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Untangling engagement and high performance

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> No society can provide its members with a high quality of life unless it has effective organizations.
>
> Edward Lawler III

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Abstract

Employee engagement and performance are supposed to be closely related, and there is both empirical and conceptual support for a strong relationship. Yet too much attention has been paid to the engagement-performance relationship to the exclusion of other key contributors to performance, including job design and technology. Jobs that are designed with low discretion, autonomy and employee skills manage performance through control systems and close managerial oversight; in these roles there is relatively small scope for high engagement to improve performance. Jobs that are designed with high discretion, autonomy and employee skills, in contrast, have substantial scope for high engagement to improve performance. Moreover, the role of technology in improving performance in both types of role is quite different: it can help enhance engagement and performance in high discretion roles, and reduce engagement even as it enhances performance in low discretion roles.

The allure of employee engagement has captured the attention of business leaders, HR professionals, and consultants for almost two decades now. At first blush, employee engagement seems like a no brainer. After all, who would want to have disengaged employees? With disengaged employees, absenteeism and turnover should be higher. Attention to detail should be lower. People will not go out of their way to make sure their work is best integrated with that of their colleagues.

Supporting these basic assumptions are claims from both researchers and consultants that having more engaged employees leads to better business results.

Thus, at a conceptual level, engagement and performance are closely related because there is a wide range of effort that people can choose to provide at work. If effort is low, then performance also should be low; if effort is high, then performance should be high. In principle, the only challenge appears to be how to get the employee to apply greater effort.

Despite the conceptual link there are many practical problems with how engagement and performance are measured and managed. Gallup and other consulting companies, along with many researchers, have impressed on organizations the importance of focusing on employee engagement, often to the exclusion of addressing other contributors to performance. Yet we know that factors such as job design and technology are just as important in promoting performance.

For example, encouraging discretionary effort arguably matters more for performance at the upper range of what employees are capable of, and much less so at the lower range. Performance management processes and the threat of firing provide a floor that keeps employees from considering lowering engagement and discretionary effort too low: effort and productivity have to be at a minimum to guarantee continued employment. The engagement challenge is how to get the employee to do more than that so the company can succeed beyond the performance minimum.

In this article we will look at the various factors that contribute to performance on the job, including where employee engagement is more versus less important.

Does engagement increase performance? The first two critiques.

There is a disconnect between the popular perception and reality of how engagement impacts performance. Two of the more common critiques have been discussed at length elsewhere, and we start by reviewing them briefly. A third critique, which is new, follows and is the focus for most of this article.

In principle, it makes perfect sense that disengaged employees are less productive than engaged employees. So conceptually it's accurate to say that engagement and performance go hand-in-hand. However, problems start cropping up once we move from engagement as a theoretical idea to measuring it in practice. The heart of the problem is that what we want to know how dedicated people are to the work, and whether they are focusing their efforts (their "engagement") on the right things at work. Yet what we measure falls far short of that, which makes it hard to draw a direct line from measured engagement to job performance.

What gets measured in practice are what psychologists call "general affect," meaning fairly broad measures of how people feel about different aspects of work. Job satisfaction is the classic measure which has been used the longest; another classic is intention to turnover. More recently, commitment has emerged as an effective way of measuring employee engagement, though it is used much more extensively in the research world than among consultants and in-house survey designers in companies.

Psychologists have identified three different types of engagement measures: traits (different personality types, conscientiousness), states (satisfaction, commitment, empowerment, involvement), and behaviors (going above and beyond the job duties, being proactive and adaptive in the work environment).[i] Traits are immutable: some people are just more conscientious than others, no matter what environment they work in. One way to maximize engagement and help productivity is to recruit and retain people who, by their very nature, are going to be more engaged in the work. However, as important as that is, when people talk about increasing engagement at work to help productivity, they have in mind changing the level of engagement among existing employees, which means increasing state or behavioral engagement.

Most of what is deployed to measure engagement today falls squarely into state engagement: these are the constructs that are easiest to measure in self-report employee surveys, the standard way engagement is measured in organizations. Measuring behavioral engagement is important, but cannot be done in a cost effective and reliable way. There are survey items designed to get people to report discretionary effort, and going above and beyond the job duties, but those kinds of things cannot be reliably measured in a survey. For example, really dedicated and humble people who contribute a lot will not acknowledge the full extent of their contributions, while egotistical people will overinflate their contributions. So what gets measured and acted on in organizations falls predominantly under the state engagement umbrella: satisfaction, commitment, empowerment, involvement, and so on.

