Employee Engagement and Commitment

A guide to understanding, measuring and increasing engagement in your organization

HR
SHRM FOUNDATION
SOCIETY FOR HUMAN RESOURCE MANAGEMENT

Robert J. Vance, Ph.D.

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Foreword

The SHRM Foundation Board of Directors appreciates how difficult it is for HR practitioners to keep abreast of current research findings and incorporate them into their own HR practices.

Human resource professionals juggle multiple responsibilities and do not have time to read long research reports, no matter how beneficial. Realistically, most HR practitioners will seek guidance from research findings only if they are presented in a clear, concise, and usable format.

To address this issue and make research more accessible, the SHRM Foundation created the *Effective Practice Guidelines* series in 2004. The Foundation publishes a new report annually on different HR topics. Past reports, available from the Foundation, include *Performance Management* and *Selection Assessment Methods*. You are now reading the third report in the series: *Employee Engagement and Commitment*.

To create each report, a subject matter expert with both research and practitioner experience distills the research findings and expert opinion into specific advice on how to conduct effective HR practice. The report is then reviewed by a panel of academics and practitioners to ensure that the material is comprehensive and meets the needs of HR practitioners. An annotated bibliography is included with each report as a convenient reference tool.

The newly created SHRM Foundation Research Applications Committee oversees production of the reports. Our goal is to present relevant research-based knowledge in an easy-to-use format. Please let us know if we've achieved that goal.

The Foundation's mission is "The SHRM Foundation maximizes the impact of the HR profession on organizational decision-making and performance, by promoting innovation, education, research and the use of research-based knowledge." We are confident that the *Effective Practice Guidelines* series takes us one step closer to making that vision a reality.

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Acknowledgments

About the Author
Robert J. Vance, Ph.D.

Robert J. Vance is a partner of Vance & Renz, LLC, of State College, Pa., a provider of customer-focused solutions to problems in human resource management and organizational development. Dr. Vance has 25 years of consulting, research and teaching experience. He has directed projects in many private and public sector organizations in the areas of personnel selection, training, performance management, safety, employee and customer surveys, organizational development, innovation implementation and workforce development.

A member of the Society for Industrial and Organizational Psychology (SIOP), the American Psychological Association (APA), the Academy of Management, and the American Association for the Advancement of Science, his work has appeared in such publications as the *Journal of Applied Psychology, Personnel Psychology, Leadership Quarterly, Group and Organization Management*, and *Human Performance*. Recent publications include a chapter in *Customer Service Delivery: Research and Best Practices* (edited by L. Fogli), and "Organizational Cynicism," a contribution to the forthcoming *Encyclopedia of Industrial and Organizational Psychology* (edited by S. Rogelberg).

Dr. Vance served on a National Research Council committee examining future directions for occupational analysis and classification systems, and on an APA task force on workforce analysis. He is a corecipient of the SIOP's 1998 M. Scott Meyers Award for Applied Research in the Workplace, and the national University Continuing Education Association's 1994 Programming Award. He received his Ph.D. in industrial and organizational psychology from Pennsylvania State University.

Employee Engagement and Commitment

Employee engagement first. [No] company, small or large, can win over the long run without energized employees who believe in the [firm's] mission and understand how to achieve it. That's why you need to take the measure of employee engagement at least once a year through anonymous surveys in which people feel completely safe to speak their minds.

Jack and Suzy Welch

Employees who are engaged in their work and committed to their organizations give companies crucial competitive advantages—including higher productivity and lower employee turnover. Thus, it is not surprising that organizations of all sizes and types have invested substantially in policies and practices that foster engagement and commitment in their workforces. Indeed, in identifying the three best measures of a company's health, business consultant and former General Electric CEO Jack Welch recently cited employee engagement first, with customer satisfaction and free cash flow coming in second and third, respectively.[1] "Reaping Business Results at Caterpillar" and "Engagement Pays Off at Molson Coors Brewing Company" show two examples of companies that benefited from enhancing engagement and commitment.

Reaping Business Results at Caterpillar

Construction-equipment maker Caterpillar has garnered impressive results from its employee engagement and commitment initiatives, including:

- $8.8 million annual savings from decreased attrition, absenteeism and overtime (European plant)

- a 70% increase in output in less than four months (Asia Pacific plant)

- a decrease in the break-even point by almost 50% in units/day, and a decrease in grievances by 80% (unionized plant)

- a $2 million increase in profit and a 34% increase in highly satisfied customers (start-up plant)

Engagement Pays Off at Molson Coors Brewing Company

At beverage giant Molson Coors, engaged employees were five times less likely than nonengaged employees to have a safety incident and seven times less likely to have a lost-time safety incident. Moreover, the average cost of a safety incident for engaged employees was $63, compared with an average of $392 for nonengaged employees. By strengthening employee engagement, the company saved $1,721,760 in safety costs during 2002. Engagement also improved sales performance at Molson Coors: Low-engagement teams fell far behind engaged teams in 2005 sales volumes. In addition, the difference in performance-related costs of low- vs. high-engagement teams totaled $2,104,823.

But what are employee engagement and commitment, exactly? This report examines the ways in which employers and corporate consultants define these terms today, and offers ideas for strengthening employee engagement. Though different organizations define *engagement* differently, some common themes emerge. These themes include employees' satisfaction with their work and pride in their employer, the extent to which people enjoy and believe in what they do for work and the perception that their employer values what they bring to the table. 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. In addition, engaged employees may be more likely to commit to staying with their current organization. Software giant Intuit,[2] for example, found that highly engaged employees are 1.3 times more likely to be high performers than less engaged employees. They are also five times less likely to voluntarily leave the company.

Clearly, engagement and commitment can potentially translate into valuable business results for an organization. To help you reap the benefits of an engaged, committed workforce at your organization, this report provides guidelines for understanding and measuring employee engagement, and for designing and implementing effective engagement initiatives. As you will see, everyday human resource practices such as recruitment, training, performance management and workforce surveys can provide powerful levers for enhancing engagement.

Employee Engagement: Key Ingredients

"Employee Engagement Defined" shows examples of engagement definitions used by various corporations and consultancies. Clearly, definitions of employee engagement vary greatly across organizations. Many managers wonder how such an elusive concept can be quantified. The term does encompass several ingredients for which researchers have developed measurement techniques. These ingredients include the degree to which employees fully occupy themselves in their work, as well as the strength of their commitment to the employer and role. Fortunately, there is much research on these elements of engagement—work that has deep roots in individual and group psychology. The sections following highlight some of these studies.

Employee Engagement Defined

CORPORATIONS

Caterpillar
Engagement is the extent of employees' commitment, work effort, and desire to stay in an organization.

Dell Inc.
Engagement: 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.

Intuit, Inc.[3]
Engagement describes how an employee thinks and feels about, and acts toward his or her job, the work experience and the company.

CONSULTANTS and RESEARCHERS

Corporate Leadership Council
Engagement: 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.

Development Dimensions International
Engagement is the extent to which people enjoy and believe in what they do, and feel valued for doing it.

The Gallup Organization
Employee engagement is the involvement with and enthusiasm for work

Hewitt Associates
Engagement is the state of emotional and intellectual commitment to an organization or group producing behavior that will help fulfill an organization's promises to customers - and, in so doing, improve business results.

Engaged employees:

■ Stay - They have an intense desire to be a part of the organization and they stay with that organization;

■ Say - They advocate for the organization by referring potential employees and customers, are positive with co-workers and are constructive in their criticism;

■ Strive - They exert extra effort and engage in behaviors that contribute to business success.

Institute for Employment Studies[4]
Engagement: A positive attitude held by the employee toward the organization and its values. An engaged employee is aware of business context, and works with colleagues to improve performance within the job for the benefit of the organization. The organization must work to develop and nurture engagement, which requires a two-way relationship between employer and employee.

Kenexa
Engagement is the extent to which employees are motivated to contribute to organizational success, and are willing to apply discretionary effort (extra time, brainpower and effort) to accomplishing tasks that are important to the achievement of organizational goals.

Towers Perrin
Engagement is the extent to which employees put discretionary effort into their work, beyond the required minimum to get the job done, in the form of extra time, brainpower or energy.

Occupying the Job

Psychologist William Kahn[5] drew on studies of work roles[6] and organizational social-ization[7] to investigate the degrees to which people "occupy" job roles. He used the terms "personal engagement" and "personal disengagement" to represent two ends of a continuum. At the "personal engagement" end, individuals fully occupy themselves—physically, intellectually and emotionally—in their work role. At the "personal disen-gagement" end, they uncouple themselves and withdraw from the role.

How do people become personally engaged in their work activities? Why do they become more engaged in some activities than others? Scholars have proposed answers to these questions based on their studies of the psychology of commitment.

Committing to the Work and the Company

Some experts define *commitment* as both 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. People are simultaneously committed to multiple entities, such as economic, educa-tional, familial, political and religious institutions.[8,9] They also commit themselves to specific individuals, including their spouses, children, parents and siblings, as well as to their employers, co-workers, supervisors and customers.

Commitment manifests itself in distinct behavior. For example, people devote time and energy to fulfill their on-the-job responsibilities as well as their family, personal, community and spiritual obligations. Commitment also has an emotional component: People usually experience and express positive feelings toward an entity or individual to whom they have made a commitment.[10] Finally, commitment has a rational element: Most people consciously decide to make commitments, then they thoughtfully plan and carry out the actions required to fulfill them.[11]

Because commitments require an investment of time as well as mental and emotional energy, most people make them with the expectation of reciprocation. That is, people assume that in exchange for their commitment, they will get something of value in return—such as favors, affection, gifts, attention, goods, money and property. In the world of work, employees and employers have traditionally made a tacit agreement: In exchange for workers' commitment, organizations would provide forms of value for employees, such as secure jobs and fair compensation. Reciprocity affects the intensity of a commitment. When an entity or individual to whom someone has made a com-mitment fails to come through with the expected exchange, the commitment erodes.

Dramatic changes in the global economy over the past 25 years have had significant implications for commitment and reciprocity between employers and employees—and thus for employee engagement. For example, increasing global competition, scarce and

costly resources, high labor costs, consumer demands for ever-higher quality and investor pressures for greater returns on equity have prompted organizations to restructure themselves. At some companies, restructuring has meant reductions in staff and in layers of management.

