

SABPP FACT SHEET

NUMBER 2014/9 : October 2014

EMPLOYEE ENGAGEMENT

1. INTRODUCTION

Employee Engagement is a very important concept for HR practitioners, because it is an outcome indicator which provides evidence on the health of the leadership climate and evidence of how well various components of the organisation's processes, including HR processes, are functioning in relation to employees' perceptions around the psychological contract between each employee and the organisation.

The impact of higher or lower levels of engagement of the workforce can be tremendous, and range in effect from productivity; customer service; innovation; cost management; and ethical behaviour (including fraud and corruption); as well as having great impact on the success or otherwise of the talent management strategy. A strong business case can be built to invest in improving employee engagement.

The theoretical concepts underlying the umbrella term "employee engagement" are complex and contested – there are many streams of academic thought, some of them conflicting. Employee engagement is also a rich field for consulting work, with most of the large global and local consultancies having their own model and consulting practice on employee engagement. The lack of consensus in these two fields – the academic and consulting – on what employee engagement actually is, how to measure it and how to develop programmes to improve it, leads to a lack of comparable benchmarking.

The SABPP will be addressing this lack of standard practice and benchmarking through developing a Professional Practice Standard on Employee Engagement over the period October 2014 through to end of 2015. Deriving from that, the SABPP will build a benchmarking database against which organisations can compare their levels of engagement.

Quotable quotes on employee engagement

"Always treat your employees exactly as you want them to treat your best customers." -Stephen R. Covey

"Engaged employees stay for what they give (they like their work); disengaged employees stay for what they get (favorable job conditions, growth opportunities, job security)." -Blessing White's *The State of Employee Engagement* 2008

"Business and human endeavors are systems... we tend to focus on snapshots of isolated parts of the system. And wonder why our deepest problems never get solved." - Peter Senge, author of *The Fifth Discipline: The Art & Practice of the Learning Organization*

This Fact Sheet looks at current gaps in employee engagement approaches; some of the theoretical background to employee engagement; considers best ways to measure it; and suggests some ideas on how to improve the state of engagement in an organisation. The Fact Sheet draws extensively from two main sources: the CIPD'S Fact Sheet on Employee Engagement and the research on which it is based; and the literature review and work to build a theoretical measurement framework and instrument by Professor Nico Martins and Hester Nienaber of UNISA.

2. Current gaps in employee engagement approaches

As mentioned in the introduction, there is a lot of work being done on employee engagement. However, a range of issues and challenges can be identified in this work, leading to some important gaps in approaches. A list of these issues and challenges includes, but is probably not limited to:

- Vastly different academic, consulting and organisational approaches to and methodologies for working with employee engagement;
- A shortage of proper research / benchmarking on what drives employee engagement;
- The inability of HR departments to influence line management to take responsibility for employee engagement;
- Inadequate / conflicting / confusing definitions and the use of related terms such as employee satisfaction / commitment / organisation climate / organisation culture / trust / work ethic;
- A lack of leadership commitment to employee engagement;
- Insufficient measurement instruments on employee engagement;
- Poor alignment / integration of people management or HR practices which drive employee engagement;
- Uncertainty about the impact of national or regional cultures on employee engagement;
- Failure to act within the organisation on employee engagement surveys.

3. Theories of employee engagement

The literature reviews of academic work on employee engagement conducted by both the CIPD¹ and UNISA² show that various theories have been advanced to the effect that employee engagement:

- May be emotional or transactional;
- May be concerned with the relationship between the employee and the work itself, the team, the immediate manager and/or the organisation;
- May be a psychological state or a set of behaviours;
- May be affected by the attitudes and traits of the individual employee;

¹ Employee Engagement. CIPD Fact Sheet. Updated August 2013.

² Developing an employee engagement measurement instrument for a South African context. Nienaber, H., Martins, N. Submitted for publication, *SA Journal of Industrial Psychology*. 2014

- May be influenced by a number of different factors within and/or external to the organisation.

The CIPD's definition of engagement is based on the idea that engagement is a mental state which produces certain behaviours:

"Employee engagement is being positively present during the performance of work by willingly contributing intellectual effort, experiencing positive emotions and meaningful connections to others."