Conceptually, what's measured seems like it should directly impact productivity. If employees are dissatisfied with their jobs, are not committed to working for the organization, and are looking to leave, then their productivity should be lower than it would be otherwise. And even if productivity isn't necessarily lower, those are all signs of underlying problems that likely should be addressed regardless. So we certainly support the idea of measuring employee engagement as a way of determining if there are issues that could impact productivity.

Which brings us to the first critique: because these are all general affect measures, they do not provide the direct link to productivity that we would like to have in an ideal measure. As our colleague Theresa Welbourne has noted, when we say that we want engaged employees, the question is "engaged in what?" People could enjoy their time on the job, not want to leave, and feel very committed to the organization without necessarily focusing on the tasks that matter most for business performance and strategy execution. There is a wide degree of latitude that people have at work: applying discretionary effort to the precise tasks that matter most from the company's perspective, versus what the employee feels is best, is not always the same.

For example, cross-functional communication and collaboration are important for organizations to succeed. If there are two teams that have to work closely together, spending extra time to ensure that interactions between the teams go smoothly can be both beneficial to the company, as well as enjoyable for the people involved. This could take the form of extra time devoted to discuss how issues are raised and solved when the teams work together, social events that build relationships and camaraderie among the teammates, and publicly recognizing examples of good collaboration that break with past history of crossed signals. Since activities like these help improve collaboration, their supervisors should openly support and encourage them. Between the individuals' enjoying the collaboration, and their supervisors' approval, the team members should have high engagement.

But what if that collaboration was not the most important performance challenge facing the teams? There easily could be some mission critical tasks separate from cross-team collaboration that would get less attention, lowering the teams' performance; for example, adhering to equipment maintenance schedules, keeping project documents up to date, meeting with external vendors to resolve supply chain issues, and so on. In this scenario, measured (and actual) employee engagement would be high, yet performance could be negatively impacted by the attention drawn away from tasks the teams have to do on their own. Too much attention paid to cross-team collaboration takes critical time away from tasks each team's members have to do on their own.

To summarize, the first critique's point is that we don't measure engagement well enough to be certain that the tasks people focus on – the ones they enjoy doing and make them happy with their work – are the tasks the organization would most want them to prioritize. So employees could be engaging in the work in ways that hurt productivity.

The second critique is related to the timing of when engagement and performance are measured. Conceptually, if engagement falls, then productivity should fall after. However, it's not feasible to measure engagement constantly in real time, which creates two challenges for the usefulness of measured engagement: the feedback loop from individual performance to engagement, and the feedback loop from business performance to engagement.

At the individual level, Ed Lawler noted over thirty years ago that how people feel about their jobs is positively impacted by how they perform, under the right conditions. If they are given good direction and goal setting, can perform the job tasks to the best of their ability, have enough discretion and information to make the right decisions to get the job done, and are rewarded for doing a good job, then they will enjoy the work and be engaged in doing it. This means that, timing wise, both engagement and job performance usually are co-determined (at the same time). Thus the argument can be made that job performance comes first, and engagement follows.

At the business level, individual performance is critical for business performance, but there are also factors beyond people's control. If something shifts in the market unexpectedly, sales can fall without prior warning, whether due to recession, a new competitor entering the marketplace, a change in government regulation, shifts in consumer preferences, and so on. When those external shifts happen, business results often suffer, which makes it harder for people to meet their individual performance goals, and they are dinged in their performance reviews and compensation. As a result, engagement falls, both actual and measured.

The feedback loops from individual performance to engagement and from business performance to engagement make engagement measures a risky way predict what's going to happen with performance, and thus a poor guidepost for determining how to improve performance.

There are more ways to improve performance than just raising engagement

The third critique of focusing only on engagement is that job performance is driven by a number of factors, and engagement is only one of them. Just as important, and often more so, is job design.