Employee Engagement Survey Items: Samples

Dell
- Even if I were offered a comparable position with similar pay and benefits at another company, I would stay at Dell.
- Considering everything, Dell is the right place for me.

Development Dimensions International
- My job provides me with chances to grow and develop.
- I find personal meaning and fulfillment in my work.
- I get sufficient feedback about how well I am doing.

Institute for Employment Studies[12]
- A positive attitude toward, and pride in, the organization.
- A willingness to behave altruistically and be a good team player.
- An understanding of the bigger picture and a willingness to go beyond the requirements of the job.

Intuit[13]
- I am proud to work for Intuit.
- I would recommend Intuit as a great place to work.
- I am motivated to go "above and beyond" what is expected of me in my job.

Towers Perrin
- I am willing to put in a great deal of effort beyond what is normally expected to help my organization succeed.
- I understand how my role in my organization is related to my organization's overall goals, objectives and direction.
- My organization inspires me to do my best work.

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Although restructuring helps organizations compete, these changes have broken the traditional psychological employment "contract" and its expectations of reciprocity. Employees have realized that they can no longer count on working for a single employer long enough to retire. And with reduced expectations of reciprocity, workers have felt less commitment to their employers. Many companies, having broken both

formal and psychological employment agreements, are struggling to craft effective strategies for reviving employees' commitment and thereby revitalizing their engagement.

10 Common Themes: How Companies Measure Engagement

Employers typically assess their employees' engagement levels with company-wide attitude or opinion surveys. (See "Employee-Engagement Survey Items: Samples" on page 5.) A sampling of the criteria featured in such instruments reveals 10 common themes related to engagement:

- Pride in employer
- Satisfaction with employer
- Job satisfaction
- Opportunity to perform well at challenging work
- Recognition and positive feedback for one's contributions
- Personal support from one's supervisor
- Effort above and beyond the minimum
- Understanding the link between one's job and the organization's mission
- Prospects for future growth with one's employer
- Intention to stay with one's employer

This broad array of concepts has come to be labeled *employee engagement* by virtue of *linkage research*, which relates survey results to bottom-line financial outcomes. (See "About Linkage Research.") Workforce surveys will be covered in greater detail later in this report.

About Linkage Research

Psychologist Benjamin Schneider and colleagues in 1980 developed linkage research to show that employee perceptions of service to customers correlate highly with customers' evaluations of service quality.

Linkage analysts:

- Aggregate employee-opinion survey responses at the business-unit level (summarizing by averaging across survey respondents)

- Statistically correlate aggregated employee-opinion survey responses with measures of business outcomes, such as sales volume, profitability, customer loyalty, employee safety, attendance and retention.

Employee-engagement survey items are those having the strongest correlations with business results.

The Link Between Employer Practices and Employee Engagement

How does an engaged workforce generate valuable business results for an organization? The process starts with employer practices such as job and task design, recruitment, selection, training, compensation, performance management and career development. Such practices affect employees' level of engagement as well as job performance. Performance and engagement then interact to produce business results. Figure 1 depicts these relationships.

Figure 1 **Employer Practices Ultimately Influence Business Results**
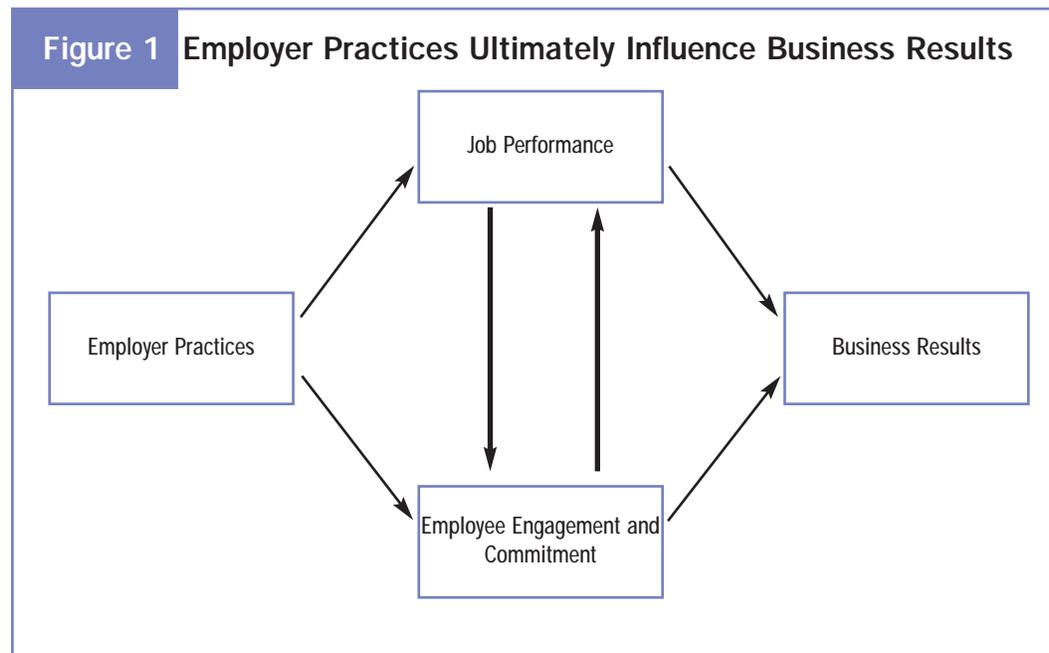
Think about what engagement and commitment mean in your own organization. To help you get started, review the questions in "Food for Thought" below.

Food for Thought

Employee Commitment

■ How do you and other managers in your organization define commitment?

■ Are some employees in your company engaged in their work but not committed to the organization? Committed to staying with your firm but not exactly engaged in their work? Both engaged and committed?

■ To whom are your organization's employees committed? The company? Their supervisor? Co-workers? Team members? Customers?

■ What business results has commitment from employees created for your organization? For example, has commitment reduced turnover and, therefore, decreased recruitment, hiring and training costs?

■ What does your company do to reciprocate employees' commitment? Is the organization living up to its side of the bargain?

Employee Engagement

■ How do you and other managers in your organization define employee engagement?

■ How do you know that certain employees in your company are engaged? Do they relish their jobs? Enjoy specific responsibilities or tasks? Willingly "go the extra mile"?

■ In teams, departments or business units in your company that have a large number of engaged employees, what business results are you seeing? Higher productivity? Lower costs? Greater revenues? More efficiency? Lower turnover? Higher product or service quality?

■ Conversely, how do disengaged employees behave, and what are the consequent costs for their teams, units-and your entire company?

To engage workers as well as to benefit from that engagement, your organization must invest in its human resource practices. But just like other investments, you need to consider potential return—that is, to devote resources to the HR practices you believe will generate "the biggest bang" for your investment "buck." You must weigh how much engagement and commitment your company wants—and at what cost. Below, we review employer practices that affect employee engagement and commitment and examine ways to manipulate these "levers" to influence engagement or commitment or both.

To shed light on the ways in which employer practices affect job performance and engagement, Figure 2 presents a simple job performance model.[14]

As Figure 2 suggests, a person possesses attributes such as knowledge, skills, abilities, temperament, attitudes and personality. He or she uses these attributes to accomplish work behaviors according to organization-defined procedures, by applying tools, equipment and/or technology. Work behaviors, in turn, create the products and services that make an organization successful. We classify work behaviors into three categories: those required to accomplish duties and tasks specified in a job description (*prescribed* behaviors), "extra" behaviors that an employee contributes for the good of the organization (*voluntary* behaviors), and behaviors prohibited by an employer (*proscribed* behaviors, including unexcused absenteeism, stealing and other counterproductive or illegal actions).[15] Of course, job performance occurs in an organizational context, which includes elements such as leadership, physical setting and social setting.

Figure 2	A Job Performance Model

WORK CONTEXT

∎ Leadership   ∎ Work Organization   ∎ Physical Setting   ∎ Social Setting

PERSON	PROCESS	PRODUCT/SERVICE
∎ Knowledge ∎ Skill ∎ Experience ∎ Attitudes ∎ Ability ∎ Temperament ∎ Personality	∎ Tools, Equipment, Technology ∎ Procedures ∎ Behaviors – *Prescribed* – *Voluntary* – *Proscribed*	∎ Quality ∎ Quantity ∎ Timeliness ∎ Safety
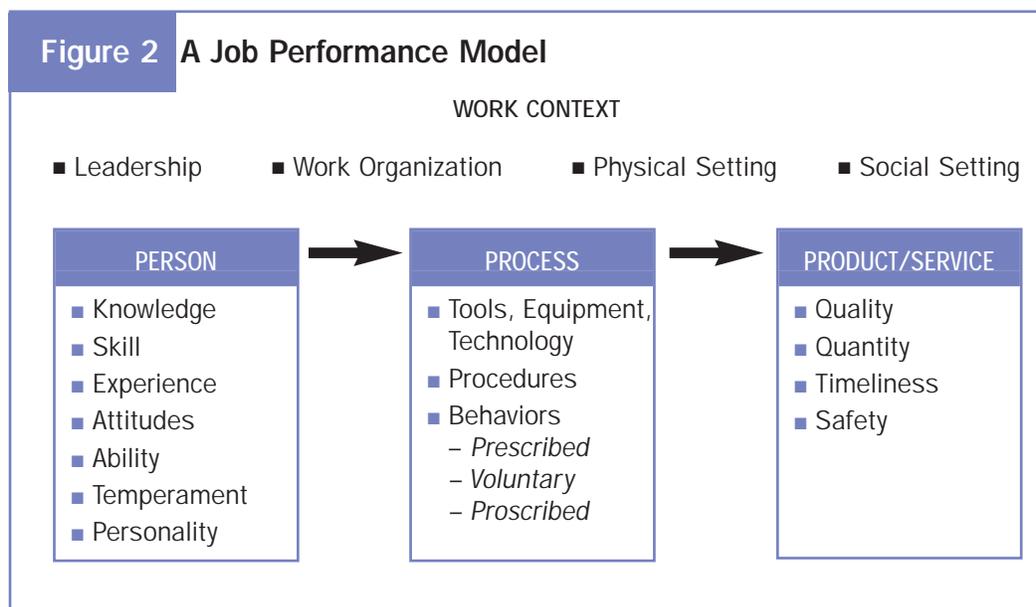
Employers naturally want to encourage workers to perform prescribed and voluntary activities while avoiding proscribed ones. To achieve these goals, organizations use a number of HR practices that directly affect the person, process and context components of job performance. Employees' reactions to these practices determine their levels of engagement and commitment. Next we examine several such practices in greater detail.

