

Employee Engagement and the Generations:

- Is engagement dead?
- Are we really bothered about it?
- Does it really impact on performance?
- Why is it so hard to leverage the links?

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ies

institute for
employment
studies

‘The pattern of results indicates that the relationships between generational membership and work-related outcomes are moderate to small, essentially zero in many cases’ . Costanza et al, 2012

“Talk of generations and their unique characteristics is mostly guff’ FT, 27.4.18

‘ When practitioners and academics discuss work motivation they tend to refer to different meanings of the term, ranging from being motivated by something (motivators), the actual feeling of being motivated (engagement), to the effort employees put into their work(motivated behavior). This confusion is heightened by the fact that the term engagement itself is often not properly defined (Macey & Schneider, 2008). As a result, practitioners are left to wonder about the difference between engagement and motivation and the value of measuring either or both in applied settings’. Inceoglu and Fleck, 2012

**‘The route to employee engagement
is a worthwhile slog ‘
*David Smith, HR magazine, 2012***

My story today

- § Engagement (26.6m hits) described as the ‘HR fads of the (last) decade’: huge amount of research and practitioner work on it
- § But then...
 - Recession
 - ‘Death of the engagement survey’, pulse surveys, employment brands, Millennial initiatives
 - Decade of Austerity on pay and pensions (continuing)
- § Engagement levels flatlining at best eg first national decline in engagement scores in the NHS
- § Stereotypes on age: little support from research
- § UK has a serious productivity problem, up to half of which seems down to ‘intangible’ factors (Van Reenan 2015)
 - ‘Scares the hell out of me’ Peter Cheese, CIPD
- § Evidence in many settings of linkages with performance outcomes – Sears (Rucci et al, 1998), major retailer (Barber, 1999), NHS (West et al, 2004)
- § Considerable number of studies showing links with HPW/HR practices (Combs et al. 2006)
- § So why is it so hard?

Changing context: Up to 2008...

- § We all introduced employee engagement surveys
- § And we all entered 'Best Places to Work' and similar contests
- § And we all wanted to have cool workplaces like Google: 'meeting the demands of Gen Y should be HR's target – Seidl, 2008
- § And we measured such vital stats as engagement survey completions rates
- § And pay was increasing at reasonable rates, not just at the top

§ BUT THEN...

Engagement and total rewards: the say: do gap

What they said:

'great place to work!'

'total rewards!!'

'flexible reward!!'

'great package'

What they did:

Total rewards = flexible benefits

Generic packages badly communicated,

low take up, expensive admin

Primarily introduced to:

Save NIC

Follow market practice

Cut real pay and benefits

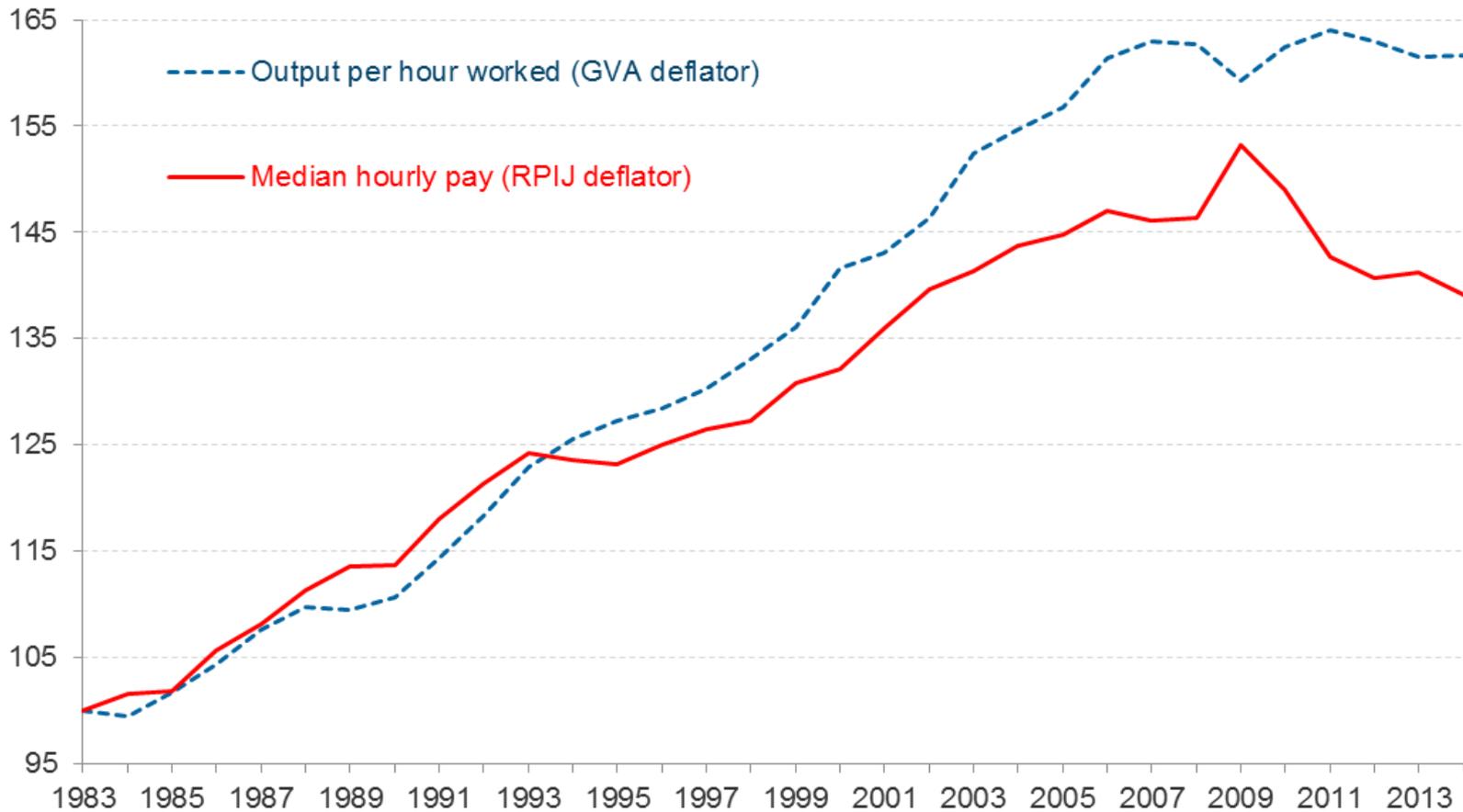
Wellbeing or 'well-washing'?