The definition adopted by the UNISA study is:

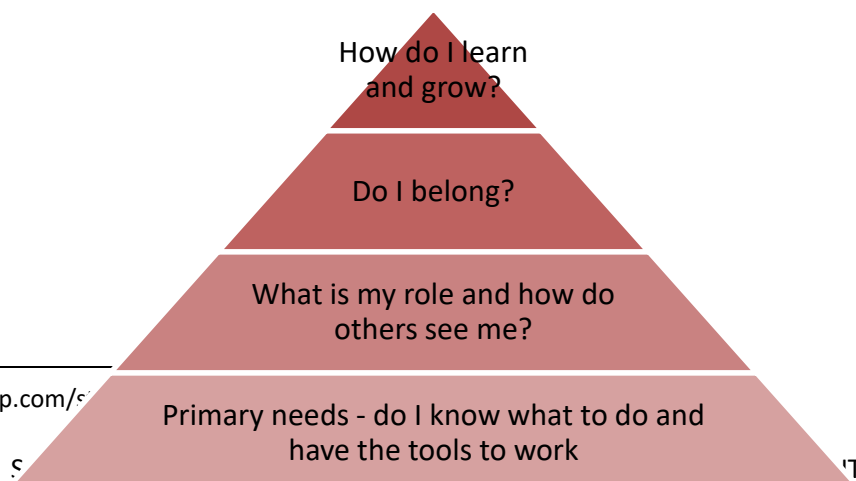
"Employee engagement refers to "engaged employees" at both the individual and organisational level, who are fully absorbed by and enthusiastic about their work, and so take positive action to further the organisation's reputation and interests.

An organisation with 'high' employee engagement might therefore be expected to outperform those with 'low' employee engagement, all else being equal. "

These definitions are both academically sound and practical in nature. Examination of the most well-known consulting models of employee engagement shows that the models are more or less compatible with these definitions. Some popular models are shown below:

Gallup³

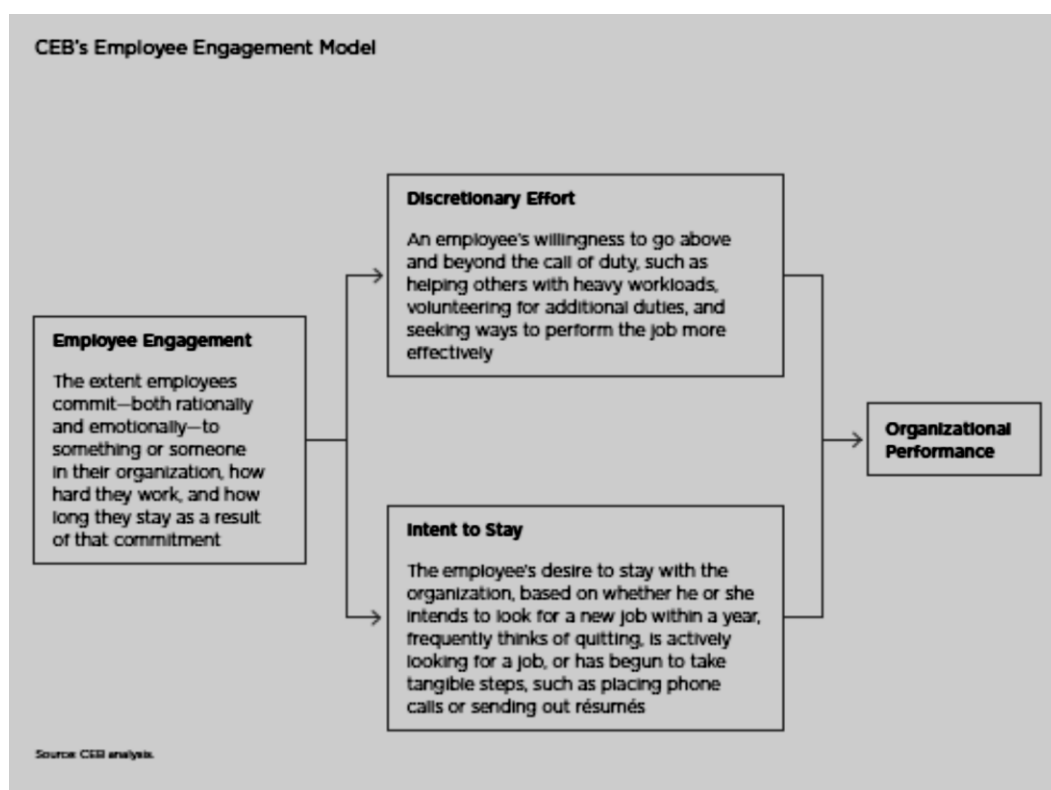
Gallup defines engagement through describing an engaged employee: "emotionally invested in and focused on creating value for their organisation every day." Other employees are either actively disengaged ("negative and potentially hostile towards their organisation") or not engaged. The Gallup model is of a hierarchy of engagement factors:



³ <http://www.gallup.com/>

Corporate Executive Board/Corporate Leadership Council⁴

The Corporate Executive Board's model concentrates more on the behaviours emanating from the level of engagement:



HR Practice National Employee Engagement Survey⁵

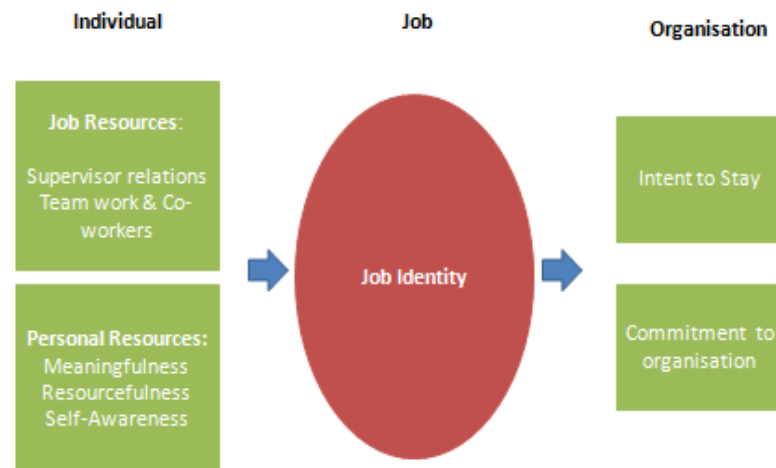
In South Africa, Ruwayne Kock and Dr Kent McNamara, publishing in Human Capital Review, have researched a model and conducted two rounds of engagement surveys. They note that “employee engagement does not refer to states of satisfaction and happiness that are usually attributed to climate-environmental factors. Such engagement is partly related to the environment, but focuses predominantly on the relationship between the person, the organisation and their job”. They define employee

⁴<http://www.executiveboard.com/sites/exbd/human-resources/global-workforce-insight-report/2013-q1.page>

⁵ http://www.humancapitalreview.org/content/default.asp?Article_ID=603&ArticlePage_ID=1288&TxtSearch=mcnamara

