that employees may communicate their perceptions of unfairness with other individuals both within and outside of the organization.

In theory, an employees' level of engagement may be able to counter negative behavior. Engaged employees may be better equipped to handle unfairness in the workplace, cognitively reevaluating the workplace in order to "excuse" injustice more effectively than non-engaged employees. It is also possible that engaged employees who have a perceived level of unfairness may become less engaged, in addition to, or in replace of exhibiting negative behaviors. Ideally, but very unlikely, employees who perceive a level of unfairness in the workplace will simply choose to ignore or rationalize the unfairness and continue to be happy, productive employees.

Increasing Employee Engagement and Fairness in the Workplace

There are numerous steps an organization can take to increase levels of employee engagement and fairness in the workplace. A few examples are listed below; however the list is far from exhaustive. The most important aspect to note is that as the levels of reported involvement employees have throughout the employment life cycle increases (or in other words, the number of touch-points affected), the higher the reported levels of employee engagement and fairness.

For example, five procedural components, (thereby reinforcing the notion of procedural justice), specific to job evaluation were identified by Greenburg (2002) that can be easily incorporated by the organization. 1) Soliciting for and using input from others prior to evaluation, 2) Using two-way communication during the information gathering process, 3) Allowing the employee to have the ability to challenge/rebut the evaluation, 4) Rater familiarity with the ratees' work and 5) Consistent application of standards across the organization (Beugré, 1998).

Simply using rater diaries for performance evaluation decisions greatly enhances the ratees' perceived level of fairness. The diary also helps to ensure that information used for the evaluation is not simply the most recent – which is often what is most easily recalled and used by the rater. Additionally, any element of self-appraisal by the employee is likely to increase the perceived level of fairness of the evaluation (Beugré, 1998).

In terms of compensation and benefits, allowing employees to participate in the setting of their own wages may seem somewhat outlandish, but it can be an effective way to promote an employees' belief in the fairness of those wages. As pay systems reflect the distribution of outcomes and distributive justice; organizations should ensure full-disclosure of the employee pay plan or at the very least, limit the level of secrecy. The ability to offer "cafeteria-style" benefits can not only assist the organization in reducing its overall costs, but the employee is then able to be involved in the decision-making process and is able to better understand the costs to both him/herself and the organization.

Organizations will undoubtedly find it quite difficult to incorporate employee involvement in all aspects of its internal and external operations. Therefore, at the very least, they should incorporate and leverage effective communication and frequent feedback throughout all touch-points of the employment life cycle – from start to finish. Both essential elements greatly contribute to both employee engagement and fairness in the workplace.

Conclusion

There are many opportunities for further research to explore the link between employee engagement and fairness in the workplace. Justice, trust, perception and risks are only a few pieces of a greater puzzle; and their roles are can be made clearer.

There is little doubt that employee engagement can be strengthened by fairness and its related elements, just as employee engagement can be weakened by unfairness and the like. As both the workforce and the workplace evolve, organizations may find that in order to win the “war for talent,” they must first win the battle for employees’ hearts.

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Shore, L., Barksdale, K. & Shore, T. (1995). Managerial perceptions of employee commitment to the organization. *Academy of Management Journal*. 38 (6): 1593 - 1615

Annotated Works Cited

Axelrod, R. (2000). *Terms of engagement: changing the way we change organizations*. San Francisco, CA: Berrett-Koehler Publications.

Abstract: Terms of Engagement provides a roadmap for creating meaningful, repeatable and sustainable change. In his Foreword, the author asserts that his "is the first book to challenge the widely accepted change management paradigm. It provides leaders at all levels of the organization - all those who initiate, design, and implement change - with a set of principles for bringing about change in a turbulent world. It is not a methodology, nor is it a set of techniques; rather, it is a set of principles that everyone can fall back on when faced with new and different situations." Problems with the current change management paradigm are identified, four principles for producing an engaged organization are introduced as are insights and suggestions to assist the reader with the "Getting Started" phase of the process and finally, a valuable analysis of eight specific issues on the engagement paradigm.

Beugre, C. (1998). *Managing fairness in organizations*. Westport, CT: Quorum Books.

Abstract: This book outlines the concept of organizational justice and refers to perceptions of fairness within organizations. With new research on fairness in organizations, scholars in organizational behavior, industrial/organizational psychology, and managers are provided with practical orientations on how to create fair working environments. The book goes through perceptions of unfairness which have been related to negative attitudes and behaviors such as employee theft, lack of commitment, lawsuits, and recently aggressive behaviors in the workplace. On the other hand, perceptions of fair treatment have been related to positive outcomes such as employee commitment, trust, and cooperation that are conducive to organizational performance.

Bryner, J. (2007). Women want shorter work days. *LiveScience.com* Mar, 22 2007. Accessed at: <http://www.livescience.com/humanbiology/070322_work_hours.html>

Abstract: This article briefly discusses an analysis made of recent labor statistics in relation to women's participation in the labor force. Several factors are examined as reasons why more women desire shorter work days including responsibilities outside of the workplace.

Cabrera, S. & Thomas-Hunt, M. (2007). *Risky business: a theoretical model applied to the advancement of executive women*. Cornell University.

Abstract: The authors propose a theoretical model delineating the process underlying the advancement of executive women in U.S. corporations. Central to the model are assessments of risk made by organizational gatekeepers. Using the model, the authors consider how candidate gender affects risk assessments and how gender contributes across careers to who advances to C-suite.

Carr, S. et al. (1997). Development through educational collaboration: facilitating social equity. *Higher Education Policy*. 10: 81-91.

Abstract: Joint research on applied issues such as expatriate-host national pay inequities, ambivalence towards workplace achievement, and psychological influences on charitable behavior are discussed in this

article. Practical recommendations are presented concerning community development, stress management, and poverty reduction, each of which may in turn inform higher education policy.

Colquitt, J. (2001). On the dimensionality of organizational justice: a construct validation of a measure. *Journal of Applied Psychology*. 86 (3): 386 – 400

Abstract: This study explores the dimensionality of organizational justice and provides evidence of construct validity for a new justice measure. Confirmatory factor analyses supported a 4-factor structure to the measure, with distributive, procedural, interpersonal, and informational justice as distinct dimensions. Structural equation modeling also demonstrated predictive validity for the justice dimensions on important outcomes, including leader evaluation, rule compliance, commitment and helping behavior.

Colquitt, J. et al. (2001). Justice at the millennium: a meta-analytic review of 25 years of organizational justice research. *Journal of Applied Psychology*. 86 (3): 425 - 445

Abstract: A meta-analytic review of 183 justice studies was conducted and the results suggest that although different justice dimensions are moderately to high related, they contribute incremental variance explained in fairness perceptions. Additionally, the article discussed the overall and unique relationships among distributive, procedural, interpersonal, and informational justice and several organizational outcomes.

Frank, F., Finnegan, R. & Taylor, C. (2004). The Race for Talent: Retaining and Engaging Workers in the 21st Century. *Human Resource Planning*. 27 (3): 12 - 26

Abstract: This article discusses major changes beginning to occur in today's workplace. Additionally, new strategies that go well beyond traditional solutions hold much promise in the effort to keep and engage well-performing employees. While employee retention is king, employee engagement is not far behind. CEOs of the nation's fastest growing companies overwhelmingly cite retention of key workers as the most critical factor to plan for in the next year ahead.

Folger, R. & Cropanzano, R. (1998). *Organizational justice and human resource management*. Thousand Oaks, CA: Sage Publications.

Abstract: This book reviews the theoretical organizational justice literature and explores how the research on justice applies to various topics in organizational behavior, including personnel selection systems, performance appraisal, and the role of fairness in resolving workplace conflict. The book concludes with a chapter highlighting those topics that represent promising future directions for research.

Greenberg, J. (2002). *The quest for justice on the job: essays and experiments*. Thousand Oaks, CA: Sage Publications.

Abstract: The Quest for Justice on the Job is a collection of influential, previously published writings by one of the pioneers of the organizational justice literature, Jerald Greenberg. The author's stated objective is to provide an overview of the field from the perspective of one of its "proponents." The seventeen writings include both conceptual and empirical papers.

**Insightlink Communications. (2005). *Employers and Employees - Making the Marriage Work: The Importance of Employee Commitment*. Accessed at: <
http://www.insightlink.com/employee_commitment.html>**

Abstract: The first in a 4-part series on the "4Cs" of employee satisfaction. This article reviews what Insightlink believes to promote employee engagement and discusses the importance of the factors and policies behind the 4Cs model of employee satisfaction; Commitment, Culture, Communications and Compensation.

Jones, J. & Harter, J. (2005). Race effects on the employee engagement-turnover intention relationship. *Journal of Leadership and Organizational Studies*. 11 (2): 78 – 88.

Abstract: This paper reviews extant research findings on employee engagement before outlining and testing potential differences in the relationship between engagement and intent to remain with the organization based upon variations in the racial composition of the supervisor-employee dyad. At low levels of engagement, members of different-race dyads report a lower tendency to remain with their organization for at least one year than members of the same-race dyads; at high levels of engagement, intent to remain was greater for members of different-race dyads.

McFarlin, D. & Sweeney, P. (1992). Distributive and procedural justice as predictors of satisfaction with personal and organizational outcomes. *Academy of Management Journal*. 35 (3): 626 - 637

Abstract: This research paper notes that distributive justice was found to be a more important predictor of two personal outcomes, pay satisfaction and job satisfaction, than procedural justice, whereas the reverse was true for two organizational outcomes – organizational commitment and subordinate's evaluation of supervisor. However, procedural and distributive justice also interacted in predicting organizational outcomes. Limitations and directions for future research are discussed.

Saks, A. (2006). Antecedents and consequences of employee engagement. *Journal of Managerial Psychology*. 21 (7): 600 – 619.

Abstract: This article outlines a ground-breaking study to test a model of the antecedents and consequences of job and organization engagements based on social exchange theory. The results indicate that there is a meaningful difference between job and organization engagements and that perceived organizational support predicts both job and organization engagement; job characteristics predict job engagement; and the procedural justice predicts organization engagement.

Schappe, S. (1998). Understanding employee job satisfaction: the importance of procedural and distributive justice. *Journal of Business and Psychology*. 12 (4)

Abstract: This article analyzes the importance of perceived fair treatment and its effect on employee job satisfaction. Hierarchical regression analyses reveal that structural procedural justice, interpersonal procedural justice, and distributive justice each accounted for significant unique variance in employee job satisfaction. In addition, when job satisfaction was regressed on all three types of organizational justice,

all three justice perceptions significantly predicted job satisfaction. However, interpersonal procedural justice and distributive justice were more strongly related to job satisfaction with distributive justice having the strongest relationship of the three fairness perceptions.

Sheppard, B., Lewicki, R. & Minton, J. (1992). *Organizational justice*. New York, NY: Lexington Books.

Abstract: This book is a treatise to provide a synthesis of existing organizational justice theory and also address the “OK, so now what?” question that will afford access for managers attempting to apply the theory. The book provides a useful guide for both scholars and managers in evaluating the potential viability of various organizational justice systems. The book is divided into four sections: 1) introduction, 2) psychological theory of organizational justice, 3) applications and 4) directions for future research.

Shore, L., Barksdale, K. & Shore, T. (1995). Managerial perceptions of employee commitment to the organization. *Academy of Management Journal*. 38 (6): 1593 – 1615

Abstract: This article presents a model that incorporates antecedents and outcomes of measures of manager-rated employee affective and continuance commitment. The results indicated that organizational citizenship behavior predicted manager-rated affective commitment, whereas side bets predicted manager-rated continuance commitment. Affective commitment was positively and continuance commitment negatively related to a variety of outcomes, including managerial potential and promotability.

Questions for Discussion

What can organizations do to change the perception of women as “risky business”?

What innovative policies and procedures are being successfully implemented to increase the perception and level of fairness in the workplace?

Are organizations doing enough to ensure that policies and procedures are being implemented fairly across all levels? If not, what should they be doing? Do lower level and minority employees have “the right” to distrust the organization?

How can employee engagement be used to improve perceptions of fairness in the workplace?

OLD WINE IN NEW BOTTLES?
EMPLOYEE ENGAGEMENT AND THE BOTTOM LINE
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In an increasingly competitive environment that continues to become more dynamic, corporations have almost universally come to the conclusion that their people hold great, if not the greatest, potential for generating and maintaining business success. This recognition has emerged among both practitioners and researchers in the field of strategic human resource management (SHRM) largely because of the ability of the workforce and human resource (HR) systems to produce firm-level competencies that create sustainable competitive advantage—that is, those assets and capabilities that are valuable, rare, inimitable, and non-substitutable (Barney, 1991).

In order to meet these criteria, firms have followed a multitude of paths in a quest to connect HR and management strategies with bottom-line financial success and, in recent years, employee engagement has come to be one of the most traveled and one of the most discussed. Indeed, the subject has grown to become almost omnipresent within the practitioner and consulting literatures and even a cursory review of recent literature on the subject reveals why:

- “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, Gorman, Jr., & Gorman, 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 (\$42 million) (Development Dimensions International, 2006: 2).

Claims of such significant and quantifiable impacts on the ability of a firm to generate revenues and accrue profits make the attention the subject receives seem almost inevitable. However, the realities of engagement and what it can do for a firm’s performance are seldom, if ever, as cut and dry as these excerpts would seem to indicate, leading some to speculate that employee engagement is more hype than help. Indeed, the process through which engagement manifests itself into business outcomes, as well as methodological issues surrounding data collection and interpretation, make a seemingly straightforward issue much more complex.

The question, then, comes to regard how much of a return a given firm can actually expect from investments in the pursuit of maximizing the engagement of its workforce; this paper largely represents an attempt to move toward an answer to that question. Beginning with a discussion of employee engagement as a theoretical construct and its operation within the firm, the paper examines the extant research linking engagement, and related measures of employee attitudes and commitment, with bottom-line financial results. From here, discrepancies between and within the academic and practitioner literatures are addressed as are possible alternative explanations of the engagement-business-outcome relationship. Last, the implications for HR managers and executives are considered.

Theory, Definitions, and the Literature

Perhaps one of the greatest difficulties in understanding engagement is defining it. While this topic is given a fuller treatment elsewhere in this volume (Dicke, 2006), a brief discussion of the definition of engagement is presented here both to help establish its conceptual proximity to other constructs of employee affect and to gain insight into its relative absence from empirical studies within the academic literature.

In his seminal work on the subject, Kahn defines engagement as “the simultaneous employment and expression of a person’s ‘preferred self’ in task behaviors that promote connections to work and to others, personal presence (physical, cognitive, and emotional), and active, full role performances” (1990: 700). In spite of a tendency for engagement to be defined in terms of how it manifests in employees in some practitioner publications—e.g., engaged employees would recommend their company as a good place to work to others (Dutton, 2006)—Kahn’s conception meshes quite well within this body of work. Specifically, engagement has largely been defined as representing a state of substantial emotional and cognitive investment and is generally accepted across firms and cultures (Harter, Schmidt & Keyes, 2003). Additionally, Harter and colleagues identify engagement as an “individual’s involvement and satisfaction with as well as enthusiasm for work” (Harter, Schmidt, & Hayes, 2002: 269) and in doing so, provide a conceptual bridge by which to link engagement with measures of employee satisfaction.

With respect to the academic literature, however, teasing out a definition of engagement presents a considerably larger challenge. While 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, the concept tends to exhibit considerable overlap with other related constructs such as affective (or attitudinal) organizational commitment, employee satisfaction, and organizational citizenship behavior (OCB). Thus, while employee engagement can, in some sense, be distinguished from these concepts—for instance, other constructs are argued to fall short of capturing the concept of engagement in its entirety in spite of the fact that they are more or less subsumed by the term—truly separating it from them as a discrete entity is difficult, if not impossible.

The result has been a relative lack of empirical examination directly addressing employee engagement and organizational outcomes in favor of investigations of such outcomes and their relations to “better known and established constructs” (Saks, 2006:601). Exacerbating this lack of literature is the fact that the few extant studies that directly address engagement do so either by linking engagement measures to more proximal outcomes or by manipulating its proposed antecedents and examining the effects of such on measured engagement levels.

Thus, the field of HR is left with two main bodies of literature regarding the subject. The first aims to find the determinants of engagement and in doing so improve understanding of what adds to and detracts from engagement at the individual and firm levels. The second establishes the direct impacts of engagement—e.g., job satisfaction, turnover, individual productivity, and intentions to quit. The result is an empirical black hole with regard to the bottom-line effects of engagement on firm-level business outcomes such as profitability, return on assets, Tobin’s Q, and other financial measures. However, given its conceptual closeness to other constructs from which it borrows, some insight into the nature of engagement and its probable effects on firm-level financial performance can be gained.

Extending the Value-Profit Chain to Engagement

With regard to how employee engagement is operationalized to translate into increased business performance, the concept of the “service-profit chain” (Heskett, Jones, Loveman, Sasser, Jr., & Schlesinger, 1994) is key. Under this model, employee satisfaction is viewed as critical to inspiring the productivity and service necessary to secure business success and drive growth and profitability. The service-profit chain begins with management practices that achieve the goal of providing employees with what they need to best serve customers of the firm. When employees receive this support, they are more likely to be satisfied and thus, exhibit loyalty to the firm as well as improved productivity. These increased levels of commitment and productivity function to increase the value proposition of a firm’s services or products to customers, which itself creates customer satisfaction. Satisfied customers become loyal to the firm and, finally, the repeat business generated by these customers drives overall profitability and growth (Heskett, et al., 1994).

Recently, Carrig & Wright (2006:18-19) further elaborated on the model in order to better describe the process by which employees create value. Employees are seen to drive customer satisfaction by achieving operational excellence with regard to everyday tasks and innovating to capitalize on business opportunities as they become available. Carrig & Wright also recognize additional factors—employee characteristics, core capabilities, valued customer outcomes, and revenues and costs—as interacting with the inputs along what they refer to as the “value-profit chain”.

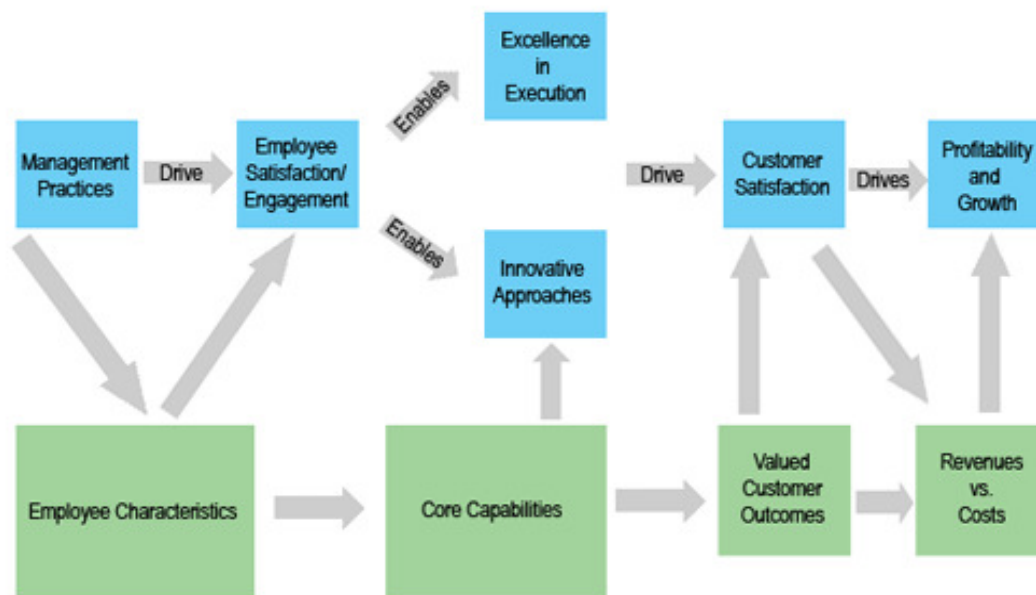


Figure 1: The Value-Profit Chain Applied to Engagement. Management practices create an environment in which employees are satisfied and engaged, which spurs operational excellence and innovation with the end result of growth and profitability. However, employee characteristics, capabilities—employees, technology, and processes— customer outcomes, and financial considerations underlie the model. (Adapted from Carrig & Wright, 2006: 19.)

Extending the application of this expanded model to the concept of employee engagement, it becomes clear that engagement is but one of several interacting factors that influence firm performance—i.e., it is a necessary, but not sufficient, condition for profitability and growth. If the foundations upon which the

value-profit chain rests are absent, employees, even if they are engaged, will be unable to leverage their commitment and abilities to positively affect the bottom line.

Perhaps more important, the framework laid out by Carrig & Wright takes notice of the many interactions that can potentially effect the progression from an engaged workforce to superior firm performance and highlights the possibility of multi-directional causes and effects. For instance, the authors (2006: 22) identify people (or employee) characteristics as consisting of skill and demographic mix of employees needed by the firm, the commitment workers feel to their organization, and behavioral components. These characteristics are influenced by the actions of managers and, in turn, influence the core capabilities of the firm and, in keeping with the work of Kahn (1990), employee satisfaction/engagement levels. From here, engagement comes to influence various other components of the model as its effects travel through the multiple linkages within the firm. Thus, the complex path that engagement takes before its eventual effect on profit and growth is realized begins to be borne out.

Causality, Mixed Results, and Engagement's Effect on the Bottom Line

As previously mentioned, a relative dearth exists in the academic literature with regard to empirical investigation of the firm-level effects of employee engagement on financial performance. However, the direct studies of engagement that are available do provide considerable insight to how engagement operates, especially when considered within the value-profit chain.

Despite this, the nature of the data collected, as well as the design of these studies, fails to allow for causal conclusions to be made. Put more simply, various engagement measures can be determined to relate to various other measures of organizational and individual performance, but the idea that engagement actually causes any of these outcomes is, in this context, unable to be proven. Thus, given the lack of empirical study on engagement and the lack, even within this subset, of studies that make use of predictive or longitudinal designs, one is forced to look beyond the strict realm of engagement to its related concepts in order to gain a feel for its potential to exist as a causal force in the determination of firm-level financial outcomes.

Direct Studies of Engagement. Recent work by Saks (2006: 613) determined 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 behaviors within the organization. Additionally, in a meta-analysis of data collected by The Gallup Organization, Harter, et al. (2002) had similar findings, citing the strong effects employee satisfaction and engagement can have on turnover and 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, Riketta (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, Steers, & Porter, 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 supervisor-rated measures. Additionally, Luthans & Peterson (2001) examined the role of managers with regard to employees’ levels of engagement and determined that levels of manager self-efficacy partially mediated the relationship.

Taken as a whole, these studies reveal some key insights into the nature of engagement and its potential effects on the bottom line. Specifically, the antecedents and proximate effects of engagement appear to fall in line with the value-profit chain, lending credence to the extension of that model to employee engagement. From a theoretical standpoint, this provides some conceptual weight to the argument that

engagement does have an effect on the bottom line for organizations—i.e., high engagement levels predict employee behaviors and other proximate organizational outcomes that can logically be connected to drivers of business success. However, some methodological considerations, especially those surrounding the issue of causality, also come to light.

As Harter et al. (2002) indicate, while the causal influence of engagement on overall firm performance can be inferred, it cannot be determined conclusively from an empirical standpoint. Indeed, this problem is not unique to employee engagement, but rather endemic to the study of organizations as a whole (Sutton & March, 1997). More specifically, the aforementioned studies, and many within the realm of SHRM, run into difficulty when it comes to establishing causality—i.e., “a statistical association that cannot be explained as in fact a dependence on other features” (Cox, 1992: 292). While associations between engagement (and related measures) and business outcomes are routinely established, certain criteria must be met in order to establish causality.

Among these conditions is that of temporal precedence; for instance, superior levels of engagement must precede business performance and not the other way around. Indeed, the argument of reverse causality—that business success allows for more organizational slack in resources and more ample distribution of resources to employees, thus spurring greater investment in HR practices, under which policies facilitating employee engagement are subsumed—is one that is apparent with reliable frequency in academic publications. Additionally, some researchers have conjectured about the possibility of a reciprocal relationship—business success breeds investment in HR which breeds more business success, *ad infinitum*.

To further complicate matters, the very nature of the methods by which data are collected can have significant influence on the results obtained as well as obscure the temporal ordering of the events and organizational outcomes being examined. Riketta’s findings are a case in point; correlation measures were found to vary significantly based on who was asked about job performance. With regard to temporal ordering, researchers and practitioners find themselves at a distinct disadvantage in sorting out causes and effects due largely to the fact that “when measuring HR practices at one point in time, one is likely capturing the practices that have existed for a number of years” (Wright, Gardner, Moynihan, & Allen, 2005: 434). Put more simply, HR systems for maximizing employee engagement do not appear overnight and thus, the antecedents to the existing system are necessarily included in current measures.

One way around this dilemma is to modify the methodology so as to create a study that employs longitudinal data and a predictive design that allows for a greater degree of certainty when making causal inferences. Several studies of concepts closely related to the subject of engagement have done just that and are examined below.

Longitudinal Analyses. While the relationships through which engagement appears to function within the organization are clarified by cross-sectional studies, the question of how engagement *causes* any significant quantifiable impacts when the annual financial statements are prepared remains unanswered. Unfortunately, there is a veritable lack of studies employing longitudinal analysis to examine the effects of engagement in the firm. Luckily, a substantial body of work examining closely related concepts and establishing their impact on financial performance measures is available. It should be noted, however, that these related concepts are not engagement *per se*, and therefore one must tread cautiously when attempting to draw conclusions about what these studies reveal about engagement, at least as it is formally defined in the small body of empirical literature that exists on the subject. Thus, the goal of the immediately following analysis is not to make any hard conclusions about whether engagement works or does not work, but rather to further clarify how engagement may or may not function as a causal factor with respect to a company’s overall financial performance.

That said, the conclusions drawn by longitudinal studies regarding whether engagement-related factors predict market and financial performance rather than the other way around represent a mixed bag. For instance, in a study examining employee attitudes and organizational financial and market performance, Schneider and colleagues found that measures of job satisfaction and satisfaction with security were more strongly predicted by return on assets and earnings per share rather than the reverse (Schneider, Hanges, Smith, & Salvaggio, 2003). Additionally, the relationship between satisfaction with pay and the aforementioned financial measures was found to be reciprocal. In an earlier study, Schneider, White, & Paul (1998) also found evidence of a reciprocal relationship between organizational service climate and perceptions of service quality held by customers, a factor which can be considered to directly affect firm profitability.

Other studies have also pointed to the ambiguities of determining the causal relationship between human resource management (HRM) practices and firm performance. The work of Guest and colleagues on HRM practices and their relation to turnover, productivity, and profitability indicated “a positive association between HRM and profitability” but with the qualification that the results did “not support the assumption that HRM led to higher profitability” (Guest, Michie, Conway, & Sheehan, 2003: 309). Similarly, the results of Wright et al. (2005: 431) who analyzed HR practices and organizational commitment in the context of firm performance indicated “just as much support for the proposition that performance causes commitment and HR practices as it does the reverse.”

Contrasting these studies is the work of Koys (2001) who examined the relationship between employee attitudes (i.e., employee satisfaction and organizational citizenship behavior) and firm performance. This study found evidence supporting the proposition that the outcomes of HR practices influence firm performance rather than the reverse. Work by Wright, Gardner, & Moynihan (2003) also indicated a causal role for HR practices in influencing firm-level outcomes through their positive impact on employee commitment which operates through operational performance to drive profitability.

In concluding this section, it is important once again to note that apples are not being compared to apples. However, given the conceptual closeness to these other measures of employees’ affective commitment, it is reasonable to infer that engagement, as an HR practice, is likely subject to the same causal intricacies that become apparent when examining other key constructs/practices within the field of SHRM.