So what's the Context Now?

- Record numbers in employment – unemployment 4.3%
- Serious skill shortages (75%, CIPD, 2017) with record numbers employed, Brexit worries, etc.
- Public sector has been focus of Austerity since 2008
- Intense cost pressures, cuts in training and benefits, more flexible employment models, zero hours, contracting out, etc.
- Majority of UK employees negative real earnings growth
- Generation 'Y' and 'Z' looking for a different 'deal' eg more choice, yet young people worst hit by cutbacks

UK: Low productivity, even lower pay

Indices of real-terms productivity and pay: 1983 = 100

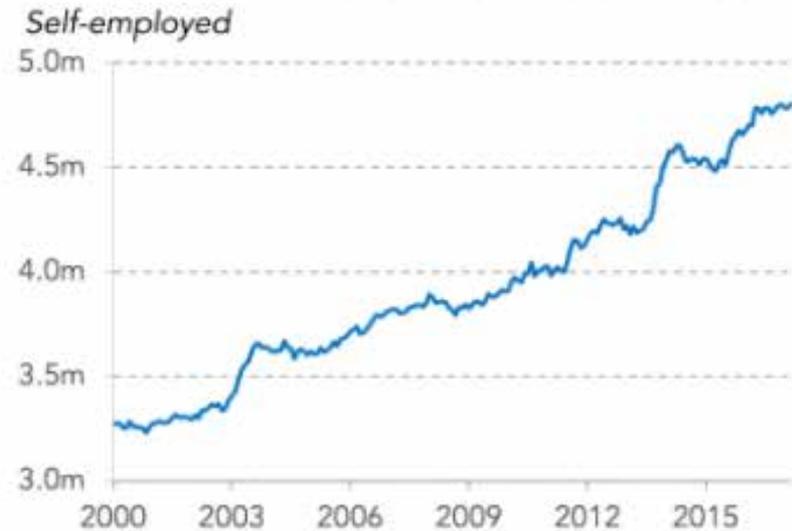
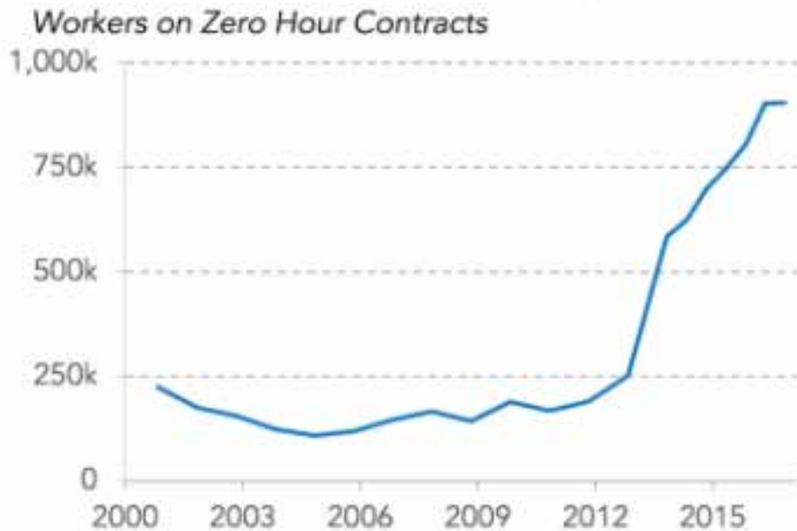
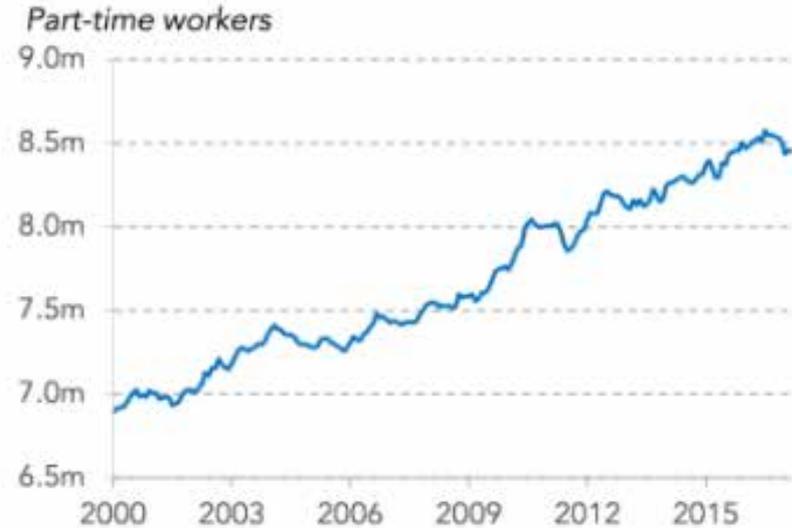
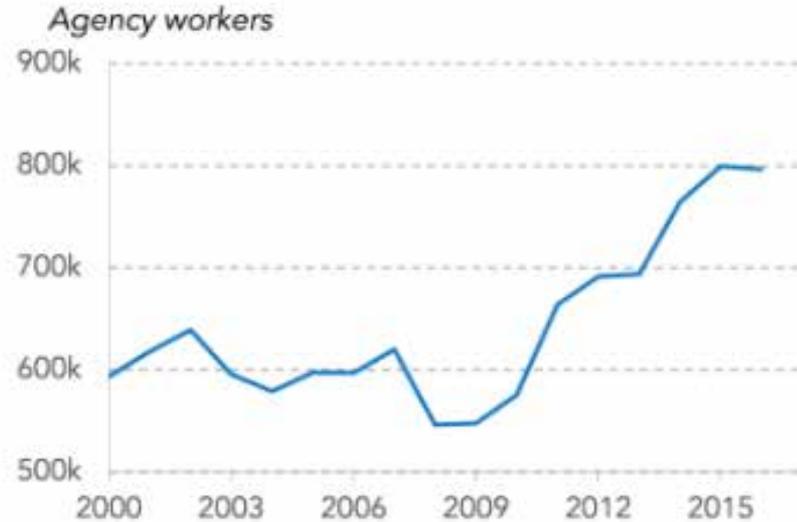


The worst decade for pay for over 200 years, real pay still below 2007

Employers have cut investments in skills and training (ONS, 2017)



Too flexible in our employment models?



Employee engagement at the top of our agendas? Do we really care?

- § ¼ workforce is low skilled
- § Over 1 million employees on zero hours contracts
- § 40 million days lost to stress pa, cost of mental ill health put at £44 billion
- § 30,000 employees injured at work each year
- § 5 million earning less than they need to live on
- § Half children living in poverty have a parent in work
- § 25% employees work over 48 hours pw
- § 66% don't think their pay is fair

Where are we now? What we Found

“ A better blend of theory, research and practice holds the promise of expanding knowledge”
Bloom and Milkovich

- § Confused terminology, difficult to isolate and research
- § Complex and controversial relationships with performance and HR practices
- § Separate ‘camps’ with surprisingly little interaction:
 - Academics
 - Economics
 - Research
 - Excessive methodological rigour
 - Pay/ Reward practitioners
 - Public sector
 - Money/financial motivation
 - Practitioners
 - Psychology
 - Practice
 - ‘Rules of thumb’
 - Engagement practitioners
 - Private sector
 - ‘Higher’/non monetary drivers



A tale of two research studies

Older workers

Gig workers

Employer views of older workers

§ 61% of SMEs want to recruit a mixture of ages (CIPD, 2014)

§ Older workers are viewed as:

- More reliable and punctual
- Better customer service skills
- Better knowledge sharers
- Better problem-solvers
- And offer opportunities for knowledge sharing

§ BUT

- Inflexible in hours, location, pay, working conditions
- Slower to learn and less interested in learning (e.g. IT)
- Minority (11%) of employers workers over 50 don't have suitable skills, and 3% thought there were no benefits to having older workers in their organisation (DWP, 2015)
- And 34 per cent of SMEs and 17 per cent of large employers offer no support for extending working lives at all (CIPD, 2014)

What keeps older workers working? (IES/CFAB, 2017)

Personal fulfilment
Job content and
purpose
Keeping mentally and
physically healthy
Avoiding boredom
Supplementing income
Work centrality

Personnel leadership
Using skills
Being appreciated
Good atmosphere with
colleagues
Learning opportunities and
new challenges
Influence/autonomy over
tasks
Management support

Gig workers and Millennials

The experiences of
individuals in the gig
economy

§ Gig workers:

- Flexibility and control of work a key motivation
- Lack of security and training the main perceived disadvantages
- Negative views of (large) employers common

February 2016

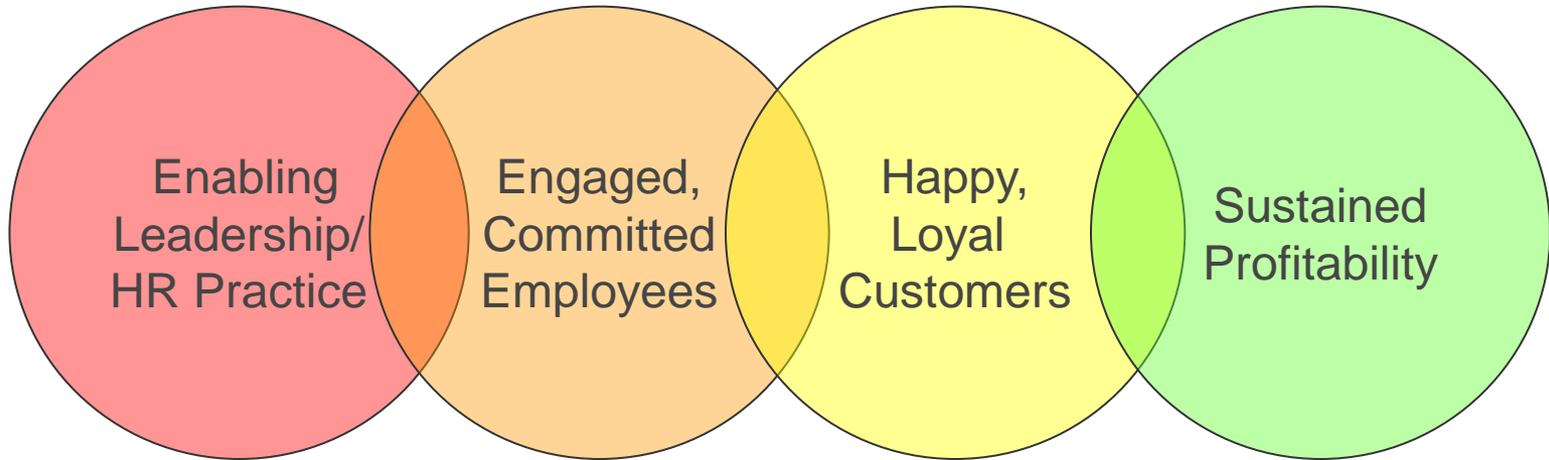
§ Millennials:

- Systematic links between generational membership and work attitudes/outcomes small/zero (Costanza, 2012)
- 'Not clear what value the notion of generations has for Practitioners' (Parry, 2011)
- But in specific situations...

Questions

- § So how important and influential are your engagement surveys?
- § How do you leverage higher engagement and higher performance?
- § Do generational differences play any part in this?

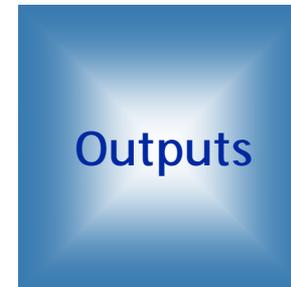
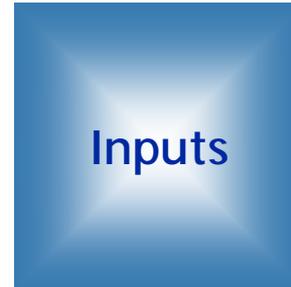
Back to the beginning: the Service-Profit Chain



