CHAPTER 6

Employee Engagement

Possible, Probable, or Impossible?

An employee's motivation is a direct result of the sum of interactions with his or her manager.

—Bob Nelson

After studying this chapter, you should be able to

- use techniques to cultivate employee engagement;
- understand how human motivation varies;
- recognize how human resource management affects employee engagement;
- discuss personnel strategies for increasing engagement; and
- apply methods for dealing with difficult employee behaviors.

Employee engagement has become an important topic in recent years. If human resource management is about the development of policies for effective utilization of human resources in organizations, it should be doubly concerned with employee engagement, which is a key to performance—engaged workers are more committed, conscientious, and concerned with achieving outcomes, and they have less turnover, too. Leaders, managers, and psychologists alike have often pondered how they can better harness and direct people's "psychic energy" toward work objectives to increase workplace performance. Employees are also concerned about their engagement and motivation, as these often make spending time in the workplace a more attractive experience, by increasing enjoyment, learning, and effectiveness.

Employee engagement is a concept that is relatively recent, and it is not yet well-established in academia. Definitions of employee engagement typically emphasize individuals' being psychologically present and applying themselves physically, cognitively, and emotionally when performing their organizational roles (e.g., Gruman & Saks, 2011; Saks, 2006). An employee who is engaged can be characterized as enthusiastic, energetic, motivated, and passionate about his or her work, whereas a disengaged worker is one who is apathetic and withdrawn from her or his job. The concept of engagement builds strongly on **motivation**, which can be defined as the drive or energy that compels people to act, with energy and persistence, toward some goal. To say that someone "has motivation" is to say that the person has substantial energy and drive in pursuit of something. The concept of employee engagement bridges internal states of motivation with observable behaviors in the workplace.

Employee engagement and motivation are central to the work of human resource management. First, the field cannot ignore the broad impacts that classification, compensation, promotion, training, and other policies have on employee engagement. Directly or indirectly, human resource management provides employers and employees with tools for managing engagement, as discussed in this chapter. Second, in a world of tightly constrained budgets and ever-growing demands, employee engagement is increasingly relevant to human resource management as an important strategy for improving productivity and performance.

The idea of employee engagement became popularized through the work of Gallup, which began to track engagement in 2000. A 2002 study reported that only 29% of U.S. employees were engaged in their jobs, while 55% were not engaged and 16% were actively disengaged ("High Cost of Disengaged Employees," 2002). These numbers were widely reported and replicated. For example, Schwartz (2010) notes that a survey of nearly 90,000 employees worldwide found that only 21% feel fully engaged at work and nearly 40% are disenchanted or disengaged. Moreover, among those who are engaged, 59% strongly agree that "my current job brings out my most creative ideas," compared to only 17% among those who are not engaged ("Engaged Employees Inspire Company Innovation," 2006).[1] Some time ago, in a survey of public managers, Berman and West (2003b) found that in local jurisdictions in which managers had a strong commitment, 77.8% of respondents also agreed or strongly agreed that "employee productivity is high," compared with only 44.1% in jurisdictions where most managers had only mediocre levels of commitment. The numbers differ, but the conclusion remains the same: It matters that both employees and managers are committed and engaged at work. A recent Gallup (2013) study also indicates that employee engagement is strongly associated with reduced turnover and absenteeism.

These studies point to another very basic and essential truth: Employees vary greatly in their levels of engagement and motivation. Most supervisors are likely to have a mix, with some employees who are highly engaged, some who are actively disengaged, and most who are, well, somewhere in the middle. Many years ago, West and Berman (1997) found in cities with populations of more than 50,000 that 29.8% of city managers agreed or strongly agreed with the statement "Employees are highly motivated to achieve goals," 48.8% only somewhat agreed with this statement, and 21.5% disagreed in different degrees with the statement. These percentages are remarkably close to those noted above. Building on these results, the heuristic **25–50–25 rule** states that 25% of employees are highly motivated, 50% are "fence-sitters," and 25% are withdrawn or even cynical. This rule has not been rigorously validated, but many supervisors nevertheless find that it more or less accurately represents their experience. Employee engagement varies widely; that's just how it is.