Job and Task Design

Over the past 250 years, the nature of work and employment has evolved through a series of stages. Initially, craftspeople and laborers worked on farms and in workshops. Then cottage industries arose, in which suppliers assembled goods and products for companies that marketed them. Later, people worked for companies in increasingly formalized employment relationships. And today, the world of work is characterized by flat and agile organizations that outsource production of goods and services on a global scale.[16]

Likewise, the nature of job and task design also has evolved.[17] For example, with the advent of mass production in the early part of the 20th century, many American companies adopted the "scientific management" approach to work design. Through scientific management, companies simplified tasks to be performed by highly specialized, narrowly trained workers.[18] Though this system enhanced efficiency, it also exacted costs: Workers—unhappy with routine, machine-paced jobs that afforded little personal control or autonomy—felt dissatisfied with their work, were often absent, and left employers in search of more meaningful employment.[19] In short, fitting jobs to efficient production systems disengaged employees and eroded their commitment.

Workers' negative responses to job design in early 20th century America spurred organizational scientists to examine the human component of work more closely. By the 1950s, several theories of job satisfaction and work motivation had emerged that related to job design, particularly the beneficial effects of *job enlargement* (broadening the scope of job tasks) and *job enrichment* (providing more complex and challenging tasks).[20]

With publication of the *job characteristics* model in the early 1970s, interest in the impact of job design on worker motivation and productivity intensified.[21] This model proposed five "core" or motivational job characteristics: skill variety, task identity, task significance (which collectively contribute to a sense of work meaningfulness), autonomy and performance feedback.[22] Jobs that have these characteristics promote internal motivation, personal responsibility for performance and job satisfaction—in short, engagement. The job characteristics model became so widely accepted by management scientists that comparatively few studies of work design and motivation have been published in recent years.[23]

As employers broadened the scope of job responsibilities in flatter organizations with less management oversight, researchers also began looking at the social characteristics of work, including interdependence of job roles, feedback from others and opportunities to get advice and support from co-workers.[24] Analysis of work-design research revealed that social characteristics strongly influence both employee engagement and commitment.

In addition, researchers have recently begun investigating job enrichment's relationship to proactive work behaviors—those self-initiated "extra" contributions noted in many engagement definitions.[25, 26] Findings show that managers who provide enriched work (jobs that are high in meaningfulness, variety, autonomy and co-worker trust) stimulate engagement and enthusiasm in their employees. In turn, engagement and enthusiasm encourage employees to define their work roles broadly. Broad definition of job roles then enhances workers' willingness to take ownership of challenges that lie beyond their immediate assigned tasks. These challenges inspire people to innovate and to solve problems proactively. Thus, job enrichment promotes engagement in both prescribed *and* voluntary work activities. Although somewhat preliminary, these studies shed valuable light on how your organization might design work to inspire employee engagement and commitment. "The Power of Job Enrichment" captures key lessons from this research.

The Power of Job Enrichment

TO INCREASE ENGAGEMENT

Imbue jobs with:

■ meaningfulness

■ variety

■ autonomy

■ co-worker support

With job enrichment, employee performance on prescribed tasks improves. Workers define their role more broadly—and willingly take on tasks outside their formal job description.

TO ENHANCE COMMITMENT

Demonstrate reciprocity by providing employees with opportunities for personal development.

Increasing
■ knowledge
■ skills
■ experience
■ expertise

BUILDS

Increasing
■ self-efficacy
■ self-esteem
■ employer commitment

Recruiting

The messages your organization conveys while seeking to attract job applicants also can influence future employees' engagement and commitment. If your firm has designed jobs specifically to engage employees, then you'll want to ensure that recruiting ads extol these positions' attractive features—such as challenging work assignments, a highly skilled team environment or minimal supervision. Applicants who notice and respond to these ads will more likely be motivated by these features.

Also consider how you might best seek candidates from inside your organization. When you recruit existing employees for desirable jobs, you enhance their engagement (by maximizing the person-job fit) *and* commitment (by providing growth and advancement opportunities to employees in return for their loyalty). If you recruit from outside when qualified internal candidates are available, you may unwittingly suggest to current

employees that your company is not willing to reciprocate their commitment. Existing staff may then begin questioning their own commitment to your firm.

By contrast, you recruit external candidates to both the job and your organization. For these candidates, ensure that recruiting messages highlight attractive job features, organizational values and commitment reciprocity. That is, in return for performance and dedication, your company offers competitive pay and benefits, flexible work hours and learning and career advancement opportunities.

Also remember that prospective employees have multiple commitments: You will inevitably have to compete with those commitments as you try to attract candidates to your firm. Most people find it easier to make a new commitment when it is compatible with their other obligations. For example, you boost your chances of recruiting a highly qualified candidate who is a single parent if you offer flexible work hours, family health benefits and on-site day care. "Recruiting for Engagement and Commitment" captures some of the principles discussed above.

Recruiting for Engagement and Commitment

TO INCREASE ENGAGEMENT	TO INCREASE COMMITMENT
Target qualified applicants likely to find the work interesting and challenging.	*For internal candidates* Send recruiting messages that: ■ Emphasize possibilities of movement/ promotion to more desirable jobs, to signal commitment reciprocity.
Send recruiting messages that: ■ Extol attractive job features to enhance person-job fit. ■ Encourage those who are not suited to the work to self-select out.	*For external candidates* Send recruiting messages that: ■ Highlight the employer side of the exchange relationship-pay and benefits, advancement opportunities, flexible work hours. ■ Recognize and address commitment congruence (e.g., work-family balance.) ■ Encourage those who are not suited to the organization to self-select out.

Employee Selection

Once your recruiting efforts produce a pool of promising job candidates, you select among them to fill available positions. When you select the right individuals for the right jobs, your new hires carry out their work more smoothly and experience fewer performance problems.[27] The result? Greater enjoyment of—and engagement in—the job. (For more information on implementing formal assessments, see the SHRM Foundation's "Selection Assessment Methods"[28] by Elaine Pulakos.)

To enhance engagement through your selection of employees, identify those candidates who are best-suited to the job *and* your organization's culture. Also use candidate-assessment methods that have obvious relevance to the job in question—for example, by asking interviewees what they know about the role and having them provide work samples. Most candidates will view these techniques more positively than tests with less apparent relevance, such as personality and integrity assessments.[29] Successful candidates feel good about having "passed the test," and see your company as careful and capable for having selected them. A positive initial impression of an employer encourages growth of long-term commitment. "Effective Employee Selection" summarizes lessons from this section.

Effective Employee Selection

TO INCREASE ENGAGEMENT

Select the right individuals for the right jobs.

Choose candidates most likely to:
■ Perform prescribed job duties well.
■ Contribute voluntary behaviors.
■ Avoid proscribed activities

TO INCREASE COMMITMENT

■ Present selection hurdles that are relevant to the job in question. Successful candidates will feel good about surmounting such hurdles to land the job.
■ Create a positive first impression of your company's competence. You will set the stage for growth of long-term commitment.

Training and Development

Training and development can serve as additional levers for enhancing engagement and commitment. For new hires, training usually begins with orientation. Orientation presents several important opportunities—including explaining pay, work schedules and company policies. Most important, it gives you a chance to encourage employee engagement by explaining how the new hire's job contributes to the organization's mission. Through orientation, you describe how your company is organized, introduce the new employee to his or her co-workers, give the person a tour of the area where he or she will be working and explain safety regulations and other procedural matters. In short, you foster person-organization fit—vital for developing productive and dedicated employees.

Through training, you help new and current employees acquire the knowledge and skills they need to perform their jobs. And employees who enhance their skills through training are more likely to engage fully in their work, because they derive satisfaction from mastering new tasks. Training also enhances employees' value to your company as well as their own employability in the job market. In addition, most companies offer higher wages for skilled workers, to compensate them for their greater value and to discourage turnover.

If your company is reluctant to invest in training, consider demonstrating to executives the links between training investments, employee engagement and measurable business results.

To get the most from your training investments, also explore how you might leverage digital technology and the Internet. Whereas companies once had to deliver training to employees in the same place at the same time, you can now use technology to offer self-paced and individualized instruction for employees in far-flung locations. Such training not only reduces your company's travel expenses; it also helps employees to manage their other commitments, such as family obligations. Consequently, their commitment to your organization increases.

"Training and Development" summarizes key lessons from this section.

Training and Development

TO INCREASE ENGAGEMENT

Provide employee orientation to establish:
■ The employer-employee exchange relationship.
■ Understanding of how the job contributes to the organization's mission.

Offer skill development to enhance:
■ Performance.
■ Satisfaction.
■ Self-efficacy.

Provide training to encourage prescribed and voluntary performance.

TO ENHANCE COMMITMENT

Signal commitment reciprocity by:
■ Your investments in training.
■ Modes of training delivery that accommodate employees' other commitments.

Increasing
■ knowledge
■ skills
■ experience
■ expertise

BUILDS

Increasing
■ self-efficacy
■ self-esteem
■ employer commitment

Compensation
Like the HR practices discussed above, compensation can powerfully influence employee engagement and commitment. Some compensation components encourage commitment to employers, while others motivate engagement in the job. It is possible to stimulate one and not the other, though it's generally better to foster both. For example, a company that offers a strong performance incentive system but no retirement plan will probably realize exceptional engagement from its workers; however, they may eventually commit themselves to another company that does offer a good retirement plan. Meanwhile, an organization that offers generous retirement benefits but a traditional seniority-based pay grade system may have committed employees; however, these workers might deliver pedestrian performance as they bide their time until retirement. In designing compensation plans, you therefore need to consider employee engagement and commitment strategically.