Job design is an essential determinant of engagement due to the importance of intrinsic motivation or focusing on how motivating the work itself is for employees. If someone finds the work they do very intrinsically motivating, they will put much greater effort and commitment into doing it, will have greater attention to detail, and will likely be quick to point out issues that need to be resolved so that the work can be done effectively. On the flip side, someone who lacks intrinsic motivation to do the work will cut back on discretionary effort and be slow to point out how the work can be improved.

The popular view is that some work is just more intrinsically motivating than others. For example, most people would say that being an artist is more intrinsically motivating than being a garbage collector. That may be true in general, in the sense that more people may choose to be artists over garbage collectors. But general interest in the work doesn’t necessarily equate to intrinsic motivation to do all aspects of the job, including meeting the performance goals. Differences in both preferences and competencies for the types of work also impact intrinsic motivation; the harder it is for you to do a job, the less motivated you will be to engage in the work. Being an artist is not physically taxing in the ways that garbage collector work can be, and it is likely more intellectually demanding, so some people find the demands of garbage collector more appealing. Large variations in the attractiveness of different jobs that depend on personal preferences and skills create big differences in how motivated anyone will be to do a particular job.

Those differences in intrinsic motivation are clear to most people and come from, in part, the basic job design. Fundamental differences in the nature of jobs in the economy drive those differences in job design, roles and responsibilities; they are why CEO jobs look different from engineer jobs, which look different from customer service jobs, and so on. Using the language of statistics, these are “between job” differences, meaning differences that define entire groups of jobs as being different from other groups of jobs.

There is a second aspect of job design that drives differences in intrinsic motivation that is not as apparent to most people as the "between job" differences: the role of technology and variation in job characteristics among similar jobs. For this perspective, instead of thinking about jobs that are fundamentally different from each other (CEO vs. engineer vs. customer service representative), the idea is to look within a group of jobs that are fundamentally similar and find the sources of difference that create differential intrinsic motivation and engagement. Rather than comparing an engineer to a customer service rep (CSR), we instead look at a group of engineer jobs for how technology and job design drives differences in motivation and engagement; the same can be done for a group of CSR jobs, and so on.

The basic principles of job design suggest that, for most types of jobs, there is a range of choices. At one end of the spectrum is traditional design: frontline roles (lowest level in the management hierarchy) have little independent decision making, managers watch over them closely to make sure they do their jobs the right way, and the roles are staffed by people whose skills are adequate to get the job done but which usually are not in the upper echelon of competencies for the role. The classic example here is a traditional manufacturing line like automobile assembly; another example is call center workers who field customer complaints and are closely monitored to ensure they don't spend too much time on any one call.

At the other end of the spectrum are jobs that are designed with what Ed Lawler calls high engagement management principles, which we label high performance jobs. These roles have greater autonomy, and managers spend more time coaching and helping individuals in these positions make decisions on their own. In addition, the people in the jobs have greater skills, and compensation usually is higher. The high performance counterparts to the traditional jobs described above are auto assembly line workers who are organized in self-managing teams, and CSRs who are held accountable not just for the volume of calls they complete, but also the quality of the conversation and the level of customer satisfaction.

Intrinsic motivation and engagement almost always should be greater in high engagement jobs versus traditional jobs, which is why some people mistakenly argue that we can focus only on engagement to improve performance. Yet the economic rationale for using a high engagement job design over traditional job design has to be made and depends first and foremost on the bottom-line benefits of that job design, not just the potential marginal benefits of having more engaged people doing the work.

The contrast is clear when you consider the generic job “customer order taker” in a restaurant. In McDonald’s this is the cashier; in Starbucks, the barista. Both the McDonald’s cashier and the Starbucks barista take customer orders but their job designs are polar opposites, with the cashier firmly planted in the world of traditional job design and the barista in the realm of high engagement / high performance job design. And while the barista is more engaged, the benefits to McDonald’s of the traditional cashier job design outweigh the downsides of lower engagement (compared to the barista) because that’s what the design of the entire work system relies on: less autonomy and independent decision making among this frontline role, with greater management oversight.

The key insight is that corporate strategy drives the selection of the relevant job design, which leads to differences in observed engagement among people in the roles. Both the barista and cashier are productive, but in different ways. Productivity for the cashier means processing orders quickly without making mistakes, and maximizing the volume of transactions done per unit of time. The barista’s value added comes from maximizing revenue by taking the time to engage customers with an experience that will lead them to buy more in their current visit and to come back again for repeat visits. The barista focuses on upselling, where appropriate, and ensuring a delightful customer experience. The cashier focuses on efficiency and order accuracy. Both are measures of productivity, with the relevant productivity measures coming out of the corporate strategy.