The implications of the above are that organizations and their managers should be closely attentive to increasing employee engagement, recognizing that employees vary greatly in their levels of engagement and the factors that affect their tendency to engage. A reasonable goal, in an imperfect world, is to transform 25–50–25 into, say, 45–45–10, but there is no magic bullet, gimmick, or one-size-fits-all panacea that can do so. Managers need to use a diverse set of approaches, along with individualized consideration. Gallup (2013) identifies three main strategies for improving employee engagement: (1) selecting the right people, (2) developing employees' strengths, and (3) enhancing employees' well-being. Others offer much longer lists. No matter how the topic is approached, encouraging engagement requires the application of a broad tool kit and some one-on-one dialogue. As one observer has noted: "Regarding engagement, yes, we need to pay people more—pay them more attention! It's not just about the money." We need managers who can bring out greater engagement and motivation in employees.

What can be expected from human resource management? Improving employee engagement and motivation is a complex but not insurmountable challenge. First, this chapter examines the nature of employee engagement and motivation. Managers must understand the phenomena, especially the kinds of factors involved, before they can attempt to shape engagement and motivation. Second, the broad impact of human resource management policies and strategies on the climate for engagement will be explored. Third, the chapter examines specific managerial strategies for managing and motivating individual employees.

PULL, PUSH, OR DRIVE?

The concept of employee engagement is relatively new, but it is closely linked with the concept of motivation, which is well established. An engaged employee is one who is motivated and committed to achieving results that advance organizational goals and work group objectives in meaningful ways. The study of motivation is a large field with a long tradition, and the purpose in this brief space is not to summarize motivation theories—an entire book alone would scarcely do justice to such a rich topic. Rather, the goal in this section is to consider some dominant insights that lead to an appropriate appreciation of motivation for managers, and to extend this with insights about employee engagement. A basic insight is that strategies that treat employees in a one-size-fits-all way, or that assume all employees are similarly motivated, are apt to be ineffective; a bit more sophistication is needed.

Motivation theories differ according to what is emphasized. While there is general agreement that motivation is about the drive or energy (an inner state) that compels people to act with energy and persistence toward goals, the question is which factors affect this energy. Some theories focus on factors *inherent to individuals,* such as their basic needs for survival, achievement, appreciation/belonging, or development, as well as their energy level and mental state (e.g., their energy to pursue different tasks). This "needs perspective" of motivation is associated with the work of Abraham Maslow (1954), who developed a **hierarchy of needs** of basic drives around (1) survival, (2) safety, (3) belonging, (4) self-esteem, and (5) self-actualization.[2] Other theories examine components relating to the *external circumstances* in which people find themselves, such as the effects of job goals, salary, work obstructions, supervision, and leadership, which also influence motivation. HRM is involved in shaping many of these, not only through compensation but also through job design and even through selection that addresses factors inherent to individuals (U.S. Merit Systems Protection Board, 2012).

A key **principle of motivation** is that people are motivated to pursue their goals and satisfy their needs. As President Dwight D. Eisenhower put it, "Motivation is the art of getting people to do what you want them to do because they want to do it." Vroom's **expectancy theory of motivation** (1964) is a general theory that encompasses a variety of factors. Vroom's basic premise is that while people are motivated to satisfy their needs, they do so in ways that result in the greatest benefits/pleasure and minimal costs/pain. Specifically, people show effort in the expectation that this will produce performance results, which will lead to rewards that they can use to satisfy their needs; hence, efforts → performance → rewards → need attainment. This basic causal chain of events is based in three key (and obvious) assumptions:

1. The more value a person places on an outcome, the more effort he or she will put forward (valence of outcomes).
2. The more someone believes that he or she has the ability to achieve an outcome, the more effort that person is likely to put forward (expectancy of efforts).
3. The more an individual believes that rewards will be forthcoming as a result of his or her performance, the more effort the individual will put forward (instrumentality of performance).

These assumptions provide useful levers for managing motivation in others. Vroom's theory points to the need for managers to ensure that employees are committed to certain outcomes and that workers feel confident that they will be successful given their abilities and existing conditions (e.g., adequate training and resources) and the need for organizations to be reliable (e.g., not withholding rewards or creating false expectations). Research findings generally validate Vroom's assumptions and also provide useful, overarching starting points for administrators. For example, the first assumption points to managers giving employees compelling reasons to be motivated to pursue certain outcomes, helping them to achieve high valence. Employees may experience having to choose among competing outcomes—personal circumstances and nonwork motivations also affect the valuation of outcomes and efforts—and a manager's job is to help employees make effective choices. The second assumption points to supervisors providing encouraging and supportive feedback that helps employees to apply and develop themselves in pursuit of outcomes.