Compensation consists of financial elements (pay and benefits) but may also include nonfinancial elements or perks, such as on-site day care, employee assistance programs, subsidized cafeterias, travel discounts, company picnics and so on. The most effective compensation plans support your organization's strategic objectives. For example, if your company's strategy hinges on innovation, then your compensation system should encourage and reward risk-taking. A well-designed compensation plan gives your organization a competitive advantage. How? It helps you attract the best job candidates, motivate them to perform to their maximum potential and retain them for the long term.

Incentive pay, also known as pay-for-performance, can directly influence employees' productivity (and thus their engagement) as well as their commitment to your organization (as workers learn to trust that they will be rewarded for good performance). Piecework, annual bonuses, merit raises and sales commissions are familiar examples of incentive pay that rewards individual performance. You can also tie incentive pay to team or work group performance, and to organization-wide results through profit sharing, gain-sharing, and employee stock ownership plans. Most employees are motivated by financial incentives and will exert greater effort to produce more if the incentives your company offers make it worthwhile to do so.

The caveat with incentive plans, of course, is that you must first define and measure performance and then decide which aspects of performance you will tie to pay. Because incentive-plan programs can present a heavy administrative burden, many companies opt to reward performance that is easiest to quantify. But this approach can have unintended—and undesirable—consequences. For example, if you pay people based on how many units of a product they assemble per hour, you may encourage quantity at the expense of quality: Employees assemble the units as fast as they can in order to get the incentive pay, regardless of whether they're making mistakes along the way. The challenge in using incentive plans is to reward the results most important to your organization—even if those results are relatively difficult to quantify. You also need to encourage employees' willingness to "go the extra mile" rather than just doing the minimum to reap a reward. To that end, you may want to combine financial incentives and recognition-based awards to foster the full range of performance your organization needs to stay competitive.

You might also consider competency-based (or skill-based) pay, which has grown more popular in recent years. Through competency-based pay, you reward employees not only for mastering job-relevant knowledge and skills but also for using those abilities to produce results that your organization values. This type of pay can increase engagement by fostering employees' pride in their new mastery. And it can enhance commitment because workers learn that the company is willing to help them burnish their employability.

Many companies also offer retirement plans as part of their compensation package. Although these plans are usually available to all full-time employees, the specific plans offered may depend on job, year hired, number of years employed, highest salary achieved and so on. As we've seen, well-designed and secure retirement plans can encourage long-term commitment to your organization.

In designing financial forms of compensation, consider employees' sensitivity to equity. Will they perceive compensation as commensurate with their contributions? As fair compared to pay earned by co-workers performing the same or similar jobs? Fair compared to what other jobs in the organization pay? Reasonable given what other employers are paying for the same work? Perceived inequity can cause employees to disengage and reexamine their commitment to your firm. They may ask for a raise, seek employment elsewhere or stop striving so hard to deliver top-notch results. And none of these outcomes benefits your organization.

"Strategic Compensation" distills some of the key points from this section.

Strategic Compensation

TO INCREASE ENGAGEMENT:
- **Equitable exchange:** Motivates willingness to contribute prescribed and voluntary performance, and to avoid proscribed behaviors.
- **Pay-for-performance:** Focuses employees' attention on incentivized behaviors—but be careful how you define performance.
- **Competency-based pay:** Fosters acquisition of knowledge and skill and enhance employees' performance, satisfaction and self-efficacy.

TO ENHANCE COMMITMENT:
- **Competitive pay:** Attracts qualified job candidates.
- **Equitable exchange:** Signals commitment reciprocity.
- **Flexible benefits and perks:** Facilitates commitment congruence (e.g., work-family balance matched to stage of life).
- **Retirement and seniority-graded pay plans:** Fosters long-term commitment and identification with your company.

Performance Management

The right performance management practices also can enhance employee engagement and commitment. (See the SHRM Foundation's report on "Performance Management"[30] by Elaine Pulakos for information on creating an effective system.) To design your performance management system, begin by linking job objectives to organizational objectives. What are your organization's priorities, and how will each employee help to achieve them? What results does your organization expect employees to produce? How might you help managers throughout your organization to communicate performance expectations and goals to their direct reports?

Encourage managers to include employees in the goal-setting process. This technique helps to ensure that workers understand the goals. It also promotes acceptance of challenging objectives, because people generally feel more committed to goals they have helped define.

In addition, consider how you and other managers will recognize and encourage contributions that exceed expectations. For example, when a piece of equipment malfunctions, Joe finds other ways to maintain production rather than merely shutting down the machine and waiting for the maintenance staff to fix it. Or when a less experienced co-worker encounters a new task, Sally offers friendly coaching, instead of standing by and waiting for the inevitable mistakes to crop up.

Performance management processes operate on a continuous basis. Therefore, they provide perhaps the best ongoing opportunities for employers to foster employee engagement and commitment. For example, managers can use routine discussions about performance and feedback sessions to learn which aspects of the job hold the most interest for each employee and which tasks are most challenging. During such discussions, managers also can define what "going above and beyond the call of duty" looks like and generate ideas for rewarding such contributions.

An employee's aspirations and career goals can receive careful attention during performance appraisal meetings. Without inquiring into an employee's personal life, a supervisor can nevertheless explore ways to enhance the compatibility between the worker's commitment to your organization and the employee's other life commitments. Through such means, the organization personalizes its relationship to each employee and provides support, while also expressing appreciation for their contributions—key drivers of engagement and commitment.

To further engage employees and win their commitment through your performance management programs, consider how to treat your organization's most experienced employees. In many cases, these employees understand the intricacies of a job better than their supervisors or managers do. By virtue of long identification with your organization, they may be deeply committed to high-level goals. They use their expertise to contribute in ways that newer employees simply cannot match. But many of them also may be planning to retire soon, especially if they are from the "Baby Boomer" generation. How will you transfer their knowledge to younger workers? Design a performance management system that recognizes and rewards proactive sharing of knowledge and expertise among co-workers. For example, create knowledge repositories or learning histories that can be stored in databases that employees can access, and then create incentives for people who contribute to and use these repositories.

Of course, effective performance management systems also identify employees who are not meeting expectations. Failing to address problem performance can erode other employees' engagement and commitment, as their workloads increase and they conclude that the company is willing to tolerate poor performance. If feedback, coaching and remedial training are of little avail, the manager may need to move the person to a different position within the company where he or she can make a more valuable contribution, or let the individual go if there is no good match elsewhere in the organization.

"Effective Performance Management" lists key points from this section.

Effective Performance Management

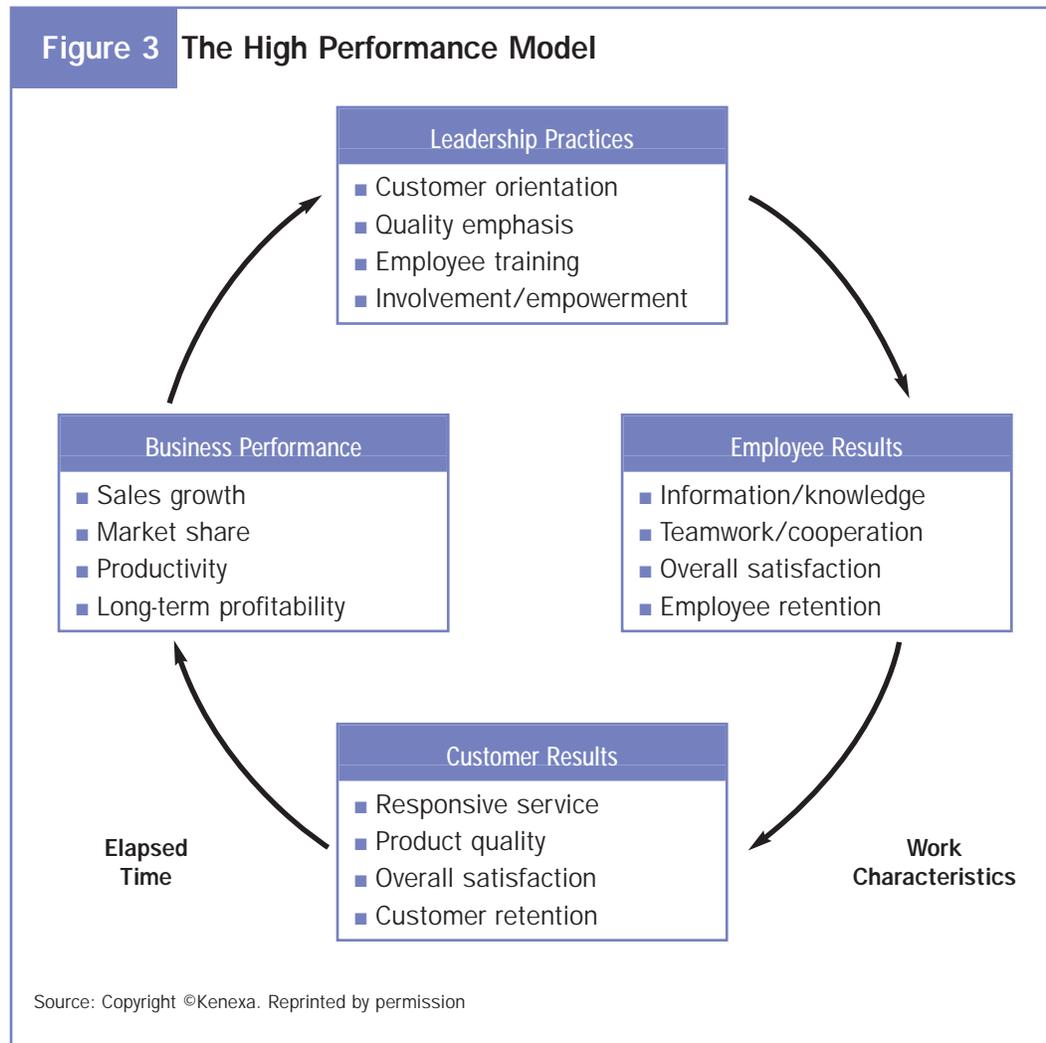| TO INCREASE ENGAGEMENT:	TO ENHANCE COMMITMENT:
Provide:	Manage performance to:
■ Challenging goals that align with your company's strategic objectives.	■ Enable employees to experience success over the long term.
■ Positive feedback and recognition for accomplishments.	■ Facilitate congruence between employee commitment to your organization and other life commitments.
■ Recognition and appreciation for extra voluntary contributions.	■ Value the expertise of experienced employees.

A Closer Look at Workforce Surveys

Many organizations use workforce surveys to gauge the intensity of employee engagement and assess the relationships between engagement and important business results. Findings from such surveys can shed light on which investments in engagement initiatives are paying off, which are not and how you might change your engagement-related HR practices and investment decisions.

Today's employee surveys are often shorter, more narrowly focused and more frequently administered than traditional instruments. In many cases, respondents also fill out the surveys online rather than using paper and pencil. Survey questions or statements now explicitly link employee attitudes to business objectives; for example, "I can see a clear link between my work and Dell's objectives."

Engagement surveys conducted by research firms across many organizations typically give rise to empirically grounded engagement models. Consider this example from the Corporate Leadership Council (CLC).[31] Based on extensive surveys of more than 50,000 employees of 59 global organizations representing 10 industries and 27 countries, the CLC model identifies 300-plus potential "levers of engagement" (specific employer practices that drive employee engagement). These levers collectively influence employees' rational and emotional commitment to their jobs, teams, managers and company, which in turn influences employees' discretionary efforts and intentions to remain with their employers. "Going the extra mile" and planning to stay with a company then lead to improved performance and retention, respectively.

To date, much employee engagement research has been conducted by consulting firms. Owing to their proprietary status, these studies validating engagement models have yet to appear in refereed scientific journals. Most of this research is unavailable to detailed outsider scrutiny. Nevertheless, numerous linkage research studies have been published. Based on these studies, there is evidence that aggregated employee opinions relate fairly strongly to important business outcomes.[32] But does engagement cause business outcomes to improve? Are business units profitable because their employees are engaged, or are employees engaged because they work for profitable units?[33] Do they say they hope to remain indefinitely because they wish to stick with a winner? Recent evidence suggests that the causal direction is not so straightforward.[34] It is important to understand the cause-and-effect relationships involved given the considerable cost and effort associated with organizations' attempts to improve employee engagement. One way to determine the causal direction is to conduct research specifically designed to answer these important questions in your own organization.

A summary model (Figure 3) by Jack Wiley, cofounder of Gantz Wiley Research (now part of Kenexa) shows how employer leadership practices, employee results of those practices, customer results of leadership and work practices and business performance are interrelated.[35] The model is cyclical, showing that, over time, business performance also influences leadership practices. In addition, this model suggests particular variables within each factor that may affect employee engagement.

Figure 3 The High Performance Model

Leadership Practices
■ Customer orientation
■ Quality emphasis
■ Employee training
■ Involvement/empowerment

Employee Results
■ Information/knowledge
■ Teamwork/cooperation
■ Overall satisfaction
■ Employee retention

Business Performance
■ Sales growth
■ Market share
■ Productivity
■ Long-term profitability

Customer Results
■ Responsive service
■ Product quality
■ Overall satisfaction
■ Customer retention

Elapsed Time

Work Characteristics

Source: Copyright ©Kenexa. Reprinted by permission

Aside from learning how engagement is affecting business results in your organization, surveying employee opinions and attitudes—in itself—can enhance engagement and commitment. For example, by asking employees for their opinions and then taking constructive action based on survey results, you signal that the organization values them and takes their feedback seriously. This enhances engagement. Surveying employees also reinforces a two-way employer-employee relationship, strengthening commitment to your firm.

Designing Engagement Initiatives: Guidelines to Consider

The HR practices discussed above—job design, recruitment, employee selection, training and development, compensation and performance management—are just some of the practices you can leverage to improve engagement and commitment in your organization. As you consider adopting or changing these practices, keep the following guidelines in mind.

Make Sound Investments

Think strategically about how your organization currently uses its human resource practices. Which of these merit greater investment to improve engagement or commitment? What's more important to your organization—employees who are engaged in their work, or those who feel a strong sense of commitment to the organization? Or are both equally important? How much is your organization willing to invest in specific HR practices designed to foster engagement, commitment or a combination of these?

Given your organization's objectives, in some cases you may want to use specific HR practices to foster engagement in work but not commitment to your organization. In others, your goal may be employee engagement and short-term commitment. In still others, it may be maximum engagement and long-term commitment. For example, if your HR strategy relies on increasing the use of contingent workers in order to cut costs and create more flexible staffing, you'll want to take steps to enhance not only contingent workers' engagement but also their short-term commitment. "Matching Engagement and Commitment Strategies to Business Conditions" shows additional examples.

Matching Engagement and Commitment Strategies to Business Conditions

If You Are Facing This Business Condition...	Change Your HR Practices In These Ways...	To Enhance...
Restructuring to flatter organization with broader job responsibilities	■ Align job/work design to new roles/responsibilities. ■ Recruit, select, train, compensate and manage accordingly. ■ Outsource or automate simple or routine work.	■ Engagement ■ Short-term commitment ■ Long-term commitment
Changing technology	■ If technology increases job complexity, train and compensate accordingly. ■ If technology simplifies work, enlarge jobs or outsource.	■ Engagement
Increasing customer focus, emphasis on quality	■ Recognize and reward voluntary contributions and proactive work behaviors. ■ Redefine performance expectations. ■ Provide supervisor/performance management support.	■ Engagement ■ Short-term commitment ■ Long-term commitment
Increasing reliance on contingent and contract workers	Core employees: ■ Increase job complexity and job security.	■ Engagement ■ Long-term commitment
	Contingent employees: ■ Emphasize pay-for-performance. ■ Provide results-based incentives. ■ Increase task identity.	■ Engagement ■ Short-term commitment
Broken employment contracts resulting from merger, acquisition or bankruptcy	■ Confront the question, Commitment to whom? ■ Earn credibility with realistic promises, avoiding promises that can't or won't be kept.	■ Engagement ■ Short-term commitment

Craft Compelling Business Cases for Improving Engagement and Commitment
To gain the funding needed to invest in engagement and commitment initiatives, you may need to apply your powers of persuasion. Creating a compelling business case for these initiatives can increase your chances of success. How might you make the business case for such investments to your supervisor or members of the executive team? Show how these investments have paid off for your organization or for other organizations by generating measurable business results. "Employee Engagement Drives Results at Intuit" and "Employee Engagement Drives Customer Satisfaction at a State Transportation Department" provide examples of effective business cases.

Employee Engagement Drives Results at Intuit [36]

Problem
Between 2003 and 2004, engagement levels among employees of Intuit's Contact Centers dropped significantly. These employees, who make up 40% of the company's workforce, provide service and assistance to customers. Intuit's engagement survey findings pointed to several areas for possible action.

Solutions
With understandable urgency, the company conducted a Six Sigma process analysis to identify the root causes of the engagement problem. Remedies initiated in 2004 targeted front-line leadership training, to provide supervisors with better coaching skills, and Intuit's performance measurement and incentive system, which the company revised to give employees greater flexibility in determining how to provide the best customer service.

Results
Within two years of implementing these initiatives, Contact Center engagement scores (percent favorable) increased by 16%. There was a corresponding steady increase in the number of new-business referrals by satisfied customers. Revenue growth for 2006 rebounded and grew to 15%-the best growth rate in four years. Intuit stock rose almost 300% over this period, outperforming the Dow Jones Industrial Average, the S&P 500 and the NASDAQ Composite.

Consider Unintended Consequences
In weighing options for redesigning HR practices to foster engagement and commitment, be sure to think about the possible unintended consequences that revised policies can bring. For example, suppose you want to add flextime to your organization's overall work policies. If employee demographics differ across business units (by age, gender and so forth), the new flextime policy may generate more engagement and commitment in units populated primary by, say, single parents with young children than in units with different demographics.

Keep in mind that employees are individuals. Each one may value something different about the organization's work experience and benefits. When you plan a change to your policies or benefits, take time to consider the impact of that change on employees with different life situations—married, single, older, children at home, childless and so forth. Then be sure the change is a net positive for the majority of your workforce. If you expect that some groups of employees will not like the change, be prepared to address this honestly and directly. If possible, consider making several changes at once that benefit different groups. That way no one will feel left out.

Employee Engagement Drives Customer Satisfaction at a State Transportation Department

Problem
A county highway maintenance unit of a state department of transportation was plagued with low morale and a disengaged workforce. At just 36% favorable (indicating very low engagement), scores on the annual employee engagement survey were among the lowest in the state. The department had recently begun a customer-focus initiative, and customer satisfaction scores for ride quality and road maintenance were falling in this county.

Solutions
The "old school" county manager retired. His successor, a former assistant manager in another county, was selected because he demonstrated skills in employee- and customer-focused management. He proved much more open than the previous manager in his communication with employees-inviting their participation in decision-making and encouraging teamwork. Employee survey scores for each of these dimensions steadily improved by more than 50 percentage points favorable over the next three years. The new manager also encouraged innovation. Scores on process improvements and use of new equipment and technology increased from 19% to 85% favorable.

Results
County employees responded well to the new management approach. Engagement scores showed steady improvement-from 36% favorable just before the change of manager to 84% favorable three years later. An important payoff was a corresponding increase in customer satisfaction, from 51% favorable to 66% percent favorable.

Ground Investment Decisions in Sound Data

It is important to ground decisions about engagement and commitment initiatives in sound data. Linkage research conducted within an organization yields customized advice that highlights specific HR practices likely to produce the best results. Outcomes of this research may include short lists of the highest-impact engagement levers and actionable survey items that differentiate top-performing units in your company from less successful units. "Linking Customer Satisfaction to Employee Opinions" shows an example.

To develop sound investment decisions, be sure to measure employee engagement at least once a year. Choose a survey consulting firm to adapt a standard engagement survey to your organization by linking survey items to the organization's performance measures, which support its business strategy. Performance measures may include profitability, productivity, efficiency, quality, safety, employee attendance, employee retention, customer satisfaction and customer loyalty—and may differ for each business unit depending on that unit's role in supporting the high-level organizational strategy.

Linking Customer Satisfaction to Employee Opinions				
Employee Opinion Items Customer Service	**Average 3 Best Units***		**Store 2-1**	
	Agree (% Positive)	Disagree (% Negative)	Agree (% Positive)	Disagree (% Negative)
In my work unit, a frequent topic of discussion is how well we satisfy our customers' needs.	62.7%	16.9%	27.6%	29.3%
My work unit responds to customer complaints by providing prompt resolution.	67.1%	26.1%	42.7%	21.0%
My work unit obtains reliable information about customer satisfaction.	64.8%	14.4%	22.7%	28.6%
*Average 3 Best Units: The 3 stores having the best Customer Satisfaction scores from Customer Pulse Survey.				
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At one retailer, employees at the three stores with the best customer satisfaction scores expressed different opinions in a survey than employees from other, lower-performing stores (e.g., Store 2-1). The differences in employee opinions across stores suggest differences in engagement levels and may stimulate ideas for changing workplace practices in stores with lower customer satisfaction scores.

For example, if your company's strategy calls for increasing customer loyalty, you might set a goal to raise employee retention in all customer-facing departments. Since longstanding employees are more likely to establish more enduring relationships with customers, it follows that they will provide higher-quality service. You also can create your own engagement survey. If you decide to go this route, include actionable survey items (topics over which management has some control) that explicitly link employee opinions to your organization's business objectives.

Using your engagement survey results, identify top levers of engagement and drivers of measurable results for each business unit. Determine which aspects of engagement are most important for business success. Then work with unit managers to create an Employee Engagement Action Plan for each unit. Determine ownership and accountability for each action item in these plans. "Owners" may include organizational policy and executive decision-makers, unit managers and team supervisors. Also identify the resources—personnel, time, funding, space, equipment—that you will need to put each plan into action.

Create an Engagement Culture

Establish a receptive foundation for your engagement initiatives by creating an "engagement culture." Communicate the value of employee engagement through your company mission statement and other executive communications. For example, look through the "Sample Mission Statements" from three different organizations, and think about how they emphasize the importance of engaged employees for organizational success. Follow up and ensure that all units execute their engagement action plans. Monitor progress on engagement-improvement efforts, and adjust your strategies and plans as needed. Equally important, be sure to recognize and celebrate progress and results.

Sample Mission Statements

Starbucks Coffee Company

Establish Starbucks as the premier purveyor of the finest coffee in the world while maintaining our uncompromising principles while we grow.

The following six guiding principles will help us measure the appropriateness of our decisions:
■ Provide a great work environment and treat each other with respect and dignity.
■ Embrace diversity as an essential component in the way we do business.
■ Apply the highest standards of excellence to the purchasing, roasting and fresh delivery of our coffee.
■ Develop enthusiastically satisfied customers all of the time.
■ Contribute positively to our communities and our environment.
■ Recognize that profitability is essential to our future success.

Source: http://www.starbucks.com/aboutus/environment.asp, October 12, 2006

Bright Horizons Family Solutions

The Bright Horizons Family Solutions mission is to provide innovative programs that help children, families and employers work together to be their very best.

We are committed to providing the highest-quality child care, early education and work/life solutions in the world.

We strive to:
■ Nurture each child's unique qualities and potential.
■ Support families through strong partnerships.
■ Collaborate with employers to build family-friendly workplaces.
■ Create a work environment that encourages professionalism, growth and diversity.
■ Grow a financially strong organization.

We aspire to do this so successfully that we make a difference in the lives of children and families and in the communities where we live and work.

Source: http://www.brighthorizons.com/Site/pages/mission.aspx, October 12, 2006.

WD-40 Company

We are a global consumer products company dedicated to building brand equities that are the first or second choice in their respective categories.

Our mission is to leverage and build the brand fortress of WD-40 Company by developing and acquiring brands that deliver a unique high value to end users and that can be distributed across multiple trade channels in one or more areas of the world.

We strive to cultivate a learning culture based on our corporate values. We have a healthy discomfort with the status quo. We reward those who take personal responsibility in getting results to increase the profitability and growth of our business.

Source: http://www.wd40.com/AboutUs/our_philosophy.html, October 12, 2006.

Conclusion

Engaged employees can help your organization achieve its mission, execute its strategy and generate important business results. This report has highlighted ways in which different HR practices, including job design, recruitment, selection, training, compensation and performance management can enhance employee engagement. But these examples also show that employee engagement is more complex than it may appear on the surface. Organizations define and measure engagement in a variety of different ways, suggesting there is no one "right" or "best" way to define or stimulate engagement in your workforce. The decision to invest in strengthening engagement or commitment (or both) depends on an organization's strategy and the makeup of its workforce.

For these reasons, it is vital to consider your own organization's view of engagement, as well as its strategy and workforce composition when deciding which HR practices will receive scarce investment dollars. The research, guidelines and examples provided in this report—as well as the annotated bibliography—can help you begin to weigh the options and to craft an investment plan that will best suit your organization's unique circumstances.

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Sources and Suggested Readings

Work Engagement

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*, 268-279.

This article summarizes findings linking employee engagement with business outcomes, including customer satisfaction and loyalty, profitability, productivity, employee turnover, and safety. It is important to examine business-unit-level relationships because it is at this level that employee survey data are typically used by organizations. Data aggregated to the business-unit level were provided by The Gallup Organization for 7,939 business units in 36 companies representing 21 industries. Engagement was measured by the 13-item Gallup Workplace Audit survey of aspects of work environments over which supervisors and managers have direct influence. Meta-analysis (a technique for analyzing results across individual studies) summarized engagement-outcome relationships across business units and companies. The results reveal that employee engagement relates to business-unit outcomes, with the strongest effects for employee turnover, customer satisfaction and safety. Productivity and profitability are more weakly related to engagement, probably because they are affected by many factors besides employee performance. Comparing business units across companies above the median on employee engagement to those below it reveals a business success rate (a composite measure of business outcomes) advantage of 103%, which equates to millions of dollars for large organizations.

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

Based on role theory and socialization research, a conceptual framework explains self-in-role processes by which people become psychologically present or absent in particular moments and episodes of work role performance. Engagement and disengagement are adaptive psychological mechanisms that protect against, respectively, isolation from and engulfment by social systems such as workplaces. Personal engagement refers to expression of one's preferred self (one's real identity, true thoughts and feelings) physically, cognitively and emotionally during role performances. Personal disengagement refers to withdrawal and defense of one's preferred self, removing or limiting oneself physically, cognitively and emotionally from role episodes. Participant observation and interview methodologies were used to study counselors at a summer camp for adolescents and employees of an architecture firm. Findings reveal that three psychological conditions influence engagement:

(1) meaningfulness (benefits arising from task characteristics, role characteristics and work interactions); (2) safety (minimizing risks to self-image, status and career arising from interpersonal relationships, group and intergroup dynamics, management style and process, and organizational norms); and (3) availability (of personal resources to fulfill role obligations free from distractions and preoccupations).

Employee Commitment

Abrahamson, M., & Anderson, W. P. (1984). People's commitments to institutions. *Social Psychology Quarterly, 47,* 371-381.

Following earlier work on peoples' commitments to multiple institutions in society, these authors examine the interconnections among these commitments as well as commitments as antecedents of a general sense of alienation. Focusing on broadly defined social institutions (economic, educational, familial, political, religious), a sample of adults was contacted by telephone on two occasions approximately 12 months apart and asked questions designed to indicate degree of commitment to each institution. Examples include "are you a dues-paying member of any school-related organization, like a PTA, PTO or alumni association" or "in a typical month, how often do you attend religious services?" Findings reveal that individuals' commitments to economic, educational and political institutions are interconnected, forming a set related to feelings of social alienation. Familial and religious commitments are inconsequential with respect to other commitments and unrelated to alienation. The importance of a specific commitment in the context of a person's multiple commitments is emphasized.

Becker, T. E., Billings, R. S., Eveleth, D. M., & Gilbert, N. L. (1996). Foci and bases of employee commitment: Implications for job performance. *Academy of Management Journal, 39,* 464-482.

This study examines relationships between employee commitment and job performance using a sample of recent business school graduates employed by numerous, mostly mid-sized companies. Previous research found little or no relationship between commitment to one's employer and performance. These authors distinguish between commitment to one's supervisor vs. employer and further differentiate commitment based on identification (adopting attitudes and behaviors to foster one's association with an individual or group) vs. internalization (adopting attitudes and behaviors congruent with shared values). As expected, internalized commitment to one's supervisor is positively related to overall prescribed job performance. Commitment to employer and commitment based on identification are unrelated to performance. These results suggest that commitments to entities closest to employees, such as supervisors and co-workers, have greater effects on performance than employer commitments.

Cohen, A. (2003). *Multiple commitments in the workplace: An integrative approach.* Mahwah, NJ: Lawrence Erlbaum Associates.

> This in-depth review of the research literature on workplace commitment addresses the added value to theory and practice of a deeper understanding of multiple commitments and workplace behaviors. Rather than consider simultaneous commitments to individual entities separately, this book adopts an integrated multidimensional approach. Different forms of commitment are considered in some detail (e.g., to employer, career, job, work group, union), as are various theoretical models to explain them and their interrelationships. Research on relationships between commitments and work outcomes (e.g., employee turnover, absenteeism, job performance) is reviewed and summarized. Additional topics include commitments and nonwork domains and commitments in cross-cultural settings. Future research directions are suggested, and a helpful compendium of commitment survey instruments is appended.

Meyer, J. P., Becker, T. E., & Vandenberghe, C. (2004). Employee commitment and motivation: A conceptual analysis and integrative model. *Journal of Applied Psychology, 89*, 991-1007.

> The authors propose an integrative framework that combines essential elements of theories of work motivation and employee commitment. They argue that commitment is one of several energizing forces for motivated behavior and that a better understanding of this relationship contributes to advances in research and practice. The forms of commitment (affective, normative and continuance commitment), as well as its foci (employer, supervisor, team, customers) and bases (identification, socialization and investments), are integrated into Locke's (1997) goal-based model of motivated work behavior. Goal regulation is proposed as a motivational mindset reflecting the reasons for a person's purposive behaviors. Influenced by a person's needs, values and commitments, goal regulation affects a person's choices of goals and, ultimately, behavior. The integrated model explicitly recognizes a distinction between discretionary and nondiscretionary behavior. Twelve theoretical propositions are provided.

Work Design

Fried, Y., & Ferris, G. R. (1987). The validity of the job characteristics model: A review and meta-analysis. *Personnel Psychology, 40*, 287-322.

> The job characteristics model, developed in a series of studies in the 1970s by J. R. Hackman, E. E. Lawler, G. R. Oldham and others, postulates five motivational job characteristics that, when present, stimulate internal work motivation, performance and low absenteeism. This article reviews the results of nearly 200 studies testing this model and provides a meta-analysis of relevant data from 76

of them. In particular, criticisms of the model raised by previous reviewers are considered. Consistent with the model, findings support the hypothesized relationships between the job characteristics of skill variety, task identity, task significance, autonomy and feedback and the psychological states of experienced work meaningfulness, experienced responsibility for outcomes and knowledge of results. Some support is found for the intervening role of psychological states between job characteristics and motivational and performance outcomes, although an additive combination of job characteristics is superior to the hypothesized multiplicative combination in relating to outcomes. Organizational context and magnitude of job changes are discussed as important factors in the job design-performance relationship.

Morgeson, F. P., & Humphrey, S. E. (in press). The Work Design Questionnaire (WDQ): Developing and validating a comprehensive measure for assessing job design and the nature of work. *Journal of Applied Psychology.*

The authors address the need for a broadly inclusive assessment instrument to describe work and jobs in today's economy. A thorough review of available instruments and studies of job design produced a list of 107 work characteristic terms. These were edited and sorted into 18 categories in three major groupings: 1) motivational characteristics, including autonomy, task variety, task significance, task identity, feedback from job, job complexity, information processing, problem solving, skill variety and specialization; 2) social characteristics, including social support, interdependence, interaction outside the organization and feedback from others; and 3) contextual characteristics, including ergonomics, physical demands, work conditions and equipment use. A questionnaire includes at least three items for each topic and a five-point "strongly disagree" to "strongly agree" response scale. Validation research is presented with data gathered from 540 job incumbents holding 243 distinct jobs. Measurement properties of the instrument were determined to be sound. The findings that task and knowledge work characteristics relate to job satisfaction and that social support adds to satisfaction beyond these characteristics suggest that engagement in work can be fostered through multiple avenues of job design.

Voluntary Work Performance

Borman, W. C., & Motowidlo, S. J. (Eds.). (1997). Organizational citizenship behavior and contextual performance [Special issue]. *Human Performance, 10*(2).

This special issue includes an introduction by W. C. Borman and S. J. Motowidlo to two classes of voluntary work behaviors, organizational citizenship behavior (OCB) and contextual performance, plus seven theoretical review and research articles.

■ S. J. Motowidlo, W. C. Borman and M. J. Schmit [A theory of individual differences in task and contextual performance, pp. 71-83] describe a theory of job performance that differentiates contextual performance (work activities that support the organizational, social and psychological environment of a job rather than the core tasks of the job) from task performance, using a behavioral episode perspective to argue that knowledge, skills, work habits and personal traits associated with the former differ in important ways from those associated with the latter.

■ D. W. Organ [Organizational citizenship behavior: It's construct clean-up time, pp. 85-97] provides a conceptual paper on the importance of OCB and contextual performance in modern organizations with broadly defined jobs. He considers the similarities and differences among related terms such as discretionary and extra-role performance and concludes that OCB and contextual performance are synonyms.

■ W. C. Borman and S. J. Motowidlo [Task performance and contextual performance: The meaning for personnel selection research, pp. 99-109] describe how distinctions between contextual and task performance can advance the science of personnel selection and the prediction of individual job performance.

■ L. A. Penner, A. R. Midili and J. Kegelmeyer [Beyond job attitudes: A personality and social psychology perspective on the causes of organizational citizenship behavior, pp. 111-131] offer a conceptual model that distinguishes short- and intermediate-term episodes of OCB from long-term enduring OCB. Short-term OCB episodes are influenced by one's personality, particularly prosocial orientation, by particular motives to engage in the specific behavior and by moods and job attitudes. Engaging in OCB episodes, in turn, affects one's role identity as an organizational citizen. One's identity as a good citizen causes enduring OCB.

■ P. M. Podsakoff and S. B. MacKenzie [Impact of organizational citizenship behavior on organizational performance: A review and suggestions for future research, pp. 133-151] examine the relationship between OCB and effectiveness of work groups and organizations. They conclude that the altruistic helping dimension of OCB has the greatest effect on organizational success. They suggest a typology of in-role and extra-role behaviors and call for additional research on this important topic.

■ J. M. George and G. R. Jones [Organizational spontaneity in context, pp. 153-170] consider the effects of organizational context on spontaneity and other aspects of contextual performance. Context provides both opportunities for and constrains upon these behaviors. Contextual influences are examined at the individual (e.g., skill level, self-efficacy, role definitions), work group (e.g., group norms, task interdependence, goals), organizational (e.g., structure, poli-

cies, reward systems) and interorganizational (e.g., competitive pressures to adopt similar practices such as quality and customer focus) levels.

■ C. Speier and M. Frese [Generalized self-efficacy as a mediator and moderator between control and complexity at work and personal initiative: A longitudinal field study in East Germany, pp. 171-192] study relationships among control, job complexity, work-related self-efficacy and personal initiative at work. Findings highlight the important part played by self-efficacy in the working conditions—the part of initiative relationship. Initiative levels of those who are higher in self-efficacy are less affected by working conditions than initiative levels of those who are lower in self-efficacy.

Organ, D. W. & Ryan, K. (1995). A meta-analytic review of attitudinal and dispositional predictors of organizational citizenship behavior. *Personnel Psychology, 48,* 775-802.

The concept of organizational citizenship behaviors (OCBs) was introduced to the research literature in 1983. OCBs are voluntary contributions at work that include altruistic helping behaviors, compliance with work norms and requirements, courtesy to others to ensure smooth working relationships, sportsmanship to maintain performance under adversity, and civic virtue to contribute constructively to issues that arise in the workplace. This article provides a meta-analysis of 55 studies of the relationships between work attitudes, personality and OCBs. Whereas pervious research established that job satisfaction is only weakly related to prescribed task performance, these authors test the hypothesis that work attitudes are more strongly related to voluntary performance than to prescribed performance. Findings show that job satisfaction relates more strongly to OCBs than to prescribed performance, as expected, although it appears that this is mainly true for nonmanagerial, nonprofessional employees. The authors' expectations that other work attitudes such as perceived fairness and emotional commitment relate more strongly than job satisfaction to OCBs were not supported. They speculate that there may be a general "morale" or engagement factor that accounts for the observed attitude-OCB relationships. They also hypothesize that personality measures are more strongly related than work attitudes to OCBs. This hypothesis received only minimal support: the personality dimension of conscientiousness relates to the OCB dimension of compliance. The authors call for more research on the relationship between OCBs and organizational effectiveness.

Parker, S. K., Williams, H. M., & Turner, N. (2006). Modeling the antecedents of proactive behavior at work. *Journal of Applied Psychology, 91,* 636-652.

This article distinguishes between active and passive dimensions of work behaviors. Proactive work behaviors occur when employees use their initiative and are self-starters, particularly in implementing new ideas and problem solving to

improve upon current circumstances. People may be proactive with respect to prescribed tasks and voluntary contributions in the workplace. Passive work behaviors include routine task performance and compliance with rules and procedures. The authors tested a model using questionnaire data gathered from 282 production employees of a wire-based manufacturer. Results show that proactive personality and job autonomy influence flexible role orientation (defining one's work roles broadly, being willing to take ownership of challenges beyond immediate assigned tasks) and role breadth self-efficacy (one's perceived capability to engage in proactive work behaviors beyond those specifically prescribed), and these in turn foster proactive work behaviors. Job autonomy also directly influences proactive behaviors. Co-worker trust influences proactive behaviors via flexible role orientation. Emotional commitment links to general compliance, but not to proactive behaviors. The authors conclude that a proactive workforce may be obtained by recruiting employees with proactive personalities and by redesigning jobs to promote flexible role orientations and role breadth self-efficacy.

Linkage Research

Brooks, S. M., Wiley, J. W., & Hause, E. L. (2006). Using employee and customer perspectives to improve organizational performance. In L. Fogli (Ed.), *Customer service delivery: Research and best practices* (pp. 52 – 82). San Francisco, CA: Jossey-Bass.

The message of this chapter is that business results are achieved through management of work practices guided by measurement of employee and customer data. Employees, in responding to opinion surveys, serve as observers and reporters of these practices. Linkage research is the mechanism that combines information about work practices with customers' reactions to and evaluations of these practices. The high-performance model summarizes links in the chain from leadership through work practices to customer experiences and ultimately to business results and reveals characteristics of high-performance organizations. The chapter concludes with advice for integrating linkage research with strategic organizational development to achieve superior performance.

Dietz, J., Pugh, S. D., & Wiley, J. W. (2004). Service climate effects on customer attitudes: An examination of boundary conditions. *Academy of Management Journal, 47*, 81-92.

The article investigates two boundary conditions (factors that determine degree of influence) of business service climate and their effects on customers' evaluations of service in 160 branches of a regional bank. The first boundary condition is proximity. A distinction is made between the service policies of the bank (general guidelines for practice promoted from distant headquarters) and actual service practices that play out in branches at the point of contact with customers.

Branch employees reported both bank-level and branch-level service climate. The second boundary condition is frequency of contact with customers. A survey asked customers to estimate the number of interactions they had with tellers and personal bankers over the previous six months. Findings are that (a) service climate at the local branch level, not the bank level, influences customers' experiences of service, and (b) positive service climates have their greatest effects for the most frequent customers. Although it is tempting to infer from these results that quality of the service encounter is determined by local management practices and that quality of the service encounter determines customer satisfaction and business results, the authors note that surveys do not measure actual service episodes and it remains for future research to directly establish these links.

Ryan, A. M., Schmit, M. J., & Johnson, R. (1996). Attitudes and effectiveness: Examining relations at an organizational level. *Personnel Psychology, 49*, 853-882.

This study of employee attitudes as they relate to several types of performance measures was conducted using data gathered over a two-year period from 142 branches of an automobile finance company. Performance measures include 10 productivity and operating efficiency measures (e.g., total dollar profit, market share, controllable operating costs), customer satisfaction (a single survey question rating overall satisfaction with service) and annual employee turnover. Data modeling with two time periods permits tests of causal relationships, asking whether employee attitudes determine branch performance or the reverse. Findings are that employee attitudes show generally small relationships to productivity, that customer satisfaction is more likely to cause employee attitudes than the reverse and that employee attitudes relate to turnover. Although these effects are modest in magnitude, the authors note that differences in turnover and productivity between the top and bottom employee-attitude branches translate into substantial sums of money. They call for future research on the specific mechanisms by which employee attitudes relate to business unit performance.

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

The question of whether employee attitudes lead to organizations' financial results or vice versa was examined using data gathered over an eight-year period from 35 companies. Although most previous research simply assumed that the direction of causality is from employee attitudes to organizational performance, few studies actually test this assumption. Analyses reveal that two attitudinal dimensions—satisfaction with security and overall job satisfaction—are more strongly influenced by previous organizational performance as measured by return on assets (ROA) and earnings per share (EPS) than the reverse. Satisfaction

with pay shows reciprocal relationships with both ROA and EPS. The authors offer a model to suggest how high-performance work practices could affect these dynamic relationships.

Schneider, B., Parkington, J. J., & Buxton, V. M. (1980). Employee and customer perceptions of service in banks. *Administrative Science Quarterly, 25*, 252-267.

This article is one of the first to examine business-unit-level correlations between employee perceptions and customer evaluations of business performance. It established the line of research that was later labeled *linkage research*. The sample includes employees and customers of 23 branches of a regional bank. The rationale for the study was that branch employees are boundary-spanners, interacting with external customers to achieve the goals of the organization. In that role, they are uniquely positioned to report business practices that influence customer outcomes. Findings support this hypothesis, showing a strong overall correlation (.67) between employee and customer evaluations of overall branch business practices. Employees and customers generally agree as to which branches are most and least effective in serving customer needs. Correlations between specific facets of these practices reveal the potential to rectify performance deficiencies. By virtue of a thorough description of methodology, these authors provide a step-by-step guide to conducting a linkage study.

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*, 150-163.

This study of employees and customers of 134 branches of a large bank tests a model linking branch climate for service to customer evaluations of service quality. The model proposes that service climate is a product of human resource *foundation issues*—contextual factors, such as training, managerial practices or assistance of co-workers, that sustain and support individual work performance. This model is tested with structural equation modeling, a sophisticated analytic technique that tests relationships among several variables simultaneously. Survey data were gathered from samples of employees and customers over a four-year period—a method that permits tests of directional causality: does service climate determine service quality, does service quality determine service climate, or do these factors have reciprocal (two-way) influences? Findings show that service climate is determined by foundation issues of work facilitation and inter-departmental service and by specific service policies and practices. Examined over time, reciprocal relationships show that customer evaluations at time 2 were affected by branch climates for service at time 1 and branch climates for service at time 2 were affected by customer experiences at time 1. The importance of measuring and using customer feedback to improve work practices is highlighted.

Changing Work

Cappelli, P. (1999). *The new deal at work: Managing the market-driven workforce.* Boston, MA: Harvard Business School Press.

This book addresses implications for effective practices in managing employees of organizational restructuring over the last 20 years of the 20th century. It builds upon earlier work by Cappelli and others (*Change at Work*, 1997) that examined trends in workplaces changes and employment relationships. It places recent trends in historical context, with particular attention to forces that shaped both the "traditional" employment model and today's variations on it. Cappelli argues that a fundamental shift has occurred, such that workers today are more likely to bear the risks of the marketplace in the form of job insecurity, performance-contingent pay, limited duration contractual employment, etc. The book explores ways in which employers can effectively adapt to and cope with this "new deal at work."

Cappelli, P., Bassi, L., Katz, H., Knoke, D., Osterman, P., & Useem, M. (1997). *Change at work.* New York: Oxford University Press.

This book is the product of a study that examines recent trends in workplace changes, with particular attention to their effects on employees, employers and employment relationships. In the mid-1990s, there was much attention in the media to topics like corporate restructuring and downsizing, high-performance work systems and a purported "skills gap" between demanding technical job requirements and an educational system that failed to provide a workforce with the needed skills. The authors responded to media hype with systematic research addressing organizational restructuring, downsizing, the use of contingent employees, changes in the organization of work within companies, employer-provided training and skill development, the purported skills gap, and implications of these trends for future employment relationships.

Howard, A. (Ed.). (1995). *The changing nature of work.* San Francisco, CA: Jossey-Bass Publishers.

Written in response to fundamental transformations in work and workers in the post-industrial era, this book provides detailed analyses of topics such as job design, technology, labor relations, skill development, personnel selection, psychological contracts, performance appraisal and leadership.

Ilgen, D. R., & Pulakos, E. D. (Eds.). (1999). *The changing nature of performance: Implications for staffing, motivation, and development.* San Francisco, CA: Jossey-Bass Publishers.

This book examines the effect of technological, social and economic forces on how work is done and organized. The focus is on employee performance—how it is defined, measured and managed by human resource systems. The authors consider

seven trends affecting performance (technology and jobs, design of jobs, contingent workers, continuous learning, customer focus, leadership and supervision, and team work). The authors address effective human resource practices in the areas of staffing, motivation and employee development in light of these trends.

National Research Council. (1999). *The changing nature of work: Implications for occupational analysis.* Committee on Techniques for the Enhancement of Human Performance: Occupational Analysis. Washington, DC: National Academy Press.

This volume provides a framework for understanding changes in work and organizations in the last years of the 20th century and their implications for systems used to describe and categorize work, workers and employment relationships. Major trends identified and discussed include increasing demographic diversity, changing markets and globalization, changing technology, blurring of distinctions among jobs, and increasing choices in organizational design. The need for an integrated, systematic approach to analyzing work is recognized. The potential of the U.S. Department of Labor's O*NET™ occupational information system is evaluated favorably. The U.S. Army is offered as a case study. Although different from private sector companies and other government agencies in important ways, the Army nevertheless is affected by many of the same societal trends.

General References

Barnett, R. C., & Hyde, J. S. (2001). Women, men, work, and family: An expansionist theory. *American Psychologist, 56,* 781-796.

The authors of this theoretical article argue that the lives of U.S. women and men changed dramatically over the second half of the 20th century with respect to levels of workforce participation, education, income and gender, work and family roles. However, these changes were not accompanied by revisions to the dominant theories driving research in these areas (functional theories of gender-role specialization, psychoanalytic theories of personality development based on gender differences and sociobiological theories predicated on reproductive fitness explanations for gender differences), in spite of a dearth of empirical evidence supporting these theories. The authors propose an "expansionist" theory with four principles. These include (1) multiple roles are beneficial for women and men concerning psychological, physical and relationship health—strong commitments to work and family roles can be mutually congruent; (2) beneficial effects of multiple roles stem from such factors as buffering of stressors across roles, added income, social support and opportunities for success; (3) benefits of multiple roles depend on role quality, not number of roles or time devoted to each; (4) psychological gender differences are not large or immutable so as to force women and men into highly differentiated roles.

Markus, H., & Nurius, P. (1986). Possible selves. *American Psychologist, 41,* 954-969.

This theoretical article combines elements of cognition (rational beliefs) and motivation in proposing that people hold ideas about their future possible selves. These include selves one hopes to become (e.g., successful, creative, rich), selves one could become and selves one is afraid of becoming (e.g., depressed, unemployed, homeless). Beliefs about possible selves spring from deep-seated goals, aspirations, motives and fears. These are often quite vivid—a thinner self, for example, is imagined as more attractive, happier, more vivacious. Possible selves act as incentives for behaviors (selves to strive to become), they provide context and meaning to those behaviors ("I will spend the next two years pursuing a master's degree in order to…"), they are influenced by one's social milieu (by role models, one's own past achievements, comparisons to others), and they guide role-taking and other future-oriented actions. The article discusses relationships between one's "core self" (self-concepts that are chronically accessible and central, such as major roles, group memberships and ascribed characteristics) and possible selves. Possible selves are advantageous to the individual because, in comparing current and hoped-for selves, they stimulate personal growth and development.

Rhoades, L., & Eisenberger, R. (2002). Perceived organizational support: A review of the literature. *Journal of Applied Psychology, 87,* 698-714.

Perceived organizational support is defined as employees' general beliefs that their employers value their contributions and care about their well-being. Whereas employers value employee dedication and loyalty, employees are more concerned with their employers' reciprocal commitments to them. This review summarizes the findings of 70 studies about the relationship of treatment received by employees to their perceptions of organizational support, and the benefits of supportive treatment in terms of job satisfaction, employer commitment, job performance and intentions to remain with an employer. Meta-analysis supports the theory that (a) perceived organizational support is greater when employees believe that their employers' supportive actions are discretionary; (b) supportive actions by employers instill obligations to reciprocate in the form of stronger emotional bonds to the employer and contributions of proactive work behaviors; and (c) procedural fairness in amount and distribution of organizational resources and a supportive supervisor encourage employees to personify their employers, viewing employers as entities that regard them favorably.

Rousseau, D. M. (1995). *Psychological contracts in organizations: Understanding written and unwritten agreements.* Thousand Oaks, CA: Sage Publications.

This book adopts a behavioral perspective to address the fundamental roles that contracts play in organizations. Contracts can be placed on a continuum from formal written to informal unwritten agreements covering employment,

termination, product warranties, supplier relationships, corporate mission statements, partner relationships and others. The observation that all contracts are incomplete to some degree and must be interpreted leads to consideration of psychological contracts (individual beliefs regarding terms of exchange relationships with employers), social contracts (collective group belaviors and reciprocal obligations) and their implications for organizations