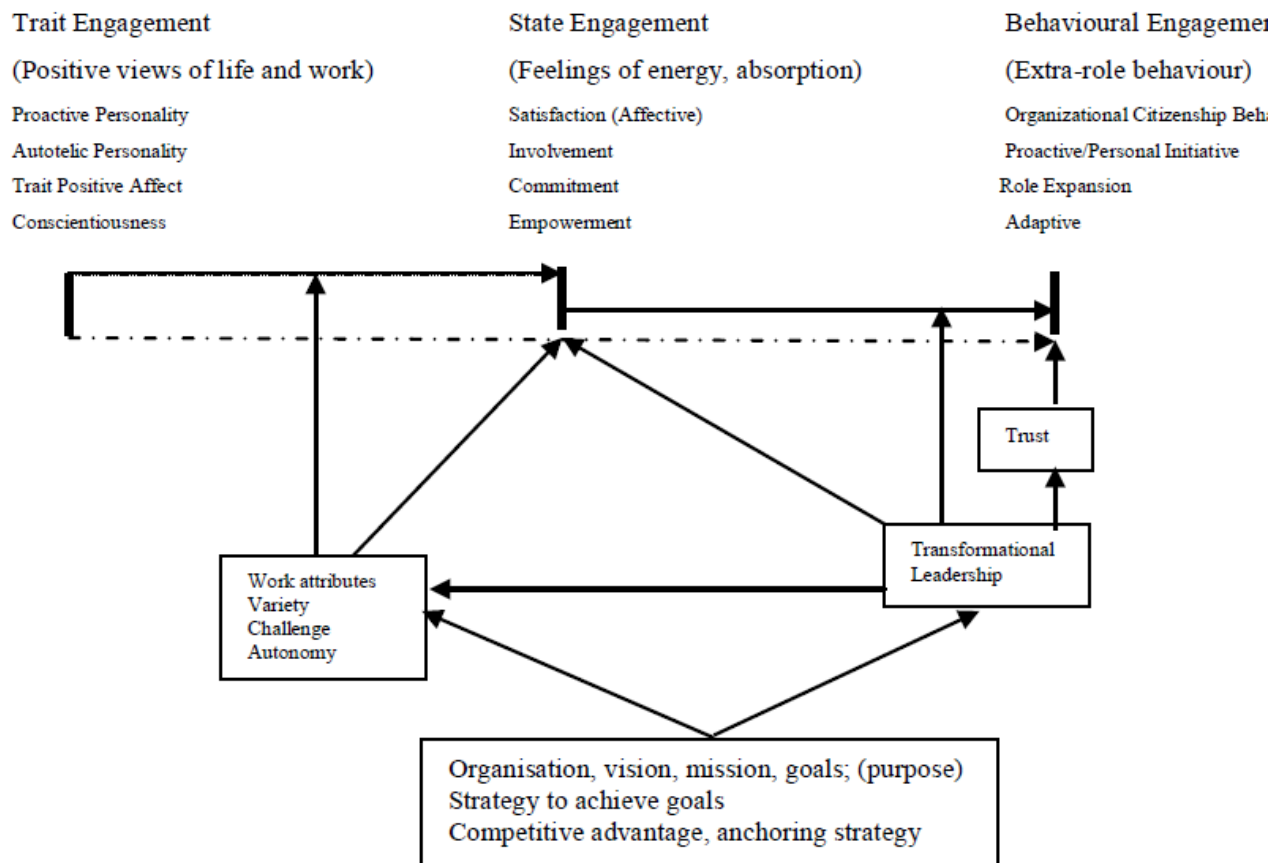
engagement as “a psychological state within which an employee connects and identifies with the personal, job and organisational dimensions of their work, resulting in retention and improved performance.”

Their model integrates key dimensions of engagement:



UNISA model

The academic model adopted by the UNISA researchers is as shown below and is more explicit about differentiating between what they call “trait engagement” (inherent in the person), “state engagement” (feelings), and behaviour.



4. Engagement levels differ and are dynamic

Due to the nature of the idea of employee engagement, that is it is influenced by the person, the job and the working environment, it is clear that the nature of engagement in general could differ at different levels of the organisation. For example, in a construction company, the engagement of the professional engineers in the design office could well differ from that of the people holding the flags at road repair sites. Engagement could also differ between organisations simply based on the nature of the organisation. For example, engagement levels in a faith based humanitarian organisation such as the Red Cross or Gift of the Givers are likely to be higher than in a chicken processing factory.

Some of the research carried out has demonstrated the fairly obvious point that the state of engagement of any one individual changes from time to time, depending on a number of factors, some of which will be personal to the employee and some of which are commonly experienced by a number of employees. Thus, an employee whose child is undergoing treatment for a serious illness is likely to have lower levels of job engagement (but possibly not lower levels of team or organisation engagement, depending on how the team and organisation offer support to the employee). Similarly, a change of manager can influence levels of engagement across the team, while a serious and public ethical failure such as poor handling of a product defect, can influence levels of engagement across a large part of the organisation.