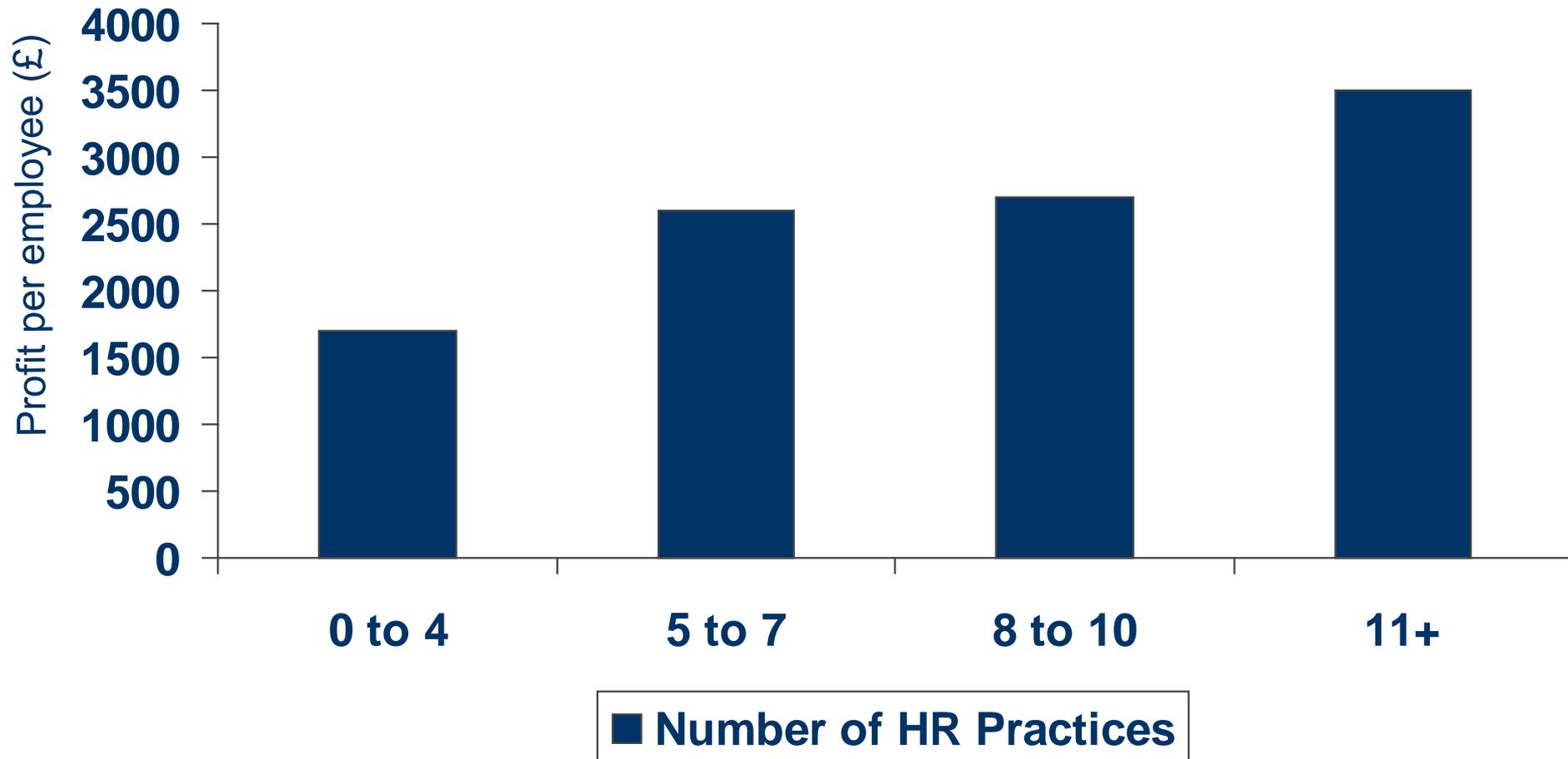
- “***The Service Profit Chain***” [Heskett, Sasser & Schlesinger (1997)] identified a number of top companies who exploited a clear link between engaged employees and loyal customers to achieve sustained, market-beating profitability;
- ***Gallup*** in ‘Managing your Human Sigma’ identified that teams with high employee **and** customer engagement were **2.4** times more likely to be top performers than teams where engagement was not high;
- ***The Corporate Leadership Council*** in a study across its 200 member organisations identified engaged employees delivered a **20%** performance premium over those not engaged.

Organisational benefits delivered by engagement in research studies (Source: IES 2004, 2009)

- § Lower staff turnover
- § Better attendance
- § Improved safety
- § Beneficial behaviours
 - taking initiative
 - wanting to develop
 - organisationally aligned
- § Higher productivity
- § Improved customer service



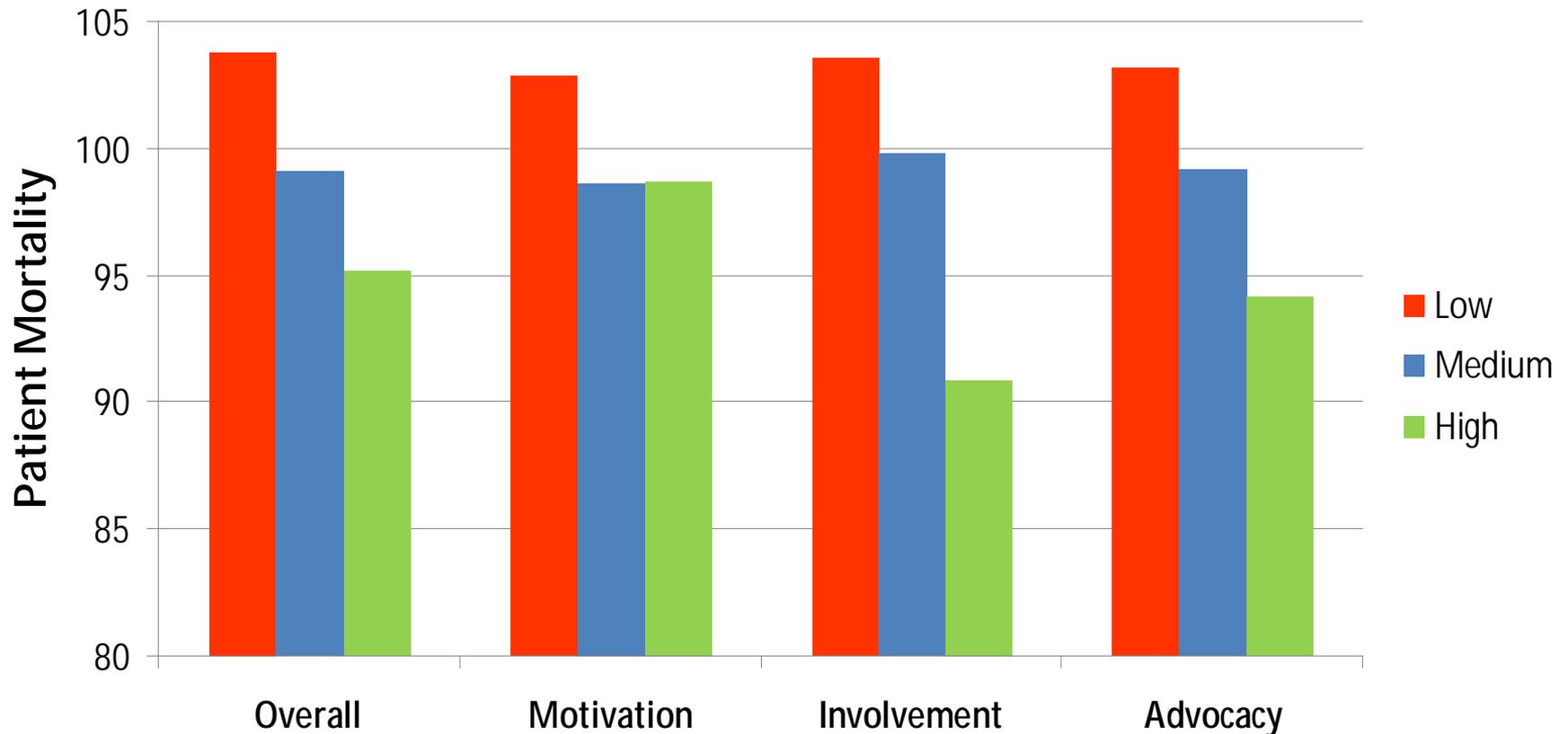
The impact of high performance work practices



Source: FOW (N=297)

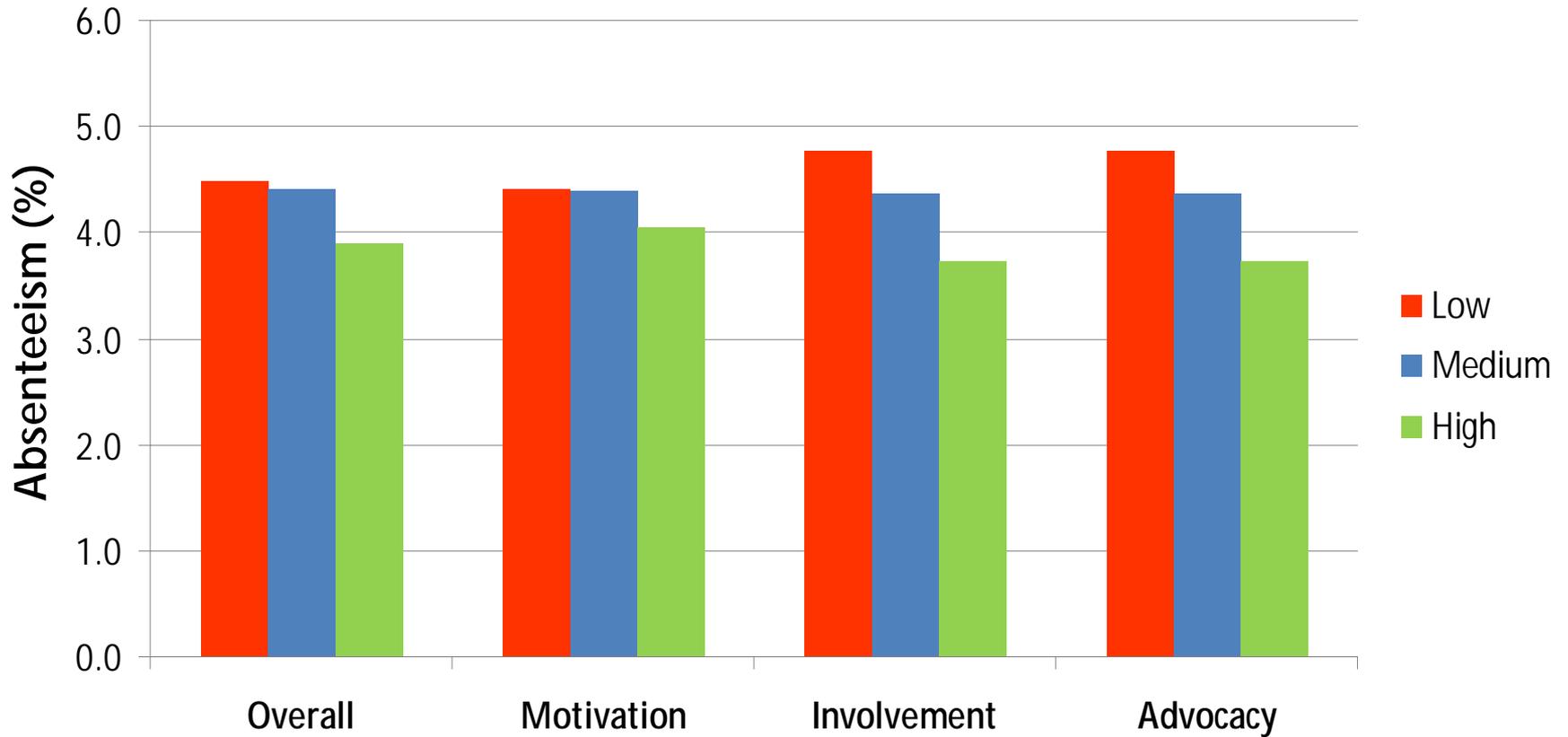
It matters – in the NHS: Mortality is lower when engagement is high

Patient Mortality by Engagement



NHS: Engaged staff have lower absence

Staff Absenteeism by Engagement



The HR, engagement, performance linkages in research

Culture/People Management

- § Supportive supervisors
- § Regular open feedback
- § Team-working
- § Involvement in decision-making
- § Career development
- § Work life balance

Rewards

- § Performance pay
- § Variable pay
- § Based on service/quality
- § Single status
- § Team rewards
- § Recognition

Brown and West's study of 22 service employers found strong links between the quality of management and financial and non-financial rewards, levels of employee engagement and customer/public service and financial performance

Staff Attitudes/ Engagement

- § Satisfaction with pay & recognition
- § Treated fairly
- § Feeling involved & developed
- § Commitment