Underlying much of the above is the idea that people have intrinsic motivations. According to McGregor (1960), **Theory Y** states that people have adequate intrinsic motivations for work, such as needs for achievement and making a difference in the public realm. These intrinsic motivations strongly increase valance, and it is the manager's job to help workers channel and support such drives in appropriate ways, toward appropriate ends. By contrast, **Theory X** holds that people do not have adequate intrinsic motivations related to work and therefore need external inducements—that is, "carrots and sticks"—that prompt and increase their motivation to work. In the absence of external motivators, so the thinking goes, people will be inert or lazy in their approach to work. McGregor believed that in the first half of the 20th century too much emphasis was placed on Theory X, with employers motivating people by external (or extrinsic) factors (such as money, rewards, threats, and other [dis]incentives), and that not enough emphasis was placed on bringing out the internal (or intrinsic) drives (such as learning, creating, and achieving), which he believed would lead to greater creativity and performance in organizations (Theory Y). Exhibit 6.1 points to some of the cultural assumptions underlying this approach in the United States.

An implication is that today's organizations should also not put up with supervisors who are uncaring and who project an attitude that seems to say, "If employees don't like it here,

Exhibit 6.1 Cultural Roots of Motivation Theory

The views and theories presented here have their origins in U.S. culture, which includes assumptions that are not universally held. The pioneering studies of Geert Hofstede unambiguously document differences among cultures. In the United States, a motivational basis for working often lies in beliefs that work is good for people and that it is God's will that people should work, or beliefs that people find meaning in life through their work and that they should use their capabilities to the fullest extent. As Hofstede, Hofstede, and Minkov (2010) write, "These assumptions reflect the value propositions of an individualist and 'masculine' society such as the United States where McGregor grew up" (p. 329). Theory Y is grounded in Protestant values that see work as inherently good and as a path to salvation. Do people live to work or work to live? The answer for people in the United States often is the former.

Cultures vary, however. In Indonesia and other Southeast Asian societies, people believe that work is a necessity but not a goal in itself. A person's goal is to find his or her rightful place, which is to be in peace and harmony with the individual's circumstances and environment. People in these societies are also creative, but the drive is different and perhaps a bit less intense. They may also have a greater sense of being part of a group in which members support each other. There is a "work to live" view. Thus, American managers often find that employees from other cultures have different work styles, intensity, and expectations for supervisory direction. And while some people show less motivation than those in the United States, U.S. workers rank only 22nd in motivation for work on a list of 58 countries; workers from East Asian cultures show a great deal more work ethic (International Institute for Management Development, 2010). Culture affects a person's orientation toward motivation.

they can go elsewhere!" Old-fashioned carrot-and-stick approaches, when not tailored to the specific desires and conditions of individual employees, often become irrelevant irritants at best; at worst, they become fear-based management when the sticks outweigh the carrots. Such orientations do little to further employee engagement and are rightly recognized as unproductive and undesirable (Seijts & Crim, 2006). Similarly, employees are needed who bring some extra, internal motivation with them to succeed, and managers are needed who build on that to increase performance. As one manager has noted with regard to selection, "If I need to motivate you, then you are not the right person for the job" (quoted in Pink, 2009, p. 32). This may be overstated, but it surely makes the point about intrinsic motivations.

People need a degree of autonomy to solve problems, achieve high performance, and realize their intrinsic motivations. Management should ask for accountability after the fact rather than control throughout. In an academic vein, path-goal theory suggests that the job of the manager is to lay out clear and doable goals and to provide a clear path with few obstacles for employees (House, 1971; Locke & Latham, 1990). This idea has made its way into various management strategies, including management by objectives (MBO) in the 1970s, which one author sums up using five precepts (Odiorne, 1976):

1. Tell me what is expected of me in advance.
2. Give me the resources to do the job.
3. Leave me alone as much as possible to do my job.
4. Let me know how well I am doing in my work.
5. Reward my accomplishments.

This idea continues to inspire. Theory X is typically associated with a "push" style of management, whereas Theory Y and the MBO version are associated with a "pull" style of management that is especially appropriate for people who have "drive."

