

# Employee Engagement, Disengagement and Change

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# Outline

1. Volatility in the Public Sector
2. The Role of HRM in Transitions
3. Employee Engagement as an HR response to volatile times

# 1. VOLATILITY IN THE PUBLIC SECTOR

# Volatile Times in Public Sectors

- Global Financial Crisis 2008 # 1: A crisis of the private sector and private debt. Responses mixed but primarily:
  - Government stimulus
  - Increased reliance on government including ownership
- Global Financial Crisis # 2: A crisis of sovereign debt
  - Government austerity
- Harsh HR consequences for many public services:
- on cutting headcounts, reorganizing services into structures that are more readily cost controllable, axing activities with no immediate apparent payoff (such as blue-sky thinking, long-term maintenance, training, and staff development), on more outsourcing if it can deliver short-term cost savings—in short, a return to precisely the kind of early NPM style associated with the Thatcher (United Kingdom) government. (Lodge & Hood, 2011, p.84)

# HRM in Volatile Times

- Public sectors are increasingly responding to unanticipated events and crises
- In these volatile times and in response to environmental challenges, corporate strategy often has to change swiftly and dramatically
- People deliver the strategy and HRM practices need to adapt rapidly and radically to ready people and support them through transitions.

# Environmental Challenges for Public Sector HRM

1. Political
2. Economical
3. Social
4. Technological
5. Psychological
6. Ecological

..... examples and potential responses ...

Type of challenge	Examples	Impact	HRM Response (or potential response/need)
Political	Change of government; civil unrest (Arab Spring; English Riots); changes in health care policy	<ul style="list-style-type: none"> <li>Review of public services</li> <li>Challenge to traditional hegemonies</li> <li>Political ideology e.g. NHS reforms in England</li> <li>Widespread public sector industrial action (e.g. UK, France, Greece)</li> </ul>	<ul style="list-style-type: none"> <li>Restructuring/reconfiguration of services e.g. increasing joint working between health and social care</li> <li>Need to listen to employee voice</li> <li>Employee Relations Strategy</li> </ul>
Economic	Global recession; Eurozone crisis; Funding cuts;	<ul style="list-style-type: none"> <li>Cuts in public services</li> <li>Job losses</li> <li>Long-term unemployment – failure of successive UK governments</li> </ul>	<ul style="list-style-type: none"> <li>Redundancies (voluntary and compulsory) SNP Scottish Government has maintained a policy of ‘No Compulsory’ redundancies in the devolved public sector Scotland, in stark contrast to the Westminster Government.</li> <li>Need for investment-&gt;job creation-&gt; skills development BUT</li> <li>Scandal of AE4 in UK</li> </ul>
Social	Growing & Aging population; Youth unemployment, increased female workforce participation; escalation of ‘wicked’ issues e.g. drug addiction	<ul style="list-style-type: none"> <li>Inter-generational differences</li> <li>Risk of a ‘lost’ generation</li> <li>Crime, violence, loss of life, lost productivity</li> </ul>	<ul style="list-style-type: none"> <li>Need to develop policies to meet diverse needs of baby boomers, gen x &amp; gen y</li> <li>Development of policies for older workers and women</li> <li>Employers’ support for work experience NOT job substitution</li> <li>Support and workplace health and safety programs</li> </ul>

Type of challenge	Examples	Impact	HRM Response (or potential response/need)
Technological	<ul style="list-style-type: none"> <li>e-governance; e-provision of services; strategic IT investment failures e.g. NHS records system</li> </ul>	<ul style="list-style-type: none"> <li>Reconfiguration of services e.g., on-line application for/ submission of govt documents e.g. tax returns</li> <li>Significant financial loss &amp; detrimental impact on staff morale &amp; confidence</li> </ul>	<ul style="list-style-type: none"> <li>New job roles e.g. telehealth provision</li> <li>Skills development</li> </ul>
Psychological	<ul style="list-style-type: none"> <li>Erosion of psychological contract (e.g. public sector pensions);</li> <li>Erosion of public servants' morale (political criticism)</li> <li>Prosecution of Italian scientists/officials after L'Aquila earthquake</li> </ul>	<ul style="list-style-type: none"> <li>Loss of key staff – leaving before loss of final salary pension</li> <li>Low staff morale and difficulty in attracting right recruits</li> <li>Potentially deleterious impact on performance</li> <li>Loss of confidence</li> </ul>	<ul style="list-style-type: none"> <li>Need for resolution of public sector pension crisis</li> <li>Need for effective Employee Engagement strategies e.g. effective communications; senior &amp; line management demonstrating effective people management skills; employee involvement</li> <li>Need for effective (and positive) performance management system</li> <li>Need to determine level/s of responsibility</li> </ul>

Type of challenge	Examples	Impact	HRM Response (or potential response/need)
Ecological	<ul style="list-style-type: none"> <li>• Acts of nature: Typhoon Yolanda, Nepal earthquake; Queensland floods and Cyclone Larry</li> <li>• Sustainability/Green lobby</li> </ul>	<ul style="list-style-type: none"> <li>• Stress</li> <li>• Stretched resources</li> <li>• Ultimate examples of 'discretionary behaviour'</li> </ul>	<ul style="list-style-type: none"> <li>• Employee counselling</li> <li>• Rapid mobilising of all available resources – joined up government</li> <li>• Recognition of employee achievement</li> <li>• Employer Branding</li> </ul>

Discussion 1: Which environmental challenges are the most critical for HR in the Philippines between now and 2020?

# HRM in volatile times: A MODEL\*

Type	Response
First Aid	Reactionary and short-term
Surgery	Radical and targeted on a particular group/service/HR practice
Intensive Care	Holistic, systematic and long-term

\*Beattie and Waterhouse, 2013

# Interaction between HRM and corporate strategy

HR Role	Corporate Strategy	HR Strategy	HR Practices	Case Examples
First Aid	Reactive, problem solving, short-term	Reactive, low-level Operational focus	Isolated; lack vertical & horizontal integration e.g. RTW interviews without diagnosis	Absence Management Individual Performance Management
Surgery	Radical e.g. significant job cuts; key priorities & reduction in services	Hard HRM Downsizing Medium-term focus	Compulsory redundancies Performance Management Reward Management Line Manager development Outsourcing non-core (and core) activities	Greater Manchester Police: Redundancies – Green, Blue, Red Letters Australian Defence Force: Sexual Harassment Scandals
Intensive care	Long-term, systemic Refocusing of strategic objectives Reconfiguration e.g. mergers, joint working	Hard & Soft HRM Medium-long term focus Outsourcing HR admin/ops HR strategic focus & partnership working (Business Partner)	HRP – 3Rs balanced HRD/OD Performance Management Leadership development Cultural change	Australian Public Service



## 2. THE ROLE OF HRM IN TRANSITIONS

# It's the people...

- *The effective management of people is now acknowledged as a critical factor in achieving organisational success. If people are to perform to their potential, the HRM systems and structures must be appropriate and in harmony with each other, but in addition management must be of sufficient quality to promote employee commitment. An adaptable and flexible workforce is also a necessary requirement in modern organisations, and certainly those strengths equip people to cope with change in an uncertain world' (McKenna & Beech, 2002: preface).*
- *'Human Resource Management can be viewed as an approach to personnel management that considers people as the key resource. It subscribes to the notion that it is important to communicate well with employees, to involve them in what is going on and to foster their commitment and identification with the organisation. In addition, a strategic approach to the acquisition, management and motivation of people is heavily emphasised (ibid: 1)'.*

# .. But also, HR effectiveness !

*“Responding to criticisms of inefficiency & a lack of responsiveness of public agencies, many governments...have instigated significant changes within their public sectors ... A major reform mechanism has been the implementation of various human resource management practices. Such practices have been transferred from the private sector where their benefits have become recognized” (Beattie and Waterhouse, 2008/9).*

*“At a time when the performance of the public sector and voluntary organizations has come under considerable scrutiny, the effective management of human resources has inevitably gained in importance” (Ibid)*

# But - HRM is more difficult in the Public Sector

- *'The applicability of HRM to public sector organizations...is clearly established. [PSOs] need to hire, develop and train employees, and establish payment systems, set conditions of employment and develop a coherent set of employment policies. However, the particularity of the public sector with a focus on public interest outcomes rather than private interests may add a layer of complexity that does not fit easily with HRM as a strategic partner in achieving organizational competitiveness and business outcomes'* (Brown, 2008: 3)
- Consequence: Some HRM practices have worked better than others
  - Overtly 'Hard' practices especially individual performance based pay **X**
  - Seemingly 'Soft' e.g. Human Resource Development **✓**
- HRM is NOT working with a blank canvas but with a very old, frequently painted over, masterpiece of its time.

# Discussion 2

- Are our civil servants equipped for volatility?
- What characteristics and skills will our civil servants need in the new environment?
- How will we equip the civil service with these characteristics and skills?

# 3. EMPLOYEE ENGAGEMENT AS AN HