Employee Engagement: Is It Really "The Holy Grail" of HR?

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As the economy slowly makes its way back in recovery mode, and more employees are concerned with issues beyond job security, we are beginning to see a return to a focus on "employee engagement" as the critical overriding factor within organizations that drives performance.

Study after study from the nation's largest HR consulting firms point out a relationship between high levels of engagement and high levels of financial performance. Achieving overall employee engagement is viewed by many human capital professionals as the "holy grail."

For years, companies around the globe have conducted employee engagement surveys in an effort to determine why their organizations function the way they do, and how they can pull levers of engagement to improve performance. The results of these employee engagement surveys sometimes end up driving key business decisions and impacting the day-to-day lives of employees, shareholders, and customers.

But is that really all there is to it? Should companies focus exclusively on employee engagement as the key indicator of success or failure within their organization? Is high employee engagement some sort of management panacea that cures all ills?

The answer to these questions is a resounding "No."

While employee engagement should be measured as an important dimension of an organization's human resource and social system, *truly understanding how to optimize performance in your organization requires understanding your culture.*

For example, we know that with some people, we can increase their engagement and satisfaction by simply making their work easy, operating in a go-along to get-along manner and, more generally, encouraging passive behaviors.

Research shows clearly that organizations with "Passive/Defensive" cultures indeed reap a certain type of engagement—*albeit* one akin to entrapment. In these types of organizations, there may be employee involvement or continuous improvement initiatives; however, members generally respond with what they think their managers want to hear rather than what they personally believe. In other words, people are committed in order to keep their job, as opposed to committed to performance and making a difference. They tend to rely on established routines and procedures, prefer to maintain the *status quo,* and relish the secure and predictable work environment.

Though the organization might currently be successful or a market leader, keeping these folks engaged hardly results in improved or even sustained performance. And while it might seem that the passive culture and high engagement are leading to the current level of performance, the direction of causality is the other way around. As explained by David Nadler and Michael Tushman in *Competing by Design* (1996), effective organizations tend to fall into a self-destructive "success syndrome." As the organization grows larger, bureaucracy flourishes; as it becomes more efficient at doing certain things, it

becomes less capable of changing and doing new things; and as members become more arrogant and convinced of the organization's invulnerability, they simultaneously become more conservative, obsessed with corporate politics, insular, and indifferent to shifts in the market.

The nature of the relationship between engagement and performance is complex. While engagement can potentially lead to performance, performance can lead to engagement—particularly if high performers are properly rewarded. Alternatively, the relationship between engagement and performance can be spurious, with a third factor (like culture) leading to both of them.

In fact, *if your organization is encouraging or enabling Passive/Defensive behaviors in the workplace, its culture may be negatively impacting performance—no matter how engaged employees are.* Research shows that if its culture is instead more "Constructive," it can lead to both performance *and* engagement. The fact is that *certain cultural attributes can make people satisfied and committed and simultaneously make them more productive.*

How do we know this?

DEFINITIVE RESEARCH

Human Synergistics International develops through intensive research some of the most highly respected organization development materials in the industry, including the most widely-used organizational culture survey in the world. HSI assessments and simulations have helped over 20 million individuals enhance their effectiveness and achieve greater levels of success.

And time and time again, through research using the statistically validated and tested *Organizational Culture Inventory®* (OCI®), we have learned that ultimately it is an organization's *cultural attributes*—measured in terms of "what's expected" of members—that are likely to drive engagement as well as

performance.

One HSI study looks at 6,444 randomly selected respondents from 1,080 organizational units who had completed the *Organizational Effectiveness Inventory®* (OEI), a companion survey to the culture inventory, which enables an organization to evaluate the impact of culture on outcomes and identify the levers and conditions that shape and reinforce that culture.

The study examines the impact of three different types of cultures on outcomes such as motivation, satisfaction, intention to stay, cooperation and teamwork, department and organizational-level quality, and adaptability. The three types of cultures are:

Constructive cultures, in which members are encouraged to interact with others and approach tasks in ways that will help them to meet their higher-order satisfaction needs (includes norms and expectations for Achievement, Self-Actualizing, Humanistic-Encouraging, and Affiliative behaviors).

Passive/Defensive cultures, in which members believe they must interact with people in self-protective ways that will not threaten their own security (includes norms and expectations for Approval, Conventional, Dependent, and Avoidance behaviors).

Aggressive/Defensive cultures, in which members are expected or implicitly required to approach tasks in forceful ways to protect their status and security (includes norms and expectations for Oppositional, Power, Competitive, and Perfectionistic behaviors).

The study shows a positive correlation between the strength of Constructive cultures and both engagement and performance outcomes including *motivation, satisfaction, intent to stay, cooperation and teamwork, department and organizational–level quality,* and *adaptability*. The correlations between these outcomes and

Aggressive/Defensive and Passive/Defensive cultures are mixed or negative.

Other recent research from HSI and consultancies First Light PMV and AchieveBlue examines the cultures of 43 companies from "Canada's 50 Best Managed Companies," the "Top 100 Companies to Work for in Canada," and Hewitt Associates' "Best Employers in Canada." The CEOs of the companies were interviewed regarding their vision, personal history, goals, aspirations, and leadership style. In addition, they completed the *Organizational Culture Inventory* in terms of the Ideal Culture they envisioned for their organization, which was compared to their employees' take on the Current Culture.

The study shows that, across the board, "a Constructive culture is directly proportional to an organization's ability to keep its promises: financial, brand, loyalty, quality, employee and customer satisfaction."

In yet another study using the OCI, researchers compare the state and impact of the Ohio State University Medical Centers' culture over four years.

In that time, the culture moved from primarily Passive/Defensive (emphasizing Avoidance) to Aggressive/Defensive (high in Competitive norms) and strongly toward the Constructive styles. The most recent administration of the OCI identified a strong emphasis on setting and achieving goals and on helping and encouraging others. Cultural improvements were accompanied by improved metrics surrounding research, education, and patient care.

Similar studies of Baptist Hospital in Pensacola, Florida; Griffin Hospital in Derby, Connecticut; and University of Michigan Health Centers all confirm a clear link between building a Constructive, people-oriented culture and patient satisfaction metrics. Again, *study after study has demonstrated that Constructive cultures have a definitive impact on the outcomes that ultimately determine an organization's long-term effectiveness and success.*

By ignoring culture issues and focusing solely on employee engagement, many organizations are missing the opportunity to uncover important levers that drive not only engagement but also "hard" performance outcomes that sometimes are mistakenly attributed to engagement.

IF NOT ENGAGEMENT, THEN WHAT?

So if not solely through employee engagement surveys, how should organizations initiate, guide, and monitor organizational change?

Used either in conjunction with or as a follow-up to engagement-specific surveys, organizational culture surveys provide the information and tools needed to initiate targeted, consistent, and long-term oriented change. The levers for change simultaneously enhance the ability of members and teams to perform as they positively impact satisfaction and motivation.

From there, organizations are able to profile and monitor the organization's progress over time: use follow-up assessments to gauge change, check HR strategies against the organization's target or ideal culture, and link changes in culture to improvements in performance.

The human capital consulting industry continues to sell the idea that a few sips from the Holy Grail of employee engagement will magically transform organizations and heal whatever ails them. While this is a good start, *companies should go beyond this and get to the root of their organizational ills by using a true organizational culture survey to define, activate, and reinforce the behaviors that drive the right kind of engagement and optimize organizational performance.*

It may take a little internal crusading to implement, but the results are proven to be well worth the effort.

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