During the 1980s and 1990s, further progress was made on a number of fronts. Employee empowerment involves the delegation of decision making and other responsibilities to employees while holding them accountable for outcomes. Both Theory Y and MBO imply empowerment, as do other trends, such as heightened responsiveness to individualized consideration for clients. A key step in empowerment involves not only task selection (deciding what should be delegated) but also employee selection and working with people toward successful outcomes. Other advances include quality of work life (see Chapter 8) and increased customer orientation. Employee engagement builds on these advances. Analytically, though the concept of employee engagement is often defined as noted above, no standard measure of such engagement is yet in use. Academic studies typically assess aspects of vigor (e.g., "At work, I feel full of energy"), dedication (e.g., "I find the work that I do full of meaning and purpose"), and absorption ("I am immersed in my work") (Menguc, Auh, Fisher, & Haddad, 2013). Typically, multiple survey items are used to develop a composite measure of engagement, but practice-based research sometimes conflates measures of employee engagement with the drivers (causes) of employee engagement, hence engendering some confusion and criticism;[3] The distinction matters, of course.

Recent studies point to several drivers of employee engagement: (1) supervisory support and encouragement; (2) recognition, praise, and developmental feedback (e.g., "In the last seven days, I have received recognition or praise for doing good work"); (3) role clarity and resource adequacy (e.g., "I know what is expected of me on the job," and having the resources to do it); (4) supportive coworkers who are (also) committed to doing high-quality work; (5) having the opportunity to do what one does best (e.g., "My talents are used well"); (6) having opportunities to learn and grow (e.g., "Supervisors/team leaders in my work unit support employee development"); (7) alignment, support, and belief in the mission or purpose of one's work; and (8) having a voice (e.g., "My opinion counts at work"). No single factor or magic bullet is the key to employee engagement, and it is likely that all of these drivers matter. However, the actions of the supervisor do appear to be central, either directly or indirectly affecting almost all of these engagement conditions (being supportive, providing feedback and resources, encouraging development, aligning mission with employee valence). In short, organizations need to do well in appointing good supervisors and selecting the right people for particular jobs who have good intrinsic motivation ("drive") for doing high-quality work.

Context

The "big picture" of theory presented above surely raises questions and issues regarding applicability in practice. Continuing interest in the use of rewards and incentives has inspired a vast stream of research. Rewards and incentives surely induce motivation, but they should be used with caution. First, people who are motivated by rewards can quickly become dependent on those rewards: Once they have received rewards, they expect "their" rewards again, or they sharply lose motivation. In experiments, people who have had previous rewards for performing a task taken away have been found to work less hard than those who were never given rewards. Second, while rewards can put fun into work for routine tasks, rewards take the fun out of work that is intrinsically motivated. People who are creatively busy often enjoy their tasks and regard these as fun (Csikszentmihalyi, 2008). But when the goal is changed to maximizing extrinsic rewards (e.g., billable hours), intrinsic motivations are quickly "crowded out," and work becomes "just work" and is at risk of becoming dreary (Pink, 2009). Third, excessive or exclusive reliance on rewards is associated with adverse incentives, causing problems such as ethical lapses, which have been well documented in some areas (e.g., in the financial industry; Sorkin, 2009). In short, motivating by rewards is not a substitute for ensuring employee engagement.

These findings are also present in compensation. When people perceive that they lack sufficient salary (e.g., to support the lifestyle they desire), the prospect of making more money motivates. Jobs that do not bring enough salary to satisfy very basic needs fail to motivate ("Why work?"), and employee turnover in low-paying jobs is indeed very high. However, once people are able to satisfy a broad range of their needs (basic comfort and security needs), money no longer motivates quite as much.[4] While prospects of a significant pay increase will again spark motivation (allowing for meeting previously unmet needs), once a higher pay level is reached, motivation soon returns to where it was before. Thus, the motivational boost of prospective money is only temporary. Further, for some people an emphasis on pay may drive out intrinsic motivation and pleasure. In short, (1) the lack of money demotivates, (2) the prospect of making more money motivates, but (3) permanent higher salaries are not associated with permanent higher motivation.

A paradox of employee engagement is that while the public sector lacks financial inducements comparable to those available in the private sector, research suggests that money alone is not sufficient to ensure higher levels of engagement and motivation. Rather, managing engagement in the public sector requires following the models discussed above, using a mix of selection, feedback, achievement, recognition, and growth opportunity. Of course, money and incentives are important. Surely it is difficult to attract good workers with below-market pay rates, and it is difficult to keep good workers if one cannot offer them advancement opportunities. All personnel, regardless of motivation, also need to be told what the limits are to their behavior. Rewards have their place—including nonfinancial inducements for performance, such as conference travel or new office equipment—but a different and broader approach is also needed.