Implications and Conclusion

To summarize thus far, the definition of engagement has been examined in order to better understand how it compares to related concepts of employee satisfaction, employee attitudes, affective (or attitudinal) organizational commitment, and OCB. From this point, the value-profit chain has been expanded to propose a means by which engagement generates positive effect for the firm with special attention paid to the potential for complex relationships between engagement and firm-level financial performance to emerge. Last, evidence supporting and detracting from the argument that engagement exhibits a positive causal influence on firm performance has been assessed. However, does this bring us any closer to determining what practical benefit engagement holds for corporations today? Is employee engagement really just old wine in new bottles?

In some sense, the answer to the latter question is yes. The concept of employee engagement, especially in a practical sense, borrows heavily from better defined, more mature ideas and measures of employee attitudes, satisfaction, and commitment. However, when the significant and growing body of anecdotal evidence of the positive effects of engagement is taken into account (e.g., Bates, 2004) along with the fact that “all things being equal, organizations with happy and committed employees outperform those with

less happy and less committed employees” (Carrig & Wright, 2006: 31), the potential for practical significance in terms of financial performance begins to grow.

Unfortunately, much of the literature that extols the virtues engagement holds for firm performance lacks the empirical rigor to actually prove engagement is responsible for them. Cross-sectional designs, however, reveal consistent positive correlations between engagement and positive proximal outcomes, which, according to theory put forth by Heskett & colleagues and later, by Carrig & Wright, suggest significant potential for an engaged workforce to drive business success. Despite this, the role of engagement in directly causing increased business performance remains unproven even in the face of claims that increases on a scale measuring engagement levels will lead to specific monetary increases in revenues.

In considering the ambiguity of results generated from inquiries into concepts related to engagement and their causal influence on the bottom line, it is important to note that employee engagement as it is operationalized in a given firm is itself an HR practice and, as such, is subject to the same problems encountered when trying to prove that any HR practice causes any firm-level financial result. As Dyer & Reeves indicate, “human resource strategies are likely to have their most direct effects on human resource outcomes, next greatest on organizational outcomes,” and next, on financial outcomes (1995: 661). Continuing, the researchers note that “this reflects, in part, what strategies are designed to do and, in part, the complexity of factors which affect outcomes such as profitability, not to mention stock prices.” (ibid.) Thus, a picture of engagement as an important, but single, piece in the puzzle that is bottom-line financial success emerges. Indeed, there appears to be an emerging recognition that engagement is a necessary, but not sufficient, condition for optimal business performance (Watson Wyatt, 2006).

With respect to implications for practitioners, conjectures about what can be immediately done in the context of the issues discussed here are limited. Put more simply, an HR executive is going to have a much better idea of what will and will not work within his or her organization than any meta-analysis or consulting report. That said, any particular finding cannot be expected to grant sufficient basis for dismantling—or starting up—a program aimed at measuring or improving engagement levels within a given firm.

What can be suggested within the context of this discussion, and, to be sure, should be attempted by practitioner members of the HR field whenever and wherever possible, is to make a concerted effort to link engagement metrics with other metrics a given company tracks. By testing for correlations between engagement and other constructs measured within the firm—e.g., turnover/retention, performance ratings, managerial quality, etc.—practitioners as well as members of the academic realm will finally be able to determine how engagement is operationalized within the firm and, perhaps, even discover a model of how, or if, it has significant causal influence upon bottom-line financial performance.

Ultimately, the question of what effect engagement has on financial performance is one that will require further inquiry as well as further cooperation of members of both academic and corporate circles. Within the explicit examination of engagement lies the potential to determine the true causal influence it exhibits and well as the magnitude of such influence should it exist. Further attempts to collect data and design inquiries that allow for solid causal inference are necessary and represent the best opportunity for members of the SHRM field to arrive at a sound answer.

In the meantime, comfort can be found by those who recognize employee engagement and its associated practices within firms as embodying a general and continuing effort to create an attractive workplace and positively influence employee relations. In their study of employee relations and the effect they have on financial performance in the “100 Best Companies to Work for in America”, Fulmer, Gerhart, & Scott concluded:

That this subset of companies from the 1998 100 Best list performed better than other companies provides, to our knowledge, the strongest evidence to date of a direct positive link between employee relations and employee attitudes and financial performance at the firm level. Being an attractive employer may create an important intangible asset, positive employee relations, that differentiates firms in a value-producing way. At the very least, our study finds no evidence that positive employee relations comes at the expense of financial performance. Firms can have both.
(2003: 987)

Thus, when engagement is considered at its most basic level—as a mechanism to achieve the goal of the most positive work environment possible—it appears that old wine may still serve its purpose, even if it is in new bottles.

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Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of Management*, 17(1): 99-120.

Abstract: In this article exploring the links between firm resources and competitive advantage Barney defines and discusses four qualities a resource must possess—rareness, inimitability, non-substitutability, and value—for it to hold the potential to create a sustained competitive advantage. Drawing a firm distinction between competitive advantage and sustained competitive advantage, which itself is separated by the fact that it cannot be implemented by other firms and cannot be duplicated by rivals, Barney also discusses the implications of the resource-based view for managers and their organizations.

Bates, S. (2004). Getting engaged. *HR Magazine*, 49(2): 44-51.

Abstract: Beginning with a discussion of the costs associated with a workforce that is not engaged, this article examines the factors that drive employee engagement as well as the potential benefits to be derived from getting employees engaged. The cases of a California-based specialty mortgage firm and a diagnostic systems manufacturer are used as examples.

Baumruk, R., Gorman, Jr., B., & Gorman, R.E. (2006). Why managers are crucial to increasing engagement: identifying steps managers can take to engage their workforce. *Strategic HR Review*, 5(2): 24-27.

Abstract: In this interview with Ray Baumruk, of Hewitt Associates, the antecedents of engagement are discussed as are the steps managers can take on an individual basis to improve engagement among their direct reports. Additionally, key behaviors—say, stay, and strive—indicating an engaged workforce are considered.

Carrig, K. & Wright, P.M. (2006). *Building profit through people: making your workforce the strongest link in the value-profit chain*. Alexandria, Virginia: Society for Human Resource Management.

Abstract: This book provides an in-depth examination of how to link your employees with the bottom-line financial goals of profitability and growth. Beginning with the value-profit chain, which provides a model through which satisfied associates can drive business performance, the text describes how making people the firm's strongest asset can turn a failing company around. Special attention is given to how a people-focused strategy affected a turnaround at Continental along with practical information and examples of how that turnaround was achieved.

Cox, D.R. (1992). Causality: some statistical aspects. *Journal of the Royal Statistical Society*, 155 (Part 2): 291-301.

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Development Dimensions International. (2006). E3SM and organizational outcomes. Development Dimensions International. Accessed March, 2006, at:
<https://www.ddiworld.com/pdf/ddi_e3andorganizationaloutcomes_wp.pdf>.

Abstract: In this piece, published by the consulting firm Development Dimensions International (DDI), the possibilities for engagement to affect business performance are considered in the context of specific, quantifiable cost savings and measured increases in worker productivity.

Dutton, G. (2006). Engagement vs. satisfaction. *Human Resource Executive Online*, June 16, 2006. Accessed at:
<<http://www.hreonline.com/HRE/story.jsp?storyId=5680906&query=engagement>>.

Abstract: This brief article posits a practical definition of employee engagement—i.e., employees would recommend their company to others as a great place to work. Additionally, the actionable nature of engagement surveys is discussed along with the effects of engagement on individual worker efforts.

Dyer, L. & Reeves, T. (1995). Human resource strategies and firm performance: what do we need to know and where do we need to go?. *The International Journal of Human Resource Management*, 6(3): 656-670.

Abstract: This review of studies of strategic human resources and firm performance cites both the large role HR has come to occupy in the effective management of organizations and the relatively weak empirical base upon which this role has come to rest. Additionally, the empirical difficulties of linking HR practices directly to firm performance are discussed with respect to the proximity of direct HR outcomes within the firm.

Fulmer, I.S., Gerhart, B., & Scott, K.S. (2003). Are the 100 best better? an empirical investigation of the relationship between being a “great place to work” and firm performance. *Personnel Psychology*, 56: 965-993.

Abstract: This study examines whether positive employee relations are related business success. Using the “100 Best Companies to Work for in America” as their focus, the authors conclude that positive workplace relations are indeed directly linked with firm performance.

Guest, D.E., Michie, J., Conway, N., & Sheehan, M. (2003). Human resource management and corporate performance in the UK. *British Journal of Industrial Relations*, 41(2): 291-314.

Abstract: Tackling the issue surrounding the ability of HR practices to cause superior firm performance, the authors investigate relationship between human resource management and both objective and subjective measures of performance in a sample of 366 firms in the UK. The results of the study indicate an association between HR and firm performance but fail to demonstrate that HR actually causes improved performance at the firm level.

Harter, J.K., Schmidt, F.L., & Hayes, T.L. (2002). Business-unit-level relationship between employee satisfaction, employee engagement, and business outcomes: a meta-analysis. *Journal of Applied Psychology*, 87(2): 268-279.

Abstract: This meta-analysis of 7,939 business units across 36 companies examines the associations between employee engagement/satisfaction and business-unit outcomes. Evidence of practically significant associations between measured engagement levels and positive business-unit outcomes was found although the causal effect of engagement on these outcomes was not proven.

Harter, J.K., Schmidt, F.L., & Keyes, C.L. (2002). Well-being in the workplace and its relationship to business outcomes: a review of the Gallup studies. In Keyes, C.L. & Haidt, J. (Eds.), *Flourishing: the positive person and the good life* (pp. 205-224). Washington D.C.: American Psychological Association.

Abstract: Considering data collected by The Gallup Organization in its administration of the 12-question Gallup Workplace Audit (GWA), this study examines performance differences between firms among companies based on their quartile rank on the GWA. The authors conclude that significant performance differences do exist between these firms and that these are significantly associated with engagement measures. They conclude that engagement is likely a leading indicator of performance outcomes but that the causal direction of its effect (e.g., the potential for a reciprocal interaction) is undetermined.

Heskett, J.L., Jones, T.O., Loveman, G.W., Sasser, Jr., W.E., & Schlesinger, L.A. (1994). Putting the service-profit chain to work. *Harvard Business Review*, 72(2): 164.

Abstract: This article lays out the conceptual framework of the service-profit chain, which posits that firm profitability is a direct result of customer satisfaction and loyalty, which itself results from employee satisfaction and supportive managerial techniques and processes.

Kahn, W.A. (1990). Psychological conditions of personal engagement and disengagement at work. *Academy of Management Journal*, 33(4): 692-724.

Abstract: Using two studies of summer camp counselors and architects, this article lays out the theory behind engagement and considers the psychological conditions—meaningfulness, safety, and availability—linked to its manifestation in the individual. Additionally, the subject of personal disengagement is discussed.

Koys, D.J. (2001). The effects of employee satisfaction, organizational citizenship behavior, and turnover on organizational effectiveness: a unit-level, longitudinal study. *Personnel Psychology*, 54: 101-114.

Abstract: This article examines the causal direction of employee attitudes as they affect business outcomes—i.e. whether employee attitudes improve business or business success creates a happier, more satisfied workforce. After assessing data acquired through surveys administered to restaurant employees at multiple levels within the organization, Koys finds evidence that HR practices do indeed influence business-level outcomes rather than the reverse.

Luthans, F., Peterson, S.J., & Farmer, R.T. (2002). Employee engagement and manager self-efficacy. *Journal of Management Development*, 21(5): 376-387.

Abstract: In this study focusing on employee engagement, the authors investigate the role of managerial perceptions of self-efficacy as it relates to measured employee engagement levels and measures of manager effectiveness and determines that self-efficacy partially mediates the relationship between engagement levels and manager effectiveness.

March, J.G. & Sutton, R.I. (1997). Organizational performance as a dependent variable. *Organization Science*, 8(6): 698-709.

Abstract: This article examines the problems associated with studying organizational performance with special attention given to issues surrounding inference of causal order. Included is discussion of

instabilities of performance advantage, the difficulties of creating causal models, and issues surrounding data collection and retrospective recall.

Mowday, R.T., Steers, R.M., & Porter, L.W. (1979). The measurement of organizational commitment. *Journal of Vocational Behavior*, 14: 224-247. In: Riketta, M. (2002). Attitudinal organizational commitment and job performance: a meta-analysis. *Journal of Organizational Behavior*, 23: 257-266.

Abstract: Focusing on the creation of valid measure of employee commitment, this paper discusses issues of internal consistency and test-retest reliabilities. In addition, limitations of such measures are considered.

Riketta, M. (2002). Attitudinal organizational commitment and job performance: a meta-analysis. *Journal of Organizational Behavior*, 23: 257-266.

Abstract: In this meta-analytic study, the correlation between attitudinal organizational commitment, a construct very similar to employee engagement, and job performance was assessed. In addition, the role of mediating factors and data collection methods—e.g., self-rated measures versus supervisor or objective measures—is discussed.

Saks, A.M. (2006). Antecedents and consequences of employee engagement. *Journal of Managerial Psychology*, 21(7): 600-619.

Abstract: This study examines the theoretical bases of employee engagement and makes the argument that the subject is indeed a construct unique from other, previously defined constructs. Additionally, Saks further divides engagement into two sub-categories—job and organization engagement—and discusses the links between these different engagement types and perceived organizational support, job characteristics, and perceptions of procedural justice.

Schneider, B., Hanges, P., Smith, B., & Salvaggio, A.N. (2003). Which comes first: employee attitudes or organizational financial and market performance?. *Journal of Applied Psychology*, 88 (5): 836-851.

Abstract: In this longitudinal study of employee attitude data collected from 35 organizations over the course of eight years, the link between measured attitudes and return on assets (ROA) and earnings per share (EPS) were assessed. The authors find that job satisfaction and perceived job security were more strongly predicted by ROA and EPS than the other way around. In addition, a reciprocal relationship between satisfaction with pay and the aforementioned firm-level performance measures was found.

Schneider, B., White, S.S., & Paul, M.C. (1998). Linking service climate and customer perceptions of service quality: test of a causal model. *Journal of Applied Psychology*, 83(2): 150-163.

Abstract: This study of employees and customers at 134 bank branches over a period of three years examines the relationship between service climate and service quality. Using cross-lagged analyses, the authors find a reciprocal relationship between climate and customer perceptions of service quality.

Watson Wyatt. (2006). “WorkUSA 2006/2007: debunking the myths of employee engagement: executive summary”. [www.watsonwyatt.com](http://www.watsonwyatt.com/research/resrender.asp?id=2006-CA-0039&page=1). Accessed March, 2006 at: <<http://www.watsonwyatt.com/research/resrender.asp?id=2006-CA-0039&page=1>> .

Abstract: This brief discussion of the results of a study conducted by Watson Wyatt makes the argument that many firms overestimate the importance of managers in driving employee engagement. Additionally, the paper posits that engagement is a necessary, but not sufficient, condition for business success while also suggesting that strong leaders in senior positions are far more important to driving engagement than an employee's immediate supervisor.

Wright, P.M., Gardner, T.M., & Moynihan, L.M. (2003). The impact of HR practices on the performance of business units. *Human Resource Management Journal*, 13(3): 21-57.

Abstract: This study of 50 business units within a single corporation finds a significant relationship between organizational commitment and HR practices and firm-level performance measures. Also discussed are issues surrounding the level of analysis and timing as they relate to measurement efforts.

Wright, P.M., Gardner, T.M., Moynihan, L.M., & Allen, M.R. (2005). The relationship between HR practices and firm performance: examining causal order. *Personnel Psychology*, 58: 409-446.

Abstract: Beginning with a comprehensive review of previous studies of HR practices and employee attitudes and their relation to business outcomes, this article discusses the difficulties of establishing causal relationships when studying organizations. In addition, the study also employs data collected from 45 business units to investigate the correlation of HR practices with past, present, and future performance. The authors conclude that when past or current performance is controlled for, the correlation between HR practices and firm performance ceases to be significant.

Questions for Discussion

How proximal are the effects of engagement in your company? Can we really expect to find a direct link between measured engagement levels and business-level performance?

How do you see engagement affecting business-level performance in your firm? What and where are the linkages between engagement and your company's financial performance?

How large of a role, if any, do considerations surrounding data collection play in your company's administration of engagement-related HR practices? Alternatively, how often is the HR function constrained to "doing the best with what we have" in terms of engagement data?

Does engagement drive business performance or are employees just happier and more committed when business is good?

EMPLOYEE ENGAGEMENT & CHANGE MANAGEMENT

Colin Dicke, American Express Graduate Research Assistant to CAHRS

Many companies in search of new competitive advantages in today's fast-paced global economy are exploring the concepts of change management and employee engagement. This paper provides background information on the two concepts; relates the two concepts to each other; introduces findings on the relationship between organizational commitment and change management; discusses types, key functions, and strategies of change management; and presents barriers as well as success stories to engagement during change management initiatives.

Multiple research sources consider employee engagement to be a primary antecedent to successfully implementing an organizational change initiative. Inherently, people are wary of change and reluctant to change. If organizations are not implementing change for the sake of change then it is fair to assume that the intention of their change initiative is to improve some business component that will have an overall positive affect on organizational operations and business success. Therefore, it is understandable why researchers believe that increasing employee engagement, or translating "employee potential into employee performance and business success," is so important to the success of change management (Shaw, 2005).

Background

Employee engagement. Employee engagement has a relatively short historical timeline. It can be theorized that changes to the global market in the 1980s and 1990s increased interest in concepts such as employee engagement. Proactive companies searching for new avenues to achieve competitive advantages were looking 'outside of the box' for answers. The Gallup Organization conducted studies on employee engagement from the mid to late 1980s and published their results in a very popular book, "First, Break All the Rules" (Ferguson). Gallup feels their research proves that engaged employees are more productive, profitable, customer-focused, safer, and more likely to stay with an organization (Gallup). Gallup's book arguably introduced the concept to the global market. In 1990, W.A. Kahn was one of the first in the field of psychology to discuss employee engagement and related it to the concept of disengagement. Since the early 1990s other consulting firms and research organizations have followed suit doing research and creating their own hypotheses concerning employee engagement.

While employee engagement has been present for approximately twenty years relatively little research has been completed to truly qualify or quantify the concept's distinct existence. Employee engagement has a very broad reaching scope such that, "there are potentially thousands of different individual actions, attitudes, and processes that affect engagement." What engages a new recruit out of college can be very different from what engages a senior level manager (Shaw, 2005). As a result, employee engagement lacks a distinct definition and process for measurement. In addition, employee engagement is potentially interchangeable with other concepts such as organizational commitment and organizational citizenship behavior. Currently, these issues compounded are causing the concept of employee engagement to become vague or diluted and threaten the concepts credibility and very existence (ibid).

Change management. From a theoretical perspective, the concept of organizational change has a close alignment with the theory of social change and conflict theory (Price & Chahal, 2005). From a historical perspective, the growing interest in change management began when there was a fundamental shift in the organizational structure of factories operating within the U.S. economy.

In the nineteenth century factories were lean, flexible, and adaptive to change in headcount, work, and financing. Top managers were owners focused mainly on sales and distribution, subcontractors made up as much as 50 percent of the workforce, outsourcing was widespread, and middle managers were virtually non-existent. As sub-contractors profits grew factory owners began to change their organizational structures such that foremen, with their autocratic leadership style, and employees replaced most subcontractors (Ogilvie & Stork, 2003). In the late nineteenth century large immigration populations began entering the United States adding levels to organizational hierarchy, difficulty to employee management, and thus complexity to change management (ibid).

For more than 50 years before “human resources” (HR) was coined as a phrase by P. Druker in 1954, individuals interested in or responsible for HR have been involved with the design and implementation of change management (Ogilvie & Stork, 2003).

Fast forward to the 1980’s and 1990’s: Global competition begins to replace local and regional competition. Advances in technology speed up processes and improve an organization’s ability to imitate, thus eliminating many companies’ ability to find competitive advantages and exploit them for extended periods of time.

The responses to these changes were widespread and included large-scale M&A’s, downsizing, and realignments (Ogilvie & Stork, 2003). As a result, interest in change management experienced tremendous growth to reach its current level.

Employee Engagement and Change Management relationship

While there is not a single clear definition of employee engagement, there are themes we can extract for the purposes of understanding a relationship to change management. Melcrum completed a recent study, which reviewed much of the current material on employee engagement and combined summaries of this material with research of their own. For the purposes of their research they defined employee engagement based on a very broadly consensual view extracted from other definitions they uncovered. Melcrum’s definition states, “employee engagement is about translating employee potential into employee performance and business success” and expounds, “changing the way employees perform by utilizing the tools in the armory of internal communication professionals” (Shaw, 2005). Vance (2006) also completed a report for the Society of Human Resource Management (SHRM) in which he highlights common themes across compiled definitions. Vance states, “The greater an employee’s engagement, the more likely he or she is to ‘go the extra mile’ and deliver excellent on-the-job performance.” Therefore, if employees are engaged during a change management initiative they are likely to have increased “buy-in” and better performance thus, supporting business success.

In much of the research concerning change management strategies, employee engagement is listed as a primary function to the success of properly implementing a change management initiative. Schmidt & Jackson (2005) state the fourth step to a balanced culture, communication, is “where engagement, ownership, and empowerment are built.” Goodman & Rousseau (2004) detail the reasoning behind the second step of linkage analysis, mapping the change pathway in order to identify obstacles, as a way to provide a, “positive feedback system where knowledge sharing improves engagement performance, which leads to more knowledge sharing, which, in turn, accelerates knowledge sharing and the subsequent cycle.” Price & Chahal (2005) list “communications and workforce engagement” as step number four in their six-step process. Finally, Guy & Beauman (2005) highlight “engagement and alignment” as one of the three main categories for successful change management.

Guy & Beauman (2005) also list commitment as the leading component of engagement and alignment, thus, drawing attention to an on-going issue concerning the crossover between the concepts of engagement and commitment and highlighting a need to research the relationship between organizational commitment and change management.

Organizational Commitment & Change Management

Due to employee engagement's close relationship to organizational commitment, understanding organizational commitment's relationship to change management may provide some valuable insight.

Fedor, et al., (2006) recently completed a study on organizational change and its impact on employee commitment. Their study investigated thirty-two different public and private organizations. They divided commitment into two parts: commitment to the change initiative and commitment to the organization. Results indicated that both commitment types were impacted by a three-way interaction of the overall favorableness (positive/negative) of the change for the work unit members, the extent of the change in the work unit, and the impact of the change on the individual's job. The most important overall findings were that, "commitment to the change and the organization are not impacted in the same way by organizational change and individuals' reactions to change based on a complex calculus reflecting different aspects of the change and its consequences." The implication of these results is that focusing on a change initiative's impact on either of these two types of change, by themselves, is not satisfactory (Fedor et al, 2006). More specifically, commitment to the change reached its highest level when; the change demands occurred primarily at the unit level, change demands at the individual level were low, and the change was deemed favorable. If the change was seen as generally unfavorable commitment dropped.

For commitment to the organization, the highest level was reached when the change was deemed favorable and when it occurred primarily at the unit level. Interestingly, the lowest commitment to the organization level occurred when the change was deemed favorable but the change demands on the individual were high and low at the unit level. It seems that if the employees felt they carried the burden of the change on their shoulders, commitment dropped (ibid).

Fedor et al's findings may have implications for the relationship between employee engagement and change management. As an organization designing a change initiative, consider how; overall favorableness (positive/negative) of the change for the work unit members, the extent of the change in the work unit, and the impact of the change on the individual's job affect engagement to the change initiative as well as the organization.

Chawla & Kelloway (2004) completed a study of 164 employees to determine variables that predicted an individual's commitment to an organizational change. Their results highlight the impact perceptions of procedural justice have on understanding organizational commitment. Chawla & Kelloway (2004) determined that communication and job security were both direct and indirect predictors of trust and openness (i.e. commitment). Participation (i.e. employee involvement) was a direct and indirect predictor of trust but only an indirect predictor of openness. Finally, trust and openness negatively predicted an employee's intention to leave the company and turnover intentions predicted neglect.

If organizational commitment and employee engagement are closely related then Chawla & Kelloway's results highlight communication and trust as potential key functions of employee engagement. In addition, these functions are two of the same key functions found in the studies mentioned earlier by Guy & Beauman and Porras & Hoffer concerning effective change management. Chawla & Kelloway's results also highlight the importance of employee involvement to commitment, thus, engagement. This could

also be considered another key function shared with change management if you consider collaboration, information flow, and effective problem solving to be under the umbrella of employee involvement. Konrad (2006) supports the notion that employee involvement is key to employee engagement by stating, “employees who conceive, design and implement workforce and process changes are engaged employees.”

Effective Change Management

As is true with many concepts used by strategic HR professionals, the components of effective change management are not terribly difficult to comprehend rather the difficulty lies more within implementation.

Types of change management. As an organization begins the process of developing a change management strategy it is important to recognize that research has determined that there are different types of change. Price & Chahal (2005) discuss Johnson and Scholes’ research on change. Johnson and Scholes’ describe two main types of change: crisis change and chosen change. Crisis change is typically a reactive response to some type of external factor or fear of failure. Chosen change describes a more proactive approach taken by employees within an organization that are trying to drive success (ibid).

Price & Chahal (2005) also highlight Pritchett and Pound’s research on three primary components of organizational change: developmental change, transitional change, and transformational change. Developmental is defined as “doing more of, or better than, what currently exists.” Transitional is, “implementation of a new desired state requiring dismantling existing new ways.” Transformational is, “implementing an evolutionary new state, requiring major and ongoing shifts in organizational strategy and vision.”

When designing a change management initiative research suggests that how different types of change are defined is not as important as considering the complexity level of the change in your initiative.

Effective change functions. Upon reviewing research on how to implement effective change management it is clear that different functions have been highlighted over the years.

Schmidt and Jackson (2005) highlight leadership functions in their study that are needed to successfully navigate the paradoxical opposites faced during everyday organizational change. The functions they list are as follows:

- Ability to balance short-term and long-term focus.
- Ability to increase quality and lower costs.
- Ability to improve speed and accuracy.
- Ability to be adaptable and be consistent.
- Ability to secure individual engagement and hold fast to a larger company vision.
- Ability to balance the competing needs of employees and customers and stockholders.

Guy & Beaman (2005) believe the main component of effective change management is creating an initiative that is sustainable. Functions they list for sustainability are:

- The ability to identify resistance, redundancies, and inefficiencies as well as knowledge of the best approaches to alleviate these issues.
- The ability to set clear steps for the change process and facilitate the process to make certain every step is taken.
- The ability to build and maintain relationships among employees impacted by the change initiative to ensure their engagement in the process.

The question then becomes, are there any common ‘function’ themes that span across research? Guy & Beaman (2005) highlight effective communication and the ability to clarify as the primary functions of successful change implementation, followed by the ability to build trust and achieve collaboration. Porras and Hoffer also list communication, collaboration, respect (which typically goes hand-in-hand with trust) and information flow, which relates to ability to clarify. In addition, Porras and Hoffer list factors including responsibility, leadership and shared vision, effective problem solving, support and developing others, participation, and strategic management (Price & Chahal, 2005). Jimmieson, et al., (2004) completed a longitudinal study in which they looked at the effect of change-related information and change-related self-efficacy on organizational change. Change-related information is a form of communication and change-related self-efficacy can be seen as effective problem solving. Jimmieson et al., (2004) found direct and indirect relationships between information and efficacy and positive forms of adjustment to change such as psychological well-being, client engagement, and job satisfaction.

Of these functions, good communication seems to be the most common articulated competency. J.P. Kotter, a Harvard professor and change specialist, supports the theory that communication is key and believes, “Transformation is impossible unless ... people are willing to help, often to the point of making short-term sacrifices. Employees will not make sacrifices if they are happy with the status quo, unless they believe that useful change is possible. Without credible communication, and a lot of it, the hearts and minds of the troops are never captured” (Smith, 2006). Within these studies mentioned above communication seems to be followed by collaboration, information flow, trust, and effective problem solving.

The key functions associated with change management also share a strong relationship to employee engagement. Saks (2006) believes employee engagement is, “a series of actions and steps that require the input and involvement of organizational members and consistent, continuous, and clear communications.” Communication seems to be paramount to both concepts and employee involvement requires information flow, trust, and arguably effective problem solving. Research on organizational commitment can also be seen as support for a strong relationship between the functions of communication and trust and the concept of employee engagement. Therefore, if an organization is proficient in the functions required for successful change management, they are proficient in functions strongly associated with employee engagement.

Change management strategies. It is difficult to create a change management strategy that grows or maintains employee engagement in today’s fast paced global economy. Contrary to what many change management consultants want us to believe there are no ‘silver bullet’ strategies that apply to all firms.

In 1992 Roberts and Brown’s designed a composite model for organizational culture change that stemmed from the earlier work of Lewin, Beyer & Trice, and Isabella. In this model change was broken down into three phases: unfreezing mechanisms; experimentation; and refreezing mechanisms. Then Robert’s & Brown took these phases and mapped them against social behaviors and cognitive states (Price & Chahal, 2005).

Guy & Beauman’s (2005) research led them to believe the secrets to successful change management fall into three main categories: organizational competency; alignment and engagement; and competitive pressure. Under organizational competency: (1) knowledge and competency of leadership, (2) capability or competence, (3) the resources. Alignment and engagement has an extensive list of factors with the top three being: (1) commitment, (2) employee involvement, and (3) a tie between sponsorship and link to mission and values. Finally, competitive pressure is split between: (1) burning platform and (2) market pressure. Hypothetically, by focusing a change management initiative in accordance to the ranking of these factors an organization should improve their chances for success.

Goodman & Rousseau (2004) have a different focus for what they believe will provide successful organizational change. They believe that there is a paradox where, “organizational changes are expected to lead to performance benefits for a unit as well as for the firm as a whole, but benefits occur only for the unit.” To counter problems associated with this paradox Goodman & Rousseau (2004) go into detail concerning how to use a linkage analysis to, “detail critical change pathways that otherwise go unrecognized and unmanaged.” First, a linkage analysis identifies organizational features that may be obstacles by asking: (1) How is the firm organized? (2) Are the performance metrics similar? (3) What is a unit’s functional contribution to overall firm success? (4) What are the time lags between the change and observable results? Second, a linkage analysis maps the change pathway in order to identify obstacles. Third, the analysis introduces mechanisms that will build stronger linkages. Three main mechanisms are: Multilevel Motivation Systems, problem-solving mechanisms, and a mechanism to coordinate your efforts vertically and horizontally. The idea behind a linkage analysis is it assists managers in visualizing the change initiative so that they are able to identify critical change pathways that may otherwise go unnoticed (ibid).

Price & Chahal (2005) developed a strategy for change management based off literature review, case studies, interviews, and personal experience. Their strategy incorporates six steps: (1) Prepare the organization, (2) Develop the vision and implementation plan, (3) Check or review, (4) Communicate and build workforce engagement, (5) Implement, (6) Evaluate. Price and Chahal (2005) recognize that the process made need adjustment and feel that adjustment can occur at the local level. They also see the whole process as a continuing circle that eventually becomes the driver for a new change.

Schmidt & Jackson’s (2005) feel a balance culture is key to managing change. They define culture as, “how you get things done” and include examples such as, “Execute and operationalize your vision and strategy; Communicate internally and externally; Solve problems and make decisions; and Launch and support teams and run meetings.” Building a balanced culture is broken down into six key steps: (1) Create urgency – address points of pain, (2) Establish direction, (3) Charter a change team, (4) communicate, (5) Align and empower leaders and employees, (6) Align infrastructure and increase accountability. Schmidt and Jackson (2005) believe that once leaders are educated in the process of balancing culture they can use that culture as a “rocket booster of change.”

Managing organizational change is difficult due to the fact that it is an ongoing process rather than an event (Price & Chahal, 2005). In addition, factors such as individual organization characteristics, industries, economic forces, and competitive climates can impact organizational change. Successful strategies seem to be those customized according to the unique qualities and competitive environment of a firm and may incorporate different components of other successful strategies.

Barriers to Engagement during Change

Increasing employee engagement is a difficult process. Saks (2006) states, “managers should understand that employee engagement is a long-term and on-going process that requires continued interactions over time in order to generate obligations and a state of reciprocal interdependence.” Saks (2006) also stresses the point that, “engagement is a broad organizational and cultural strategy that involves all levels of the organization.”

As stated earlier, strong communication, collaboration, information flow, trust, and effective problem solving all seem to be common key functions of both engagement and change. If employee engagement is a primary antecedent to successfully implementing an organizational change initiative then deficiencies in these key functions form a potential a barrier to employee engagement as well as the change initiative.

Referring back to Schmidt and Jackson's (2005) work on change and a balanced culture they list five common ways to fail a culture change initiative: (1) Believing culture is the easy work, (2) Underestimating senior leadership support required to create momentum, (3) Attempting it with the same people who created the current reality, (4) Underestimating resistance, (5) Unwilling to change yourself. Of these five, Schmidt and Jackson (2005) indicate "believing culture is the easy work" has a significant impact on employee engagement during change.

Depending on the organization, cultural work can be very daunting. An organization with strong communication, collaboration, information flow, trust, and effective problem solving will have a higher potential for success in implementing a successful change initiative than an organization lacking this pro-engagement culture. In addition, organizations without an established engagement culture cannot simply go to their friendly HR market and pick up a 'employee engagement for dummies' manual expecting to have an engagement culture up and running in a relatively short period of time. They must place immediate focus on creating and maintaining key functions for a culture that promotes employee engagement.

Success Stories

While it is difficult to obtain and maintain employee engagement during change initiatives it is far from impossible. Guy & Beaman's (2005) site multiple examples of success across industries:

Motorola went about the challenge of linking its change acceleration strategy and its Digital Six Sigma Management System to produce a high-performance system for executing business strategy effectively and efficiently. Motorola focused on translating commitment into momentum and divided the process into "digestible" parts to support a quick transition. Training was supplied to all stakeholders on topics such as overcoming resistance, business acumen (for HR practitioners), and relationship management. Motorola also designed a "change acceleration Web portal" to support communication and act as a central depository for all information relevant to the initiative. Stakeholders were frequently informed of the importance of their role in the change initiative and feedback was constantly solicited. Motorola listed three primary contributors to its success: creating its own "change language," having a high level champion, and linking training to key initiatives.

AT&T, after having already downsized 50% in staff and budget went about instituting an outsourcing initiative that would transfer roughly 500 members of its HR team to the outsourcing provider. AT&T implemented a change initiative that incorporated seven key components: visible leaders, project teams, effective communication, alignment and coordination, minimal adequate resources (to stimulate creativity), measuring and monitoring, and rewards. Post initiative, AT&T stressed tenets (mutually agreed upon foundation), teamwork, and tenacity as primary drivers of its success.

In January of 2000 General Motors (GM) launched "GoFast!," a change initiative to create a fast, focused and fearless culture. GM came away with six lessons it found attributable to the success of its initiative. Integrate the change into everyday work. Gain buy-in and leadership engagement as results are delivered while recognizing not everyone will engage. Build both flexibility and firmness into the initiative. Constantly increase change capabilities. Finally, constantly celebrate success and "communicate, communicate, communicate."

As you can see, each company took a customized approach to implementing successful change management initiatives and each example highlights at least one of the key functions discussed earlier for engaging employees and implementing change.

Summary

Employees who are engaged during a change management initiative are likely to have increased “buy-in” and better performance. Considerable research concerning change management strategies lists employee engagement as a primary function for successfully implementing a change management initiative. The key functions associated with successful change management also share a strong relationship with employee engagement. Communication is most common of these functions followed by collaboration, information flow, trust, and effective problem solving. If an organization is proficient in the functions required for successful change management, they are proficient in functions strongly associated with employee engagement.

Contrary to the statements of many change management consultants there are no ‘silver bullet’ strategies that apply to all firms. Research has determined that there are different types of change, so as an organization begins the process of developing a change management strategy it is important that they adjust accordingly. Organizational commitment is a closely related concept to employee engagement but holds a longer history; therefore research on its relationship with change management can provide valuable insight. Successful change management strategies seem to be customized according to the unique qualities and competitive environment of an organization and may incorporate different components of other successful strategies. Finally, the largest barrier to employee engagement during change seems to be an organizational culture lacking experience with or support for the primary functions required for engagement and change management.

Conclusion

Interest in change management and employee engagement evolved from the emergence of the global economy in the 1980s and 1990s. There are numerous studies offering different strategies for successful change management but most share the common theme that successful employee engagement is considered a primary antecedent to successful change management. In addition, it seems that employee engagement and change management share many of the same functions deemed a requirement for successful implementation. Finally, research on organizational commitment and change management was more readily available and provided potential support for the relationship between engagement and change. Going forward, more extensive research must be conducted on the relationship between engagement and change management in order to gain additional insights on how to use these concepts to improve sustainability and profitability within organizations.

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Annotated Works Cited

Chawla, A. & Kelloway, K.E. (2004). Predicting openness and commitment to change. *Leadership & Organization Development Journal, Emerald Group Publishing, 25, 6, 485-498.*

Abstract: Based on a sample of 164 employees, a partially and a fully mediated model were compared with the former providing the best fit to the data. Communication and job security predicted openness and trust both directly and indirectly, via procedural justice. Participation predicted trust directly and indirectly, but predicted openness to change only indirectly, via procedural justice. Turnover intentions were negatively predicted by openness and trust. Finally, turnover intentions predicted neglect.

Employee engagement, The Employee Side of the HumanSigma Equation. *Gallup Consulting.*
<http://www.gallupconsulting.com/content/?ci=52&pg=1>

Abstract: This article provides a brief overview of a Gallup Consulting concept referred to as HumanSigma (a combination of customer and employee engagement) as well as research conducted by the Gallup Organization on employee engagement.

Fedor, D.B., Caldwell, S., & Herold, D.M. (2006). The effects of organizational changes on employee commitment: a multilevel investigation. *Personnel Psychology, 59, 1, 1-30.*

Abstract: This study investigated how organizational changes in 32 different organizations (public and private) affected individuals' commitment to the specific change and their broader commitment to the organization.

Ferguson, A. Employee engagement: does it exist, and if so, how does it relate to performance, other constructs and individual differences. *Macquarie University,*
www.lifethatworks.com/Employee-Engagement.prn.pdf.

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Goodman, P.S. & Rousseau, D.M. (2004). Organizational change that produces results: The linkage approach. *Academy of Management Executive, 18, 3.*

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Guy, G.R. & Beaman, K.V. (2005). Effecting change in business enterprises: Current trends in change management. *The Conference Board.*

Abstract: This Executive Summary is based on The Conference Board's *Effecting Change in Business Enterprises: Current Trends in Change Management* Research Report. The report examines the expanding demands for effective change management and introduces a concept referred to as the Three Faces of Change Working Group.

Jimmieson, N.L., Terry, D.J., & Callan, V.J. (2004). A longitudinal study of employee adaptation to organizational change: The role of change-related information and change-related self-efficacy. *Educational Publishing Foundation-Journal of Occupational Health Psychology*, 9, 1, 11-27.

Abstract: This study examined the role of information, efficacy, and three stressors (psychological well-being, client engagement, and job satisfaction) in predicting adjustment to organizational change. Participants were 589 government employees undergoing an 18-month process of regionalization.

Kahn, W.A. (1990). Psychological conditions of personal engagement and disengagement at work. *Academy of Management Journal*, 33, 4, 692-724.

Abstract: This article describes and illustrates three psychological conditions—meaningfulness, safety, and availability— and their individual and contextual sources. These psychological conditions are linked to existing theoretical concepts, and directions for future research are described.

Konrad, A.M. (2006). Engaging employees through high-involvement work practices. *Ivey Business Journal*, #9B06TB08.

Abstract: Recent research suggests that employees who conceive, design and implement workplace and process changes are engaged employees. This article focuses on what managers can do to achieve a high level of employee engagement.

Ogilvie, J.R. & Stork, D. (2003). Starting the HR and change conversation with history. *Journal of Organizational Change Management*, 16, 3, 254-271.

Abstract: This paper provides an historical context to today's conversation about HR and organizational change. The early footings of HR focusing on issues of change for whom, on whom, and for what purpose. Three subsequent eras, important to the history of HR, are also discussed.

Price, A.D.F & Chahal, K. (2006). A strategic framework for change management. *Loughborough University-Construction Management and Economics*, 24, 237– 251.

Abstract: The main aim of this research is to identify the key steps that could improve the management of change. Literature relating to organizational culture, the need for change, types of change and resistance to change was used. The research has demonstrated how well-planned change helps to ensure that change is successfully implemented. Critical to successful change is the alignment of organizational culture to support these new processes.

Saks, A. M. (2006). Antecedents and consequences of employee engagement. *Journal of Managerial Psychology*, 21, 7, 600-619.

Abstract: The purpose of this study was to test a model of the antecedents and consequences of job and organization engagements based on social exchange theory. Results indicate that there is a meaningful difference between job and organization engagements and that perceived organizational support predicts both job and organization engagement.

Schmidt, G. & Jackson, L. (2005). Managing paradoxes in change: Six steps for building a balanced culture. *The Conference Board-Executive Action Series*, No. 162.

Abstract: The authors of this paper report that the key to managing change is through a balanced culture. In order to achieve a balanced culture companies should follow six steps. The body of the paper presents these steps and describes how and why these steps achieve their intended goal.

Smith, I. (2006). Continuing professional development and workplace learning – communicating in times of change. *Emerald Group Publishing Limited, Library Management*, 27, 1/2, 108-113.

Abstract: This paper discusses the “people” aspects of organizational change and examines the important role of communication during periods of change. Five key rules for organizational communication are outlined along with a suggested four-phase framework for communicating effectively during times of change.