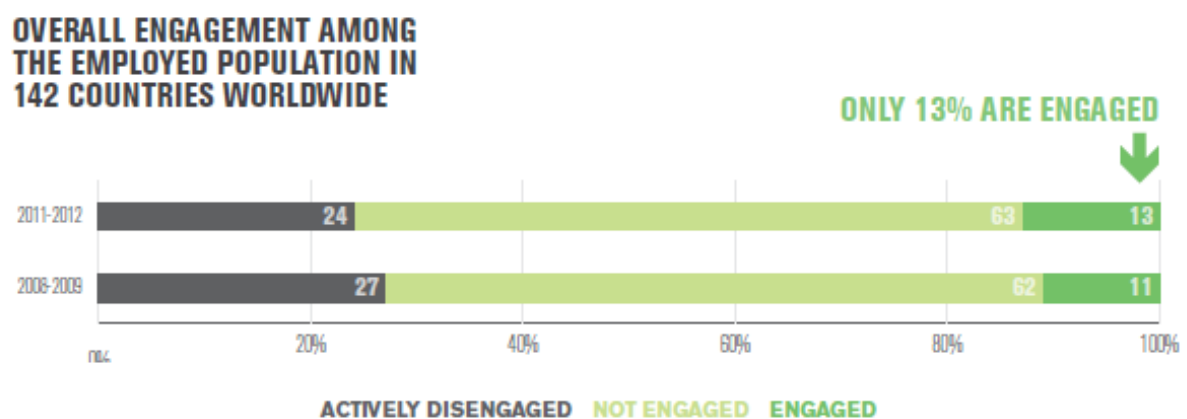
Some recent research from the CIPD⁶ links engagement and wellness, arguing that sustainable engagement in a workforce is only possible when the wellness of the workforce is prioritised.

5. Understanding engagement levels in your organisation

Obtaining a measurement of engagement levels within your own organisation has value in identifying areas for improvement. Often, however, top management wants to know how this compares to other organisations. And therein lies a problem, as the following global and local benchmarks illustrate.

Global benchmarks

a) Gallup study 2013⁷



Engaged employees, according to Gallup, are the ones who drive innovation, growth and revenue. Actively disengaged employees are not only less productive, but also possibly engage in acts of hostility towards the employer, may work less safely and be less supportive to their team.

Globally, the Gallup results show a slight improvement in levels of active engagement and a slight drop in levels of active disengagement.

b) CEB Study Quarter 3, 2014⁸

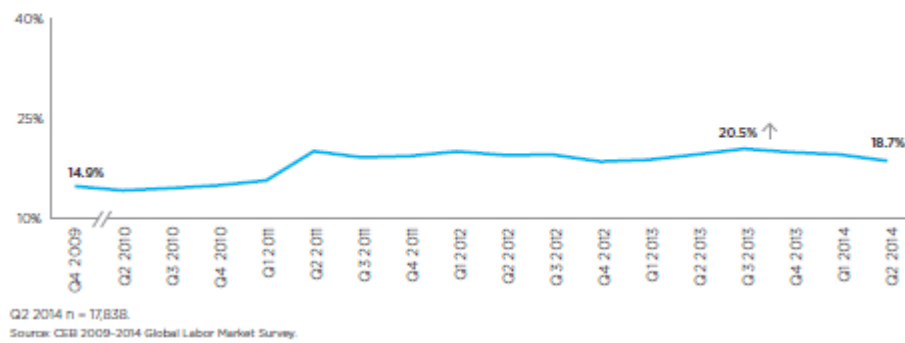
The Corporate Executive Board latest results also show a slight improvement at a global level of the percentage of employees who show high levels of discretionary effort and high intention to stay.