As the importance of intrinsic and nonfinancial motivation has come to be recognized, in recent years some effort has gone into better measuring *public service motivation* (PSM), defined as a service ethic of civil servants that explains their intrinsic motivation to serve. Key dimensions of this ethic are assumed to be attraction to policy making, commitment to furthering the public interest, commitment to social justice, commitment to civic duty, compassion about the welfare of others, and commitment to self-sacrifice for public causes (Perry, 1996, 2000; Wright, Moynihan, & Pandey, 2012). The findings of the many studies of PSM in the past decade suggest to practitioners specific levers they can use to increase mission valance for employees (such as by encouraging participation in policy processes, appealing to employees' sense of social justice or interest in social welfare, and providing opportunities to further the public interest).

Researchers also note that autonomy and control should be *contingent* on tasks and people; some situations may in fact be suitable for a stronger emphasis on rewards. Some jobs really are monotonous and repetitive, offering workers little room for creativity or exploring their own intrinsic needs. Under such conditions, rewards can turn boring work into a gamelike activity (e.g., how to finish sooner) and thereby increase motivation, as can more autonomy where appropriate (e.g., flextime, relaxed dress code). Also, not everyone has abundant inner drive, and some people like to be told in great detail which procedures they should follow. Greater freedom is not always welcomed. Again, extrinsic factors such as money, instrumental power, and status (McClelland, 1985) provide clear "rules of the game" and conditions that give people an incentive and a bigger and better future to fight for. The contingency perspective acknowledges that theory needs to be applied with consideration given to specific contexts and outcomes. For example, while management control and worker autonomy are easily posited as theoretical opposites, in some jobs, such as emergency management, both are strongly present. Theory Y is preferred for employee engagement, but Theory X must at times be used.

In recent years, employers have recognized the importance of promoting an adequate level of creativity in jobs that require it. Some of the most creative and successful companies (e.g., 3M) give their workers self-directed hours in which their only task is to do something creative and different. In Seoul, the capital of South Korea and one of the world's largest cities, city managers and workers are expected to come up with creative suggestions and are given team time to develop these (Berman & Kim, 2010). Such opportunities appeal strongly to employees whose intrinsic motivation is based in creativity and are clearly consistent with increasing engagement. Another practice is to give employees opportunities for accomplishment and achievement. Some employees and managers relish pursuing especially difficult tasks. Matching the task with the right person is a key management function in taking advantage of these motivations. Exhibit 6.2 considers motivational differences across generations.

In broader context, high-wage workers can no longer compete in the world on the basis of skills or education alone, as employers can find people in India and China with similar levels of college education and skills at a fraction of the cost. Rather, high-wage workers must justify their wages by displaying creativity in bringing forth improved products, services, technologies, and other high-value-added contributions. The strategies of 3M, the city of Seoul, and other organizations reflect this. The competitiveness of cities and regions also depends on the creativity of public sector workers in developing and mining new ways of making their jurisdictions more attractive for residents and business. Additionally, high labor costs and tight tax revenues put pressure on public agencies in managing their routine work. Contracting out to private sector firms and the increased use of part-time workers put more pressure on remaining public servants to be creative, effective, and forward-looking. In Singapore, for example, senior civil servants are expected to "think ahead, think again, and think across" in their work, and they are evaluated, rewarded, and retained based on these abilities (for discussion, see Neo & Chen, 2007).

Exhibit 6.2 Motivating the Millennial Generation

Do younger employees differ from older workers in their motivations? Many managers seem to think so, and an emerging literature agrees with them. In *Motivating the "What's in It for Me?" Workforce,* Cam Marston (2007) argues that earlier generations of workers (Baby Boomers and those Marston calls "Matures") were motivated to work by making an income and having identity through their professions and employment by their organizations. They were willing to "pay their dues" and "wait their turn" in return for increasing growth opportunities. In contrast, younger workers, Generation Xers and New Millennials, are motivated to make just enough money to enjoy the lifestyles they seek. Others see Millennials as enterprising workers who are energetically following their dreams on their own terms. In any event, they have loyalty to people who can help them but not to employers (organizations did not show loyalty to workers in their parents' generation, so why should they be loyal to organizations?). Millennials are likely to stay with their employers as long as the work is interesting, is educational, and serves their needs. Young employees are far more demanding of their employers than were their counterparts of past generations, and it is a greater challenge to HRM systems to keep the most talented ones.