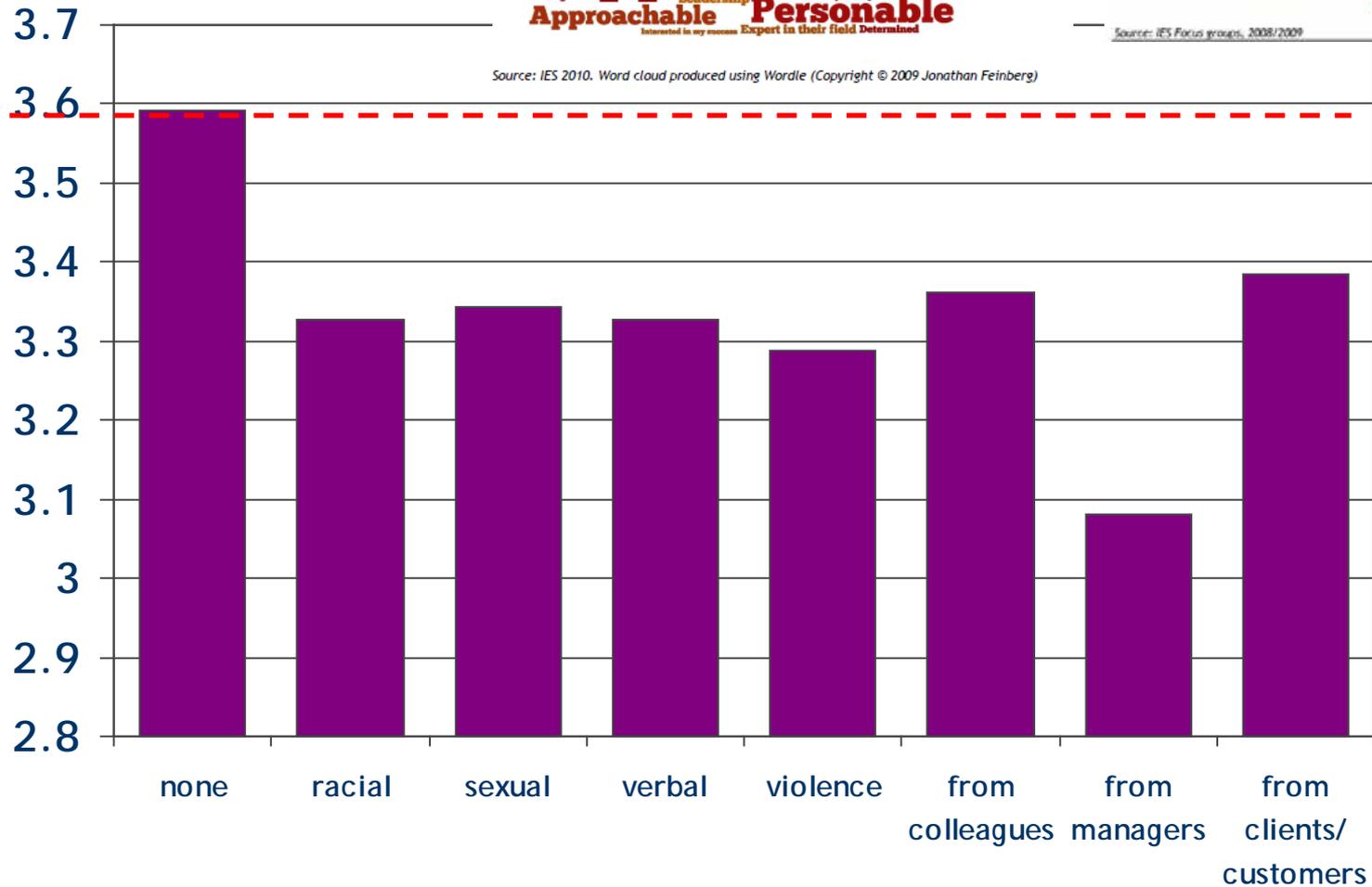
Performance

Common components: Impact of line management

Figure 3.6: My manager... protects us from the heat



Source: IES Focus groups, 2008/2009



Source: IES 2010. Word cloud produced using Wordle (Copyright © 2009 Jonathan Feinberg)

overall mean (3.58)

Common components: Skills

“A big chunk of our productivity gap with countries like Germany is rooted in the failure to equip people with adequate skills” *John Van Reenan, LSE, 2015*

Employee involvement	Sills acquisition	Motivational practices
Task discretion	Induction	Organisational performance related pay
Task variety	Work shadowing	Individual performance related pay
Problem solving teams	Off-the-job training	Formal employee consultation procedures
Descriptions	On-the-job training	Formal discipline & dismissal procedures
Project teams	Training plan	Flexible benefits
Team briefings	Training budget	Flexible working
Suggestion Scheme	Annual performance review	Equal opportunity policy
Staff survey	Evaluation of training	

IES engagement model

(Source: Robinson et al. 2004)

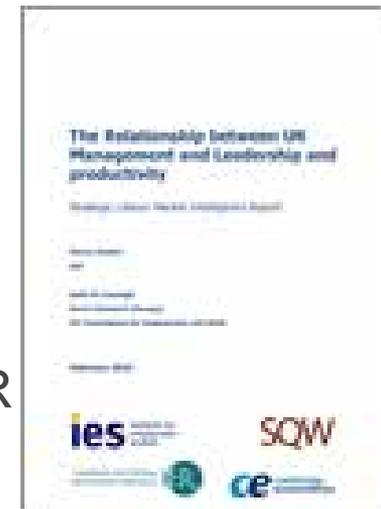
“The evidence gathered makes clear that there is no ‘silver bullet’ that will result in employees being automatically engaged leading to performance benefits flowing. High levels of employee engagement can deliver positive organisational benefits. Appropriate HR practices managed in combination can help to build and improve employee engagement and higher levels of performance are more likely to occur, particularly in customer service and care settings”. IES, 2017



Conclusions

The route to employee engagement is a worthwhile slog ‘

- § Confused terminology, difficult to isolate and research
- § Big change in the environment
- § Engagement linked with a range of positive outcomes in research eg attendance, safety, attrition etc.
- § HR practices linked to organisational performance and particularly turnover intention
- § But research studies suggest:
 - Highly situation specific, no one solution
 - About the interaction of financial and non-financial factors and not a single practice
 - ‘It’s the bundle’
- § Rather than copying a set of universal ‘best practice’ HR practices, each employer:
 - needs to research the drivers and determinants of their own employees’ engagement levels and variations in them: Know your people
 - Know your direction and values
 - Be evidence-based
 - Be more innovative, rather than copying



Thank you

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