⁶ *Managing for sustainable employee engagement*. 2012. CIPD

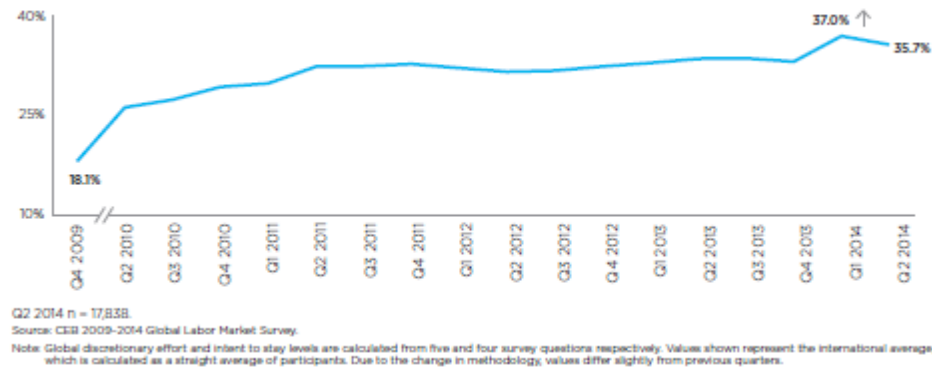
⁷ As referenced in Footnote 3

⁸ As quoted earlier, footnote 4

Percentage of Employees Reporting High Levels of Discretionary Effort



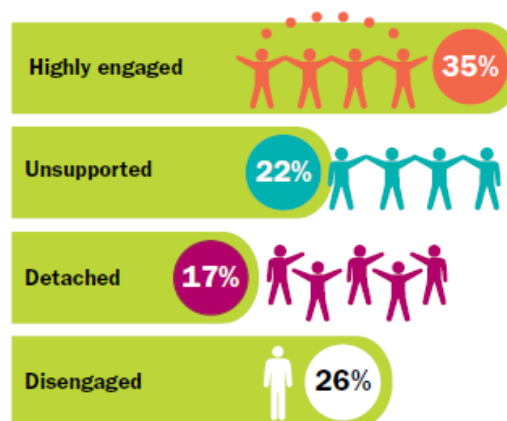
Percentage of Employees Reporting High Levels of Intent to Stay



c) Towers Perrin Global Workforce Report 2012⁹

This global study, however, shows a very different picture, with 35% of employees being highly engaged.

Figure 1. Sustainable engagement segments across the global workforce

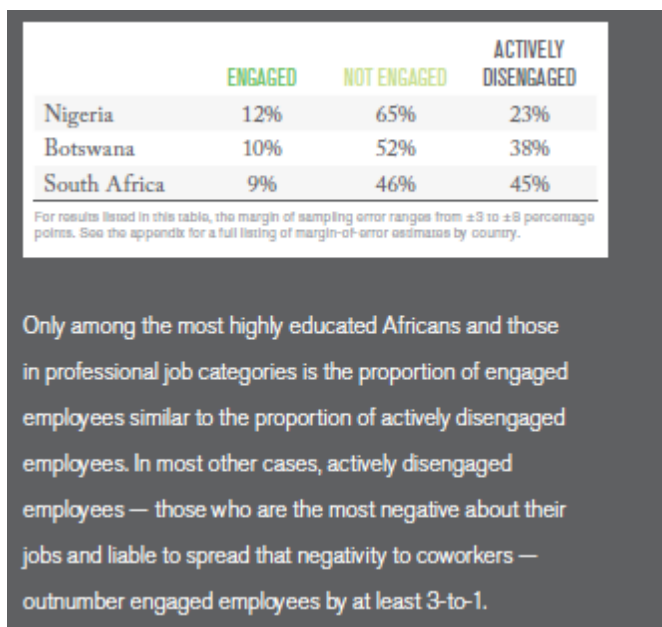


⁹ <http://www.towerswatson.com/Insights/IC-Types/Survey-Research-Results/2012/07/2012-Towers-Watson-Global-Workforce-Study>

South African benchmarks

a) Gallup country results for South Africa

The Gallup results for South Africa, however, are depressing.



Gallup does state that sample sizes were small in their South African study, somewhere just above their minimum 300 sample size level.

b) HR Practice 2009 Study¹⁰

This study of 767 people showed that 76% of respondents were fully engaged, much higher than global surveys, and 11% disengaged, lower than global surveys. However, this figure dropped considerably for respondents aged below 30, of whom 31% were disengaged.

c) UNISA study 2014

This pilot survey was conducted mid-2014 and is part of an on-going study to build a large South African database on employee engagement. 1073 responses were obtained through a business directory database. Responses show that 66.6% respondents agreed strongly or agreed on questions relating to the dimensions shown, while 16.7% strongly disagreed or disagreed.

¹⁰ See Footnote 4

Table 2: Overall results of employee engagement dimensions

Groups	Mean	Category Percentages				Favorable	Neutral	Unfavorable
		0	20	40	60			
Team	4.00					81.7%	11.3%	7.0%
Organisational Satisfaction	3.74					70.2%	15.3%	14.5%
Customer Service	3.68					66.5%	19.0%	14.5%
Organisational Commitment	3.67					65.3%	17.7%	17.0%
Immediate Manager	3.48					58.9%	19.0%	22.2%
Strategy and Implementation	3.33					53.6%	19.9%	26.5%
Overall Averages	3.66					66.8%	18.6%	16.7%

Making comparisons

Some CIPD research¹¹ has pointed out that the Gallup study “combines satisfaction and engagement measures in the same instrument” and that these are two different types of state, so that combining both may yield results which are not comparable with other studies.