Questions for Discussion:

Does your organization follow a standard change management strategy? Has your organization achieved success using this strategy? If so, please describe.

How do you measure success in change management? Is an employee engagement measurement included as an indicator of change management success? If so, please describe.

Do you feel employee engagement plays an integral part in implementing a successful change management initiative? If not, why not? If yes, how?

Do you feel research results concerning the relationship between organizational commitment and change management are helpful in understanding the relationship between organizational commitment and employee engagement? Why, why not?

COMMUNICATING FOR ENGAGEMENT

Jake Holwerda, Graduate Research Assistant to CAHRS

By now, it has become common knowledge among HR executives and the employees within their respective firms that the nature of internal communication within the organization can have a dramatic, if not revolutionary, impact on the conduct of business. From the time it takes to make a business decision to the level of stability within the organization, highly effective internal communication has the potential to affect virtually every type of HR outcome within a company with an eventual positive impact on the a company's bottom-line financial performance (Yates, 2006).

For better or worse, this has become increasingly salient as the forces of globalization further increase the volatility and dynamism of the markets in which today's companies find themselves competing. In order to effectively respond to market changes that can, and often do, occur without warning, corporations must be able work with themselves. That is, every employee must be willing and able to function effectively with his or her colleagues and take their duties further than "just what is required" to leverage the collective potential of the firm into superior business performance.

This can't happen unless free communication and mutual trust are present within the workforce (Barker & Camarata, 1998). Not surprisingly then, the methods of communication your company employs as well as the manner in which those methods are carried out can have a large effect on both the process and results of your company's efforts to get the workforce engaged. In fact, the prominent role of communication—both formal and informal—in affecting engagement levels within the organization has long been recognized in both the academic and practitioner literatures. William Kahn, whose theory of engagement and disengagement at work revolutionized the conception of what it meant to be committed to one's work, recognized this in his 1990 study of camp counselors and architects.

Specifically, Kahn found that in an open environment—one in which information was shared freely among organizational members without fear and where meaningful communicative interactions occurred regularly—people were more willing to put all of themselves into their work. As one camp counselor put succinctly, people are only willing to devote their "energy where it will be appreciated" (Kahn, 1990: 708). When the groundwork for meaningful communication is missing, your employees' willingness to exert discretionary effort will be missing as well. Truly, as Richard Axelrod asserts, communication is the "lifblood" of the living system that is the modern corporation (2000: 92).

The importance of effective communication doesn't stop here though. As anyone familiar with the Gallup Workplace Audit (GWA) knows, more formal elements of internal communication are as important as any in ensuring that your company's employees are pushing the firm forward when they're at work. These formal elements translate to relatively straightforward goals—making sure that employees know what to do on the job, recognizing and acknowledging workers for superior performance, and facilitating a setting where discussion of performance and progress occur frequently—and help to satisfy the basic needs of employees with the effect of freeing them to focus on their work instead of the hurdles they have to face to perform it (Harter, Schmidt, & Keyes, 2002).

More specifically, the satisfaction of basic needs encourages employees to make judgments based on a genuine concern for the collective rather than the pure economic calculations that would otherwise dominate. As Randolph Barker & Martin Camarata elucidate, this amounts to a shift from decision-making based on rational choice theory to a process centered on social exchange theory (1998). Under the former, employees will only exert effort to the extent that they expect a return on their actions while under the latter, employees' relationships within a work environment "will involve future reciprocity of an unlimited and unspecified positive nature" (Barker & Camarata, 1998: 447). The question, then, is how

do we get employees to move away from the economic concept of rationality to the model of social exchange that promises commitment that is unlimited by the immediate utility of a given action? The answer lies in the effective “use of communication at all levels and across all boundaries” (Barker & Camarata, 1998: 448).

The critical role of communication in achieving optimum engagement levels has also been highlighted by a recent study conducted by Watson Wyatt. In its 2006 analysis of employee engagement and its drivers, the consulting firm underlined communication as holding a key role in affecting the overall engagement level of employees:

“Communication makes a positive difference in employee engagement. High-engagement employees receive communication from their supervisors and senior management far more frequently than low engagement employees.”

(Watson Wyatt, 2006)

Findings such as these, along with widespread recognition that engagement levels tend to correlate with positive business-level outcomes and financial performance, suggest that the communication methods employed by the organization—and their relative effectiveness or ineffectiveness in driving the engagement of the workforce—may have significant financial impact for firms.

Driving Engagement and Business Performance with Communication

In keeping with the value-profit chain laid out by Carrig & Wright, effective communication, as a subset of effective management practices, can drive employee satisfaction and engagement. A satisfied employee is more willing and able to take the steps necessary to ensure customer satisfaction, which itself drives customer loyalty and, finally, profitability and growth (Carrig & Wright, 2006).¹ Thus with a potential operational path for communication to affect firm-level performance laid out, the question of how to fine-tune internal communication to maximize your company’s return on its engagement efforts presents itself.

Manage survey design and administration. According to Christopher Bennett, business development manager at the Vancouver-based 1-800-Got-Junk?, which has been ranked as the number one place to work in British Columbia by Watson Wyatt two years in a row, the questions asked on a survey and how they are presented will have a significant impact on that survey’s ultimate usefulness. When the right questions are asked, employees gain “a forum to express views that wouldn’t be expressed otherwise” (Dutton, 2006). Not only does this enable the firm to tackle problem issues before they become actual problems, but when used in conjunction with communication of survey results, it demonstrates to employees that management is actually committed to the workforce through its actions and functions to improve engagement.

As Sherry Whitely, senior vice president of human resources for Intuit, indicates, communication about surveys and action based on their results can turn around the operations of a business unit. In terms of engagement levels, the company’s contact center was among the lowest rated units of its business in 2004. In response, the company followed a plan highlighted both by its pursuit of solutions in problem areas and communication with employees—“we had a lot more chats and took initiatives based on their feedback” (Dutton, 2006). As a result, the lagging contact center became one the highest rated segments of the firm in the following years.

¹ For a more detailed discussion of the value-profit chain as it relates to employee engagement, please see “Old Wine in New Bottles? Engagement and the Bottom Line” elsewhere in this volume.

Make sure senior management is with HR and communicates that support. In its recent study of engagement in the workplace, Watson Wyatt found that not only did senior leaders appear to have much stronger influence than immediate supervisors in improving engagement through communication, but also that employees are largely losing confidence in the ability of senior managers to ensure the long-term competitiveness of their respective companies (Watson Wyatt, 2006). This contention is repeated by Roger D'Aprix, creator of "The Manager's Communication Model":

"Usually, frontline or immediate managers get better marks for showing they care about people's needs. Senior leaders, further away from employees, don't do as well in surveys and other measurements. Not surprising, if you read today's business pages."

(Gorman, 2003: 14)

The question of how to rebuild that apparently lost confidence while leveraging the greater potential of senior leadership to affect higher engagement levels across the organization can once again be answered with communication. For instance, the two-fold benefit of effective communication—the ability to rebuild confidence as well as increase engagement—is demonstrated by VSP, the largest provider of eye-care benefits in the U.S.

As part of the company's efforts to create and maintain high levels of employee satisfaction, the human resource function looked to the CEO for support, recognizing that its efforts would not reach their fullest potential "without total support from the top of the organization" (Leuchars, Harrington, & Erickson, 2003: 38). However, just getting support from senior leadership is not enough. It must be communicated, both explicitly and through action for it to mean something. At VSP, this translated to measures such as personal responses to employee e-mails about concerns, conducting focus groups, and casual chats between the CEO and employees over lunch in the company cafeteria.

Similar efforts have occurred at the Canada-based RBC Financial Group which was rated the country's "Most Respected Corporation" in 2003. Part of the journey to acquiring that title was the employment of open communication practices between senior leadership and the rest of the organization to instill confidence and trust as well as drive engagement. Considering the CEO and other senior leaders to be "communications champions", RBC took steps to ensure that the communication channels between the top of the organization and the mainline workforce were kept open and transparent through what they termed "say-do messages". These messages, communicated by top management, clearly delineate "what the company wants to do, and what will enable employee behaviour to get it done" (Beslin & Reddin, 2004: 3). The end result is the establishment of a "critical link to stakeholders" (ibid.) within the company with the added benefit that when stakeholders feel that their ideas and energies are being acknowledged, they are far more likely to contribute them both in- and outside of their formal, required work roles.

Rely on straightforward language. Perhaps one of the most off-putting attributes about the execution of HR initiatives is their proclivity to become bogged down with slogans and buzzwords that, rather than energize a company's communication efforts, often obscure meaning and do more to annoy than inform. As William Lutz, professor of English and "plain language consultant" indicates, use of such language does "everything but fulfill the function of communication" (Freedman, 2003). Instead of resorting to the use of such measures, Larkin & Larkin (1996), communication consultants, recommend communicating the facts of a situation and the facts alone.

Citing examples where company slogans are relentlessly mocked instead of embraced, the consultants recommend communicating values through behavior—that is, through actions—and leaving everything else to a straightforward discussion of what the company's intentions are, how employees will be affected, and why the current course of action is being taken (Larkin & Larkin, 1996). The success of VSP's efforts

to maximize employee satisfaction and engagement illustrate this point. Rather than employ a slogan or toss around buzzwords surrounding engagement, the company identified and focused on “a corporate commitment to make VSP a great company to work for” (Leuchars, et al., 2003: 35) and backed it up with action—continuing to invest in their employees’ satisfaction even in the face of economic pressures. The result was not only the clear and efficient communication of the right message to the workforce—that the company was committed to its employees—but also a stronger and more pervasive message than any buzzword or corporate slogan could create.

Utilize appropriate channels. When it comes to communicating for engagement, the selection of which communication channels to use boils down to what most people already know—face-to-face communication is by far the most effective way to communicate anything of importance to employees. While technological advances have reduced the costs of communicating greatly and offer many benefits to those who choose to use them, an actual talk with someone means much more and will go much farther in demonstrating the commitment necessary on the part of the organization to breed high engagement in the workforce.

Perhaps the biggest culprit behind poor corporate communication is e-mail, due largely to its impersonal nature and rampant possibilities for misinterpretation. By and large, e-mail’s recognition as a primary cause of communication problems within a company is widespread. For instance, Herb Greenberg, president and CEO of Caliper, indicates that “I want to outlaw it from my company,” citing the unintended messages it sends and the consequences these create ranging from disputes over resources to people leaving the organization (Krell, 2006: 53). Roger D’Aprix is even more adamant, calling the implications of e-mail for corporate communication “horrendous” and continuing to cite the lack of “opportunity for an honest exchange of information with all the give and take that implies” (Gorman, 2003: 15).

Rather than e-mail, then, personal interaction and, if necessary, telephone conversations should be used when possible to communicate, especially between managers and their direct reports. The relative benefits of each form, at their most basic level, lie in each method’s propensity to be misinterpreted. As suggested by Gail Gooden, a management psychologist at the consulting firm RHR International, “e-mail communications pose the greatest risk of unintended interpretation—followed by telephone and face-to-face exchanges, respectively” (Krell, 2006: 54). Add to this the fact that face-to-face exchange adds a personal element to communication and demonstrates commitment to the person you are talking to and you end up with pretty strong argument to meet with people whenever it’s possible.

Leverage communication for inclusion. Quite possibly the easiest way to improve the engagement of your company’s workforce through internal communication is simply to share as much information as is possible with them. Beyond creating a line-of-sight between their individual actions at work and the performance of the work-, business-unit, or company as a whole, the very act of giving transparent access to information to employees indicates two things. First, the company trusts its workforce enough to share privileged information and, second, that employee inputs and opinions are valued enough that management at all levels of the organization wants to hear what employees might like to add to the discussion.

Facing several market challenges after taking the helm of Sam Houston Electric in 2002, Kyle Kuntz instituted a sweeping reform of the company’s communication processes that included a broad initiative aimed at inclusion across the organization:

“All of Sam Houston Electric employees were invited to become actively engaged in the communications process, whether they serve on the front line as member service representatives, are out in the field or working behind the scenes ensuring the smooth flow of operations. According to Mr. Kuntz, connected employees are satisfied

employees. And this connection is the direct result of two-way communication—between management and staff—about everything from the cooperative’s priorities and objectives, to training and education, to member communications.”

(Johnson, 2005: 53)

As Carrig & Wright suggest, this type of information sharing and the connection it creates between employees and the business will allow workers to visualize the link between what they do and where the company is trying to go (2006: 66-67). The end result is a workforce that is better equipped and more willing to do what it takes to make the business not only succeed, but thrive.

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- Yates, Catherine. Internal communication effectiveness enhances bottom-line results. *Journal of Organizational Excellence*, Summer 2006: 71-79.

Annotated Works Cited

Axelrod, R.H. (2000). *Terms of engagement: changing the way we change organizations*. San Francisco: Berret-Koehler Publishers, Inc.

Abstract: Focused on creating and maintaining successful organizational change, this book tackles subjects relating to the creation of engagement to drive the change necessary for business success. Additionally, four principles necessary to creating an engaged organization are discussed as are potential problems that may arise during implementation.

Barker, R.T., & Camarata, M.R. (1998). The role of communication in creating and maintaining a learning organization: preconditions, indicators, and disciplines. *The Journal of Business Communication*, 35(4): 443-467.

Abstract: In this article, the importance of communication in creating and sustaining organizational learning and workforce engagement is discussed. After delineating how communication can affect a shift from employee actions based on rational-choice to social-exchange theory, the authors examine the preconditions necessary for an engaged learning organization to exist and present a case study of Kodak.

Beslin, R., & Reddin, C. (2004). How leaders can communicate to build trust. *Ivey Business Journal Online*, November/December 2004: 1-6. Accessed at: <www.iveybusinessjournal.com>.

Abstract: Examining how open and honest communication can create trust—and with it, engagement—among the workforce, this article gathers opinions from top minds in the practitioner realm regarding how good communication can forge a link between the firm and its internal stakeholders. In addition, the measurement and tracking of individual communication skills and abilities is considered.

Carrig, K. & Wright, P.M. (2006). *Building profit through people: making your workforce the strongest link in the value-profit chain*. Alexandria, Virginia: Society for Human Resource Management.

Abstract: This book provides an in-depth examination of how to link your employees with the bottom-line financial goals of profitability and growth. Beginning with the value-profit chain, which provides a model through which satisfied associates can drive business performance, the text describes how making people the firm's strongest asset can turn a failing company around. Special attention is given to how a people-focused strategy affected a turnaround at Continental along with practical information and examples of how that turnaround was achieved.

Dutton, G. (2006). What they're really saying. *Human Resource Executive Online*, June 16, 2006. Accessed at: <<http://www.hreonline.com/HRE/story.jsp?storyId=5669846>>.

Abstract: This article examines the finer points of designing, administering, and positioning employee surveys. Among the suggestions discussed are the importance of asking the right questions; the effect of positioning the survey as a tool to help managers complete tasks on which they are already working; and the prime role of feedback in the surveying process.

Freedman, A. (2003). Communication collision, *Human Resource Executive Online*, October 2, 2003.
Accessed at:
< <http://www.hreonline.com/HRE/story.jsp?storyId=4222051&query=buzzwords>>

Abstract: This article focuses on the negative effects buzzwords have on the effectiveness of communication within the firm. Beginning with a discussion of the communicative shortcomings of such words, the article identifies some of the most often used buzzwords and considers the importance of considering the audience of corporate communication.

Gorman, B. (2003). Employee engagement after two decades of change. *Strategic Communication Management*, 7(1): 12-15.

Abstract: In this interview with Roger D'Aprix, creator of "The Manager's Communication Model", changes in labor and product markets as well as their effects on management practices and engagement efforts are considered. Additionally, the value of connecting with employees on an emotional level is discussed as are the potential shortcomings of technology in creating effective communication practices.

Harter, J.K., Schmidt, F.L., & Keyes, C.L. (2002). Well-being in the workplace and its relationship to business outcomes: a review of the Gallup studies. In Keyes, C.L. & Hait, J. (Eds.), *Flourishing: the positive person and the good life* (pp. 205-224). Washington D.C.: American Psychological Association.

Abstract: Considering data collected by The Gallup Organization in its administration of the 12-question Gallup Workplace Audit (GWA), this study examines performance differences between firms among companies based on their quartile rank on the GWA. The authors conclude that significant performance differences do exist between these firms and that these are significantly associated with engagement measures. They conclude that engagement is likely a leading indicator of performance outcomes but that the causal direction of its effect (e.g., the potential for a reciprocal interaction) is undetermined.

Johnson, S. (2005). Improving member satisfaction through strategic communications. *Management Quarterly*, Spring 2005: 48-55.

Abstract: Focusing on communication efforts as they occurred within Sam Houston Electric Cooperative Association, this article explores how a top-down communication strategy improved engagement within the company's widely varying employee base. Specifically, the critical contributions to be gained from soliciting employee input and the creation of line-of-sight between employee behavior and business performance are discussed.

Kahn, W.A. (1990). Psychological conditions of personal engagement and disengagement at work. *Academy of Management Journal*, 33(4): 692-724.

Abstract: Using two studies of summer camp counselors and architects, this article lays out the theory behind engagement and considers the psychological conditions—meaningfulness, safety, and availability—linked to its manifestation in the individual. Additionally, the subject of personal disengagement is discussed.

Krell, E. (2006). The unintended word. *HR Magazine*, 51(8): 50-54.

Abstract: This article presents an in-depth examination of the hidden and unintended messages that often accompany corporate communication efforts. Citing the negative effects such messages can have on

turnover, morale, and productivity, Krell presents several steps to minimize both the frequency of such messages and their effects within the firm.

Larkin, T.J., & Larkin, S. (1996). Reaching and changing frontline employees. *Harvard Business Review*, May-June 1996: 95-104.

Abstract: Considering communication in the context of organizational change, this article espouses the importance of communicating values through action. After presenting specific examples of corporate communication campaigns gone wrong, the authors discuss the critical role played by front-line managers in creating an engaged workforce that supports the performance goals of the organization.

Leuchars, E., Harrington, S., & Erickson, C. (2003). Putting people first: how VSP achieves high employee satisfaction year after year. *Journal of Organizational Excellence*, Spring 2003: 33-41.

Abstract: Using the optical healthcare provider VSP as a case study, this article centers on how the company created and maintained engagement in spite of rapid growth and the tripling of its workforce. Specifically considered are the company's efforts to track employee satisfaction and the importance of CEO involvement in company-wide communication initiatives. Additionally, the roles of training & development as well as rewards & benefits are discussed.

Watson Wyatt. (2006). "WorkUSA 2006/2007: debunking the myths of employee engagement: executive summary". www.watsonwyatt.com. Accessed March, 2006 at: <<http://www.watsonwyatt.com/research/resrender.asp?id=2006-CA-0039&page=1>> .

Abstract: This brief discussion of the results of a study conducted by Watson Wyatt makes the argument that many firms overestimate the importance of managers in driving employee engagement. Additionally, the paper posits that engagement is a necessary, but not sufficient, condition for business success while also suggesting that strong leaders in senior positions are far more important to driving engagement than an employee's immediate supervisor.

Yates, Catherine. Internal communication effectiveness enhances bottom-line results. *Journal of Organizational Excellence*, Summer 2006: 71-79.

Abstract: Using recent research by consulting firm Watson Wyatt as a basis, this article considers the positive impacts effective internal communication can have on proximal business and HR outcomes as well as bottom-line financial performance. In addition, Yates presents key actions—follow a formal process, use employee inputs, and integrate total rewards, among others—to maximize communication effectiveness within the firm.

Questions for Discussion

How effective is communication within your company? What parts of your communication efforts are better than your competitors'? What are the greatest hurdles you encounter in communicating HR initiatives?

To what extent do you focus on the positioning of surveys within your company? Is positioning as important as creating a good survey or is it “nice to have” but essentially unnecessary?

What communication channels—email, video, town hall meetings, face-to-face discussion, etc.—do you find to be most effective within your organization? Does the answer to this question change with your audience or is it consistent across all employee groups?

How does your organization link the efforts of HR with the support of executive-level management and the CEO? What methods are most effective in achieving this goal?

**“SEEING CLEARLY”:
EMPLOYEE ENGAGEMENT AND LINE OF SIGHT**
Anne-Marie Kontakos, ALCOA Graduate Research Assistant to CAHRS

“No company, small or large, can win over the long run without energized employees who believe in the organizations’ mission and understand how to achieve it.”
- Jack and Suzy Welch

Introduction

There appears to be some level of disagreement about the concept of employee engagement. From its origin, proper definition, effect and even its existence – is employee engagement simply “old wine in new bottles” or is it a strategic tool that organizations can use for a sustainable competitive advantage?

An “engaged employee” is defined as one who is “fully involved in and enthusiastic about his or her work” (Seijts & Crim, 2006). In an increasingly competitive, global environment that is facing a possible talent shortage, this “engaged employee” may sound a little too good to be true. However, there is much evidence to suggest that he or she does in fact exist and can even be created through organizational and leadership efforts.

Line of Sight

“Employees who are highly engaged have a clear line of sight.”
– Watson Wyatt

Line of sight is defined as “an employee understanding the strategic objectives of an organization and how to contribute to those objectives” (Boswell & Boudreau, 2001). By being able to make the connection between the overall direction and goals of the organization to the individual employee, the employee is then able to see how their job, goals and career “fit”. Line of sight also gives employees a clearer understanding of what is expected of them and how their contributions impact the organization.

There is also a distinction to be made of an employee who clearly sees the links between the line of sight, his or her individual performance and the organization’s performance. Employees in this type of situation are more likely to take appropriate actions on the job without direction from a line-manager or authority figure because the employee understands how his or her actions affect business results. This level of autonomy and the employees’ ability to respond quickly to situations effectively and efficiently gives the organization greater agility to adapt to dynamic market conditions and therefore, a sustainable competitive advantage (Vogt, 2005).

When the line of sight is recognized and understood by the employee, the organization should also strive to highlight the link between the employees’ values and the organizations’ mission. By doing so, the line of sight becomes more personal to the employee, strengthening both his or her emotional commitment and employee engagement. For example, at Medtronic, the most important meeting every year is the holiday program, broadcast to 30,000 employees worldwide (Johnson, 2005). The event features the stories of patients who have benefited from the organizations’ products. “Our people (employees) end up feeling personally involved in our companys’ mission to restore people to full life,” says Paul Erdahl, VP of Medtronic’s Executive Leadership and Development. “They can see the end result of their work. Many of them are profoundly moved by the patients’ stories.” By putting a human face on its mission, Medtronic has helped to achieve employee-retention rates above the industry average. Additionally,

employee engagement items on employee surveys - "I have a clear understanding of Medtronic's mission" and "The work I do supports the Medtronic mission" - are astoundingly high. Granted, the organizations' mission and line of sight may be a little clearer to employees when lives are at stake, but it is an extraordinary accomplishment that has made other organizations take note.

But, organizations in any industry can find ways to help employees see how their daily work affects the organization and its customers. A classic example of the use of line of sight in the retail industry is the Sears Roebuck & Co. turnaround in 1992. "Total Performance Indicators" were created to gauge how well Sears was doing with its stakeholders – employees, customers and investors. The result - an employees' understanding of the connection between work – as operationalized by specific job-relevant behaviors – and the strategic objectives of the company had a positive impact on job performance. An interesting discovery in the Sears example was that employees' attitude towards the job and the organization were found to have the greatest impact on loyalty and customer service than all the other employee factors combined. And improvements in employee attitude led to improvements in job-relevant behavior, therefore increasing overall customer satisfaction and the organizations' revenue growth.

Research shows that line of sight "varies by hierarchical level, tenure and number of positions held within the company" (Boswell & Boudreau, 2001). Therefore, organizations should evaluate all employees by level, tenure and position to determine which line of sight efforts would be most beneficial. Regardless, all employees should at the very minimum have some level of line of sight comprehension.

There is also some concern that employees who are not co-owners of the organization – via employee stock ownership programs – will be naturally less clear of the line of sight and less inclined to comprehend and embrace it. While this argument requires further research, an organizations' leadership must continue to be creative and persistent to link each and every employee and his or her actions to the overall impact (financial and non-financial) on the organization.

Overall, an employee who understands precisely how to contribute to the organizations' strategic goals and what his or her actual impact is on the final outcome will be of greater importance in terms of attachment to the organization, than simply an employee who understands the organizations' strategic goals (Boswell & Boudreau, 2001).

Employment Brand

"Employee Engagement is at the heart of the Employment Brand."

Libby Sartain - SVP HR Yahoo! & Mark Schumann - Communications Consultant Towers Perrin

The employment brand as defined by Sartain and Schumann (2006) is "how a business builds and packages its identity from its origins and values, what it promises to deliver to emotionally connect employees so that they in turn deliver what the business promises to customers."

There is often some confusion about the difference between emotionally connected and committed and engaged employees. Engagement is more deep and dynamic than emotional connections and commitment, as it involves the active use of emotions, behaviors and cognitions (Saks, 2006).

The organizations' line of sight is the source of the "origins and values" required to build the employer brand. An unclear organization vision will blur the line of sight causing the employer brand to be possibly not be built or built and packaged incorrectly. Clarity of the line of sight is the responsibility of the organizations' leadership. Initial efforts on the employer brand must be done from inside the organization and should be tested internally before it is released externally.

The employer brand defines the company value proposition for its employees and (hopefully) enhances the organizations' reputation as an employer of choice in the marketplace. Touted as the first step to employee engagement (Farmery, 2006) an organization makes itself attractive to potential employees on the basis of its brand. Ideally, the organization should both attract and exactly offer what its target employee is seeking. Potential candidates can then self-select based on whether or not the organization presents an ideal fit. It is the fit between the employee, the organization and the brand that is imperative in creating and building employee engagement.

It is critical that an organization continually uphold the employer brand. In fact, "nothing can undermine a brand faster than when the day-to-day employee experience does not mirror how the employee remembers the brand promise" (Sartain & Schumann, 2006). Engaged employees can quickly become disengaged, potentially destroying the brand both internally and externally.

To the customer, the employment brand bridges the gap between the promise makers - the marketers and the promise keepers - the employees. Engaged employees fully understand, believe in and deliver the organizations' brand to its customers. This level of commitment is especially critical for organizations within the service industry, where the relationship between the employees and customers is essentially the product that the organization sells (Krell, 2005).

Building a successful employer brand requires many formal elements of marketing. Most notably, a specific internal marketing function is created. Insights are derived from employee research, segments of employees are created in order to improve the effectiveness of internal marketing efforts, and measures are used to evaluate internal marketing programs. All efforts not only work to create and build a successful employer brand, but also achieve employee engagement.

An engaged employee would be "living and breathing" the employer brand both inside and outside the organization.

Both the line of sight and employer brand are reinforced through leadership, communication, employee development and corporate & social responsibility to create and build employment engagement.

The Role of Leadership

*"Any organization can proclaim 'people are our greatest asset', however great leaders truly understand that companies succeed **through** people."*
– Anna Farmery, 2006

Not unlike any other organization initiative, support for employee engagement must come from the very top and be highly visible to all employees. The leadership team is responsible for creating the organizations' mission, vision and values, but they must also uphold and disseminate these ideals throughout the organization, and many would also argue outside of the organization.

Great leaders are required for employee engagement (Seijts & Crim, 2006):

- Great leaders have a passion to lead and are themselves engaged - inspiring passion and commitment in others.
- Great leaders select for fit. While KSAs are important, a lack of fit stifles employee engagement.

- Great leaders help to connect employee goals and accomplishments to the organizations' goals by keeping the line of sight in focus.
- Great leaders promote accountability for themselves and their employees in reaching set goals. Accountability builds a level of trust and integrity essential to employee engagement.
- Great leaders make expectations clear by focusing on the what - quantitative goals, and on the how - behaviors and skills required to achieve the goals while living the organizations' values.
- Great leaders develop their talent. An effective leader ensures work for employees is challenging and meaningful – promoting employee engagement.
- Great leaders coach and provide recognition for both successes and failures.

Employee engagement is a direct reflection of how employees feel about their relationship with their line-manager. The quality of the relationship is the most critical factor in determining whether or not the employee chooses to stay at or leave a job.

Leaders and line-managers face an extremely difficult task in determining how to effectively motivate, support and engage their employees. Employees are individuals - not all have the same sources of motivation nor can they all be influenced the same way. Factors that contribute to an employees' level of engagement can be specific and vary per individual. Once identified, these factors must then be encouraged and maintained at an individual, group and organizational level (Bernthal, 2004).

But through great leaders, employees can become engaged employees. And engaged employees can create a sustainable competitive advantage for the organization.

The Role of Communication

“Firms that communicate effectively are 4.5 times more likely to report high levels of employee engagement versus firms that communicate less effectively.”

- Watson Wyatt

A key driver in any successful organization, effective communication is essential to employee engagement. First and foremost, to establish the line of sight, an organization must communicate a clear vision to all levels of its employees (Seijts & Crim, 2006). Ideally this communication will come from the top of the organization. Further communications from the organizations' leaders that connect to the vision and strategic goals by incorporating the employer brand help to build and strengthen the foundation for employee engagement. Employees will need to fully understand the vision before being able to personally identify with the organizations' goals and their role within the organization.

Continuous communication must be encouraged. Employees must be immediately informed of changes that affect the organizations' vision and strategy and how the changes relate to the employees' job and role within the organization. To support employee engagement, communication between leaders, line-managers and employees must be an open two-way dialogue. Feedback on employee development and performance is critical. Through positive and constructive feedback, employees are more likely to understand what is expected of them in helping to achieve both the organizations' and their own personal goals by displaying and engaging in the appropriate behaviors for success.

Unfortunately, it has been suggested that organizations are relying too much on technology as a substitute for communication from leaders (Watson Wyatt, 2006). It is not uncommon for employees to log onto

their computers or telephones and be greeted with the organizations' "message of the day." Emails and voicemails scripted for leaders and line-managers are frequently distributed in mass. Not surprisingly, the employee – regardless of their level of engagement - may not give their full attention when receiving the message. At the very least, communications to employees should be customized and segmented for each appropriate employee group in order to be effective - akin to marketers targeting specific audiences.

But not all hope is lost! Organizations are leveraging technology and employee insight for more effective communication methods. Traditional company reports and documents – financial statements, annual reports and newsletters - are being presented in "non-traditional" ways. Through technology, innovative delivery methods include interactive emails, webcasts and the Intranet. And employee suggestions have given birth to the use of "translated" reports and documents in easier to understand formats or "plain English".

Communications should be more than just targeted and customized to the correct employee segment. It is critical that messages sent resonate with employees to build and support their engagement.

From the *Engaging Brand* blog (2007). Communications should resonate:

- **R** Is it **rational** - can the employee see the reason behind the message?
- **E** Does the message **explain** so that the employee can truly understand the message?
- **S** Does the message **suggest** that the employee has a role and is it inclusive?
- **O** Does the message **offer** a picture of what success will look like?
- **N** Does the message offer something **new** - information, strategy, facts?
- **A** Is the message **aspirational** – inspiring the employee to higher achievement?
- **T** Does the message **tempt** the employee by offering an answer to the "What's in it for me?" question?
- **E** Does the message appeal to the employees' **emotions** and can they **empathize** with it?

An engaged employee would be able to explain in his or her own words the strategic goals of the organization and would also feel comfortable in having open dialogue with his or her line-manager.

The Role of Employee Development

*"Employability is the new loyalty."
– Towers Perrin*

An essential component to achieving employee engagement is employee development (Robinson, Perryman & Hayday, 2004). Unlike traditional employee development plans riddled with minimal built-in accountability or measurement (Wellin & Concelman, 2005), an employee development plan designed for engagement aligns and monitors the employees' job and career goals to the organizations' strategic goals. The development plan is customized for each employee, co-designed by the employee and fully supported by the line-manager. Through the addition of accountability metrics, engaged employees recognize that their continuing value to the organization increasingly depends on achieving the goals of the plan. Subsequently, the organization secures the talent and skills necessary for operational excellence (Wellin & Concelman, 2005). The line of sight is constantly reinforced, rationalizing the employees' goals and actions. For example, the Wm. Wrigley Jr. Company's employee engagement group established the

GOLD - Goals Outcomes Learning Development - program, which enables employees to actively participate in the ongoing appraisal of their own performance against corporate goals (Forum, 2006).

Interestingly, the link between employee engagement and employee development can be first established when the employee is presented with the job offer. By engaging in a dialogue about the attributes that drew the organization to selecting the employee, an immediate tie to the organization, its strategic goals and a clear understanding of how the employees' KSAs can be used productively is established (Watson Wyatt, 2007). Not surprisingly, Watson Wyatt found significant differences between levels of employee engagement and financial performance between organizations that focus on the details of how they hire, orientate and integrate new employees and those that do not. Organizations that; do not overlook hiring and orientation programs as prime opportunities to reinforce strategic goals, start the employee development process immediately and engage employees are at a competitive advantage (Watson Wyatt, 2007). Employees who are unsure of how they fit within the organization will experience feelings of limited opportunities for both professional and personal growth and a lack of decision making authority.

Closely tied to employee development is compensation. Employee engagement and the actual employee can be lost if goals and accomplishments are not rewarded and recognized appropriately by the organization. It has been well documented that money is not the only successful motivator nor will it necessarily engage or even keep an employee. Therefore, the organization must provide resources and benefits that are most desired by employees and are likely to create a sense of obligation that is returned with higher levels of engagement (Saks, 2006). By truly differentiating employee development and compensation with a mix of individualized; pay, benefits, career opportunities and job challenges - an organization moves to supporting and building the employees' unique development path and high level of engagement.

An engaged employee would be able to explain in his or her own words how their job and career development supports not only their own personal goals, but also the strategic goals of the organization. The outlook should extend far into the future and be seen by both the employee and the organization as a mutually beneficial relationship.

The Role of Corporate and Social Responsibility (CSR)

*"Most responsible and successful leaders know that business cannot succeed if society fails."
- Dr. Bradley K. Googins, 2006*

Corporate and Social Responsibility (CSR) denotes that organizations have an obligation to consider the interests of customers, employees, shareholders, communities and the environment in all aspects of its operations (Wikipedia, 2007). Essentially, all of these parties move from varying levels of importance to the organization to become legitimate stakeholders within it. In terms of strategic Human Resource Management practices, CSR may have been initially seen as a powerful tool for attracting potential employees. After all, CSR, (at its core), is a relationship engagement strategy (Googins, 2005). However, CSR initiatives that extend the line of sight and look beyond the organizations' bottom line have the potential to build and sustain the value of an organizations' brand and reputation with all of its stakeholders. The real impact of CSR on employees is through their hearts and minds - driving employee engagement through emotions.

CSR initiatives should be aligned with the organizations' strategy and brand. Close ties to organizational core competencies will result in a greater likelihood of success and buy-in from all stakeholders. And like any other initiative, it is imperative that support come from the top and be continually visible to employees at all levels in addition to the remaining stakeholders. Opportunities for employees to assist

with CSR initiatives should be tied to individual development plans and performance management systems to strengthen the level of employee engagement.

Unfortunately, very few if any organizations can claim that CSR is owned by each and every one of its employees (Parsley, 2005) let alone each and every one of its stakeholders. However, Starbucks may be considered the front-runner. Once described as “the prototypical example of a company that understands the connection among engaged employees, satisfied customers and increased profits” (Oakley, 2004), Starbucks can now safely add CSR to the list. Not only does Starbucks demonstrate its strategic HRM policies and practices – including a high level of employee engagement - by continually appearing on Fortune’s “100 Best Companies to Work For”, but the organization was also recently honored with the number 2 ranking on Fortune’s “Most Admired Companies of 2006” for its fair trade practices and ecological efforts. And Starbucks is able to earn both of these titles while still making investors happy. A \$1,000 investment in Starbucks when the company went public in 1992 would have been worth \$52,718.10 at year-end 2006 (Fortune, 2007).

As the global “war for talent” intensifies and organizations continue to strive for a sustainable competitive advantage, could CSR be the key to unlocking the full potential of both employee engagement and organizational performance?

Conclusion

It is less important to settle the debate over whether or not employment engagement is “old wine in new bottles” than it is to truly understand the key drivers that enable an organization to attract, develop and retain highly engaged employees to ensure a sustainable competitive advantage. Establishing a clear line of sight and building an employer brand around it from inside the organization while leveraging: leadership, communication, employee development and corporate & social responsibility may not be something entirely new to the world of strategic HRM, but it does appear to be a worthwhile investment.

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Bernthal, P. (2005). Measuring employee engagement. *DDI World*. Accessed at: < http://www.ddiworld.com/pdf/ddi_MeasuringEmployeeEngagement_wp.pdf>

Abstract: A white paper from DDI's Center for Applied Behavioral Research outlines the origin of engagement, elements of engagement, the relationship to organizational success and making use of engagement.

Boswell, W. & Boudreau, J. (2001). How leading companies create, measure and achieve strategic results through "line of sight". *Management Decision*. 39 (10): 851 – 860.

Abstract: Aligning employees with the organization's strategic goals has become increasingly important as organizations struggle to gain or sustain a competitive advantage. This article defines "line of sight" as employee understanding of organizational objectives and how to contribute to those objectives. There has been much discussion among academics and practitioners, yet we have limited knowledge about what line of sight is, how to measure it, how it can be enhanced, and what it makes happen. Human resource professionals from leading organizations completed surveys and participated in focus groups to begin to explore these critical issues. Fruitful directions for future research and innovative practice are discussed.

Farmery, Anna. *The Engaging Brand Blog*. Accessed at: <<http://theengagingbrand.typepad.com/>>

Abstract: A thoroughly informative and entertaining blog run by Anna Farmery owner of the Engaging Brand. Anna works with companies (both small and major) on how to boost profits through motivating their people.

Googins, B. (2006). The new face of corporate citizenship. *WFC Resources*. Accessed at: < <http://www.workfamily.com/Work-lifeClearinghouse/GuestColumns/Googins.htm>>

Abstract: Guest column in WFC Resources by Professor Bradley Googins, head of Boston College's Center for Corporate Citizenship.

Krell, E. (2006). Branding together. *HR Magazine*. October, 2006. 51 (10): 33-35.

Abstract: Using Pitney Bowes as an example, the author outlines the benefits of including employees in branding initiatives before they are launched both internally and externally. This inclusion ensures that all employees are "in" on the same message.

Oakley, J. (2004). Research links employee satisfaction, profits. *Purdue University*. Accessed at: < <http://www.newswise.com/articles/view/507040/>>

Abstract: Professor Oakley's research shows a direct link between employee satisfaction and motivation and a company's profits - even if the employees have no direct contact with customers.

Parsley, A. (2006). Road map for employee engagement. *Management Services*. Spring, 2006. 50 (1): 10 – 12.

Abstract: This article provides a road map to achieve higher levels of employee engagement. A major study by Watson Wyatt: Connecting Organizational Communications to Financial Performance is utilized to outline end-to-end measurement of employee engagement initiatives and discuss effective communication as a key driver. Four substantial barriers to effective communication are outlined.

Saks, A. (2006). Antecedents and consequences of employee engagement. *Journal of Managerial Psychology*. 21 (7): 600 – 619.

Abstract: This article outlines a ground-breaking study to test a model of the antecedents and consequences of job and organization engagements based on social exchange theory. The results indicate that there is a meaningful difference between job and organization engagements and that perceived organizational support predicts both job and organization engagement; job characteristics predict job engagement; and the procedural justice predicts organization engagement.

Sartain, L. & Schumann, M. (2006). *Brand from the inside: eight essentials to emotionally connect your employees to your business*. San Francisco, CA: Jossey-Bass.

Abstract: Sartain and Schumann, branding experts who helped to build employer brands at Southwest Airlines and Yahoo!, describe this secret weapon for a business. The book gives leaders across an organization step-by-step instruction on how to motivate employees to consistently deliver the experience the customer brand promises. By building the employer brand from *inside* the business—ensuring consistent authenticity, substance, and voice *throughout* the business—any organization can unleash a powerful tool to emotionally engage employees and recruit and retain the best people.

Seijts, G. & Crim, D. (2006). What engages employees the most or, the Ten C's of employee engagement. *Ivey Business Journal Online*. Mar/Apr, 2006. pp 1 – 5.

Abstract: The authors define employee engagement and give several descriptions of an engaged employee. The Ten C's employee engagement are then outlined: connect, career, clarity, convey, congratulate, contribute, control, collaborate, credibility and confidence.

Watson Wyatt. (2007). Debunking the myths of employee engagement. *WorkUSA Survey Report: Watson Wyatt*.

Abstract: Research conducted and the survey results suggest that employee engagement has a strong impact on an organization's bottom line. However, there are numerous myths, misconceptions and false assumptions in how to build employee engagement resulting in employers spending time, energy and funds incorrectly. The study suggests employers must concentrate on employee effectiveness which builds on the engagement foundation in order to achieve superior financial performance.

Welch, J. & Welch, S. (2006). Three key indicators of a successful business. *Business Times*. Apr 22, 2006. pp 42.

Abstract: Jack and Suzy Welch put forth three key indicators to assess a company's health: employee satisfaction, customer satisfaction and cash flow.

Wellin, R. & Concelman, J. (2005). Creating a culture for engagement. *Talent Management*. Accessed at: <http://www.talentmgt.com/succession_planning/2005/April/80/index.php>

Abstract: This article defines engagement, identifies what drives engagement and delves into the leader's role to achieve employee engagement. Passion to lead, select for fit, making connections, promoting accountability and developing talent are outlined as key attributes for a leader to create employee engagement.

ABOUT CAHRS

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