In those two different environments, enhancing employee engagement has different impacts on productivity and strategy execution. Greater engagement by the cashiers will not necessarily provide an increase in productivity if they are already performing at standard, meaning few to no errors in customer orders. In contrast, greater engagement by the baristas can yield higher productivity because they focus even more so on making the customer happy and figuring out how to enhance their likelihood of coming back and recommending Starbucks as a place to patronize.

This brings us to the role of technology. Technology can have both positive and negative impacts on intrinsic motivation and engagement, and yet enhance productivity in both cases – both when it enhances motivation and engagement as well as when it diminishes them. When technology makes it easier to do the job, when it takes care of routine tasks and frees up time to focus on more interesting and challenging parts of the work, it enables motivation and engagement as well as higher productivity. However, when it simplifies the work and serves as an over-the-shoulder monitor of employee behavior, it can lower motivation and engagement even while still enhancing productivity.

For example, personal computers and smart phones have greatly aided the productivity of many jobs, making things that used to be time consuming routine or eliminated them entirely. For most white collar jobs (managerial, technical, professional), technology has been productivity-enhancing while making it easier for them to get routine work done. This has freed people up so they don't have to be chained to a desk and can spend much more of their working time on higher-level, more complex tasks that provide greater value added.

On the other hand, technology has transformed other jobs in ways that enhance productivity while lowering the need for employee decision making and discretion. Many call center jobs today more closely resemble the traditional manufacturing line with a laser-like focus on call volume, minimized breaks, and routine recording of conversations so supervisors can constantly "look over the shoulders" of their direct reports, even if not in real time.

Those same jobs a generation ago, before so much technology was introduced, had lower productivity demands, required more employee discretion, and thus had the potential to be more intrinsically motivating than what they evolved to in their current incarnation. The bottom line for such jobs is the companies don't need to worry so much about high employee engagement because the technology very effectively serves as a barrier against employees lowering their effort to the point that productivity might fall. Rather than worry about the "carrot" of getting people more engaged in the work, management falls back on the "stick" of technology, knowing that it can be used to effectively keep people in line and ensure their effort doesn't fall too low.

Another aspect of the job design for traditional jobs helps the effectiveness of technology as a control device for employee behaviors on the job. Traditional job design in most cases emphasizes standard, simple processes that are easily repeated and measurable. This enables the jobs to be staffed by people who do not need advanced skill levels – while also making it easier to design technology monitoring systems that help keep the employees in line when a supervisor is not present: for example, software that monitors call center workers for how long they spend on each call, and don't take breaks that are longer than the allowed number of minutes. The reason such technology can be deployed is because the jobs are standardized.

That standardization in job design also has an impact on the relationship between engagement and productivity in traditional jobs. Task standardization frequently means there is little room for employee discretion to improve productivity beyond the target productivity levels. For this reason, jobs such as the McDonald's cashier offer little upside potential for higher productivity through employee engagement. Can greater cashier engagement have *some* effect on efficiency and productivity for McDonald's? Of course. But the point is that the upside potential for greater productivity is constrained by the job design that emphasizes a small number of easily repeatable tasks, and minimal emphasis on "delightful" customer experiences that might drive additional sales, with technology making the cashier job as simple as possible (easy to read checkout displays that show the full range of the limited number of menu options).

McDonald's could design its cashier jobs to be more like Starbucks baristas, but the economic argument for doing so doesn't fit into the business model. It achieves low cost product offerings through a work system that uses less expensive labor and technology, emphasizing speed and efficiency over delightful customer experiences. Starbucks, in contrast, has a higher engagement (and cost) model that leverages employee engagement to provide the delightful customer experience that people expect when purchasing its more expensive, and much higher margin, products.