It would seem therefore that a combination of survey methodology, sample type and size, together with the underlying engagement model, is producing these widely divergent results for South Africa.

It seems from the work that Gallup has done, that an important metric is the ratio of highly engaged to

“Most approaches to measuring and managing employee engagement today are **flawed**. Traditional engagement approaches provide a quick fix, but lack long-term benefits and potentially ignore up to 65% of the reasons why employees disengage.

- Only 46% of organizations select the right strategies to address disengagement
- 70% of business leaders believe that engagement is critical to achieving their objectives
- Only 20% of business leaders believe their current engagement strategies have bottom-line impact
- 49% of HR leaders struggle with taking action against engagement survey results
- Less than 30% of business leaders are formally accountable for engagement outcomes”

Corporate Executive Board

actively disengaged workers – Gallup reports that the best companies have a ratio of 9:1.

Employee engagement levels in your organisation can be measured, for example by using any of the above surveys. It is recommended that a deeper understanding of drivers of and barrier to engagement be investigated through focus groups and through harnessing the use of social media.

However, as a strong cautionary note: do not start to measure employee engagement levels if top management is not prepared to treat the results seriously and take appropriate actions to address problem areas. Survey fatigue and cynicism are quick to develop among employees who are subjected regularly to “climate surveys” and see nothing happening as a result, or, worse, a witch hunt to find those employees

¹¹ *Locus of Engagement – Understanding what employees connect with at work*. 2011, p. 8. CIPD

who dare to criticize. Conducting internal research into employee engagement is an organisational development exercise in its own right and should be strategized, planned and implemented accordingly.

6. Working to improve your engagement levels

Engagement with the job

Where employees are strongly engaged with the work they are actually doing (job engagement), research¹² shows that this produces high performance, high levels of support to the team and low levels of deviant behaviour. This seems to mean that, while most engagement interventions seek to build organisational engagement, it might be better to look at interventions to make work more meaningful for employees and/or to work harder on the person/job fit.

Engagement with the organisation

Good practice in this area requires total buy-in and visible leadership and commitment for all levels of managers. Many of the issues which directly impact on the engagement of employees reside with managers and their behaviour and treatment of employees. HR practitioners' roles are to diagnose, support and coach management on those issues and to review, redesign and implement HR specific programmes including learning and development, performance management and reward management.

The CIPD advises that employers should pay special attention to:

- "Giving employees meaningful voice: facilitating upwards feedback, having respectful, adult-to-adult conversations and responding to employee views
- Effective communications that keep employees well informed and reinforce the organisation's purpose
- Role modelling: employees need to see that managers are committed to the organisation and uphold the values of employee engagement in how they act
- Fair and just management processes for dealing with problems and supporting employee well-being."

These type of issues are comprehensively addressed in the Investors in People framework¹³, as shown below:

¹² As referenced in Footnote 11

¹³ <http://www.investorsinpeople.co.uk/about-iip/framework>



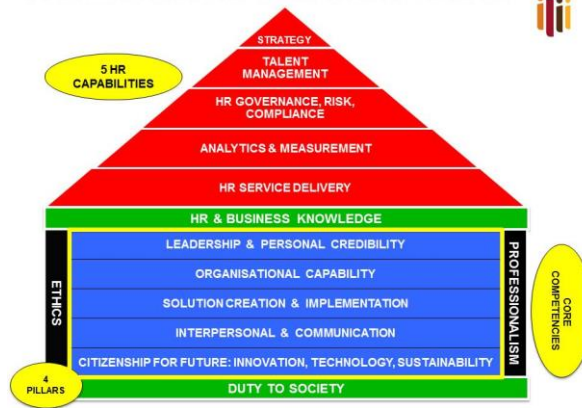
This framework integrates well with the SABPP HRM Standards (see next section), as the Framework deals largely with leadership behaviour, while the HRM Standards deal with the underlying processes. Organisational audits on both these frameworks will help to address engagement issues.

8. HR Standards and Competencies involved in Employee Engagement work

As can be seen from the previous sections, working with employee engagement involves processes right across the HR value chain. Therefore, basing employee engagement work on the holistic and integrated nature of the HRM System Model of the SABPP and the HRM Standards will provide the right platform to improve employee engagement. The diagram below shows the HRM System Model in its new graphic design, launched in August 2014.



SOUTH AFRICAN HR COMPETENCY MODEL



The SABPP’s National HR Competency Model identifies several important competencies for HR practitioners in employee engagement work and here we highlight two of them, noting as above that the important principle around employee engagement work is the integration of processes.

Firstly, the design of the organisation and individual jobs impact heavily on job engagement. Therefore, an HR Practitioner at Level 1 work: “Understands and can apply to small or large scale organisational design theories of work and job design including Levels of Work Theory, Lean Manufacturing, Schumacher’s process orientation, consulting to line management to design jobs to leverage challenging and valuable work to motivate and retain key talent and sustain employee engagement”. Level 4 work involves: “Reviews engagement surveys and other sources of information to identify job and organisational design problems and works with top management to adapt organisational practices accordingly.”

Secondly, under Organisation Development, there is a specific competency on measuring, diagnosing and actioning employee engagement surveys. Therefore, an HR Practitioner at Level 1 work: “Interprets engagement surveys in own area of responsibility and advises management how to improve employee engagement. Diagnoses engagement barriers and problems in own area of responsibility and devises interventions to resolve them.” At Level 4, the HR Executive: “Works with executives to understand how engagement is helping or hindering implementation of organisation’s strategy.”

9. CONCLUSION

The different methodologies employed in the different surveys on employee engagement make it difficult for an HR practitioner to establish a useful benchmark for his or her own organisation. It seems therefore that the effort to build a large, national and researchable database on a model which incorporates latest thinking on the subject will yield further insights of use to organisations because the database can then be “sliced and diced” according to various organisational demographics.

“Engagement is a multi-layered concept that requires real depth of understanding to be influenced successfully.”

Emotional or transactional engagement- does it matter?
CIPD Research Paper, 2012, p. 3

In the meantime, there is sufficient good practice established around working to improve employee engagement levels to provide some good guidelines for HR practitioners. The SABPP's Employee Engagement Professional Practice Standard (to be developed) will make an invaluable contribution in this regard.

The last word on this subject goes to the Gallup report section on South Africa:

“While the South African economy faces many structural challenges, there are nevertheless opportunities for savvy businesses to reap the dividends of positive employee-management relations. Gallup’s assessment of many South African workplaces finds a fundamental breakdown of trust between employees and organisation leadership. Fewer than one in five South African employees strongly agree that their opinions count at work or that their supervisors encourage their development. Trust and transparent communication are essential for talent management and retention, particularly in the midst of a turbulent economy, organisational leaders should not overlook their impact.”

THIS FACT SHEET HAS BEEN PREPARED BY PENNY ABBOTT, HEAD OF THE HR RESEARCH INITIATIVE AT THE SABPP WITH ACKNOWLEDGEMENT TO THE CIPD AND UNISA.

SUGGESTIONS AND REQUESTS FOR SPECIFIC FACT SHEET TOPICS CAN BE SENT TO penny@sabpp.co.za.

SABPP FACT SHEET SERIES



Date	Number	Subject
2013		
February	1	GAINING HR QUALIFICATIONS
March	2	ETHICS, FRAUD AND CORRUPTION
April	3	NATIONAL DEVELOPMENT PLAN
May	4	BARGAINING COUNCILS
June	5	EMPLOYMENT EQUITY
July	6	HR COMPETENCIES
August	7	HR MANAGEMENT STANDARDS
September	8	PAY EQUITY
October	9	COACHING AND MENTORING
November	10	HIV/AIDS IN THE WORKPLACE

Date	Number	Subject
2014		
February	1	EMPLOYING FIRST-TIME JOB MARKET ENTRANTS
March	2	PROTECTION OF PERSONAL INFORMATION ACT
April	3	QUALITY COUNCIL FOR TRADES AND OCCUPATIONS
May	4	WORK INTEGRATED LEARNING
June	5	RECRUITMENT – SCREENING OF CANDIDATES
July	6	HR RISK MANAGEMENT
August	7	BASIC HR REPORTING (1)
September	8	BASIC HR REPORTING (2)
October	9	EMPLOYEE ENGAGEMENT