When considering together the role of job design and technology in driving intrinsic motivation and productivity, what emerges is an asymmetrical role for engagement impacting productivity. In traditional jobs where the emphasis is on low discretion and decision making, high levels of managerial control, and low(er) levels of employee competency, the need to focus on engagement to drive business results is greatly reduced or even marginalized to the point where it might not make much of a difference. In these cases, would the organization benefit from better management practices that make the employees feel respected so they don't actively seek to sabotage the work? Of course, which is why *some* focus on engagement is always warranted. But we shouldn't expect to find high employee engagement in such jobs and, from a cost-benefit perspective, there is little argument for trying to raise engagement a great deal because there often is not enough economic return to doing so, especially if it would require redesigning the work to increase autonomy and discretion in decision making.

In contrast, for jobs that are designed to be most productive when frontline employees are given greater discretion and autonomy, greater engagement is not just a potential benefit but in fact a key part of what the organization needs for productivity to meet the goals. In high engagement / high performance jobs, greater discretion and autonomy are used to enhance productivity. That job design requires that people want to give extra effort, and that they care about improving how the work is done, because managers typically don't have enough observable data to know on a regular basis if their direct reports are making the best use of their time, which is the definition of having greater autonomy and discretion.

Implications for leaders and managers

In traditional jobs the work is standardized to minimize variability in performance, such that the most engaged employee couldn't really perform all that much better than a pretty disengaged one. So high levels of engagement are not expected and, more importantly, a floor on engagement (minimum level of engagement) is maintained by traditional business and HR control systems. In these jobs, if performance falls too far below standard, it is addressed through business processes that will alert managers to take corrective action, as well as by the performance management system which gives the employees incentives to not let their productivity fall too low. Because those control systems do a reasonably good job, though there is always room for improvement, the additional benefit from focusing on employee engagement specifically tends to be low. (An exception is when engagement is low because those systems are working poorly, in which case low measured engagement itself is an indicator that corrective actions need to be taken.)

For enriched jobs, in contrast, boosting employee engagement is a critical challenge for managers in large part because low performance in these jobs often looks like average performance in traditional jobs. The job design requires more discretionary effort for performance in these roles to hit the desired (high) targets, and "engagement," generally speaking, is shorthand for the discretionary effort and behaviors that the employee has to exhibit in order for performance to be at the intended level.

Thus the idea that all people and roles should be held to the same standard for engagement is incorrect. In most organizations today, engagement measured below a certain level, such as 80% agreement with certain items on a survey, is viewed as not desirable, regardless of the job. Yet we should expect measured engagement in traditional jobs to be lower than in enriched jobs – even when performance in both types of jobs is at standard. So the entire notion of a specific, desired target level of engagement across an organization should be discarded. Instead, the nature of the job itself needs to be considered when looking at measured engagement and deciding whether it is too low or high enough.

In traditional jobs, managers make the vast majority of the decisions. They have to be constantly looking over the employees' shoulders (figuratively) to understand what's going on and be ready to step in whenever a judgment call is needed. Getting employees to be more engaged in that setting often means letting up a little, but not too much, on supervision, and increasing information sharing so that the employees have a deeper understanding of what is happening with the work – the bigger picture of what's going on – and can feel somewhat in control of what they are doing, without letting up so much that the employees can start shirking.

In enriched jobs, in contrast, managers have to focus more on more coaching and enabling their direct reports to make better decisions. This means stepping back from micromanaging behaviors, giving room for their people to address issues on their own first. These managerial behaviors are needed to promote greater engagement, which in turn aid productivity and organizational performance.

Should organizations abandon the idea of focusing on engagement in traditional jobs? No, but not for the reasons commonly believed. If employee engagement in traditional jobs seems low, then it is worth investigating. Bad management behaviors and problems with the work system, such as technology that is malfunctioning or rewards that aren't being distributed appropriately, can lead to measured engagement that is lower than it should be otherwise. In these situations, leaving those issues unaddressed can depress morale and effort, lowering performance. So measured engagement can serve as a type of canary in the coal mine for traditional jobs. We just need to remember that in such jobs, the nature of the job design itself often puts a ceiling on both employee engagement, and on the ability of high levels of engagement to enhance productivity. So don't be surprised if engagement isn't extremely high, and, similarly, don't spend too much time worrying about how to get it higher if the ultimate goal is greater productivity, since doing so may not have great upside potential for productivity.

[i] Macey, W.H. & B. Schneider (2008). The meaning of employee engagement, *Industrial and Organizational Psychology*, 1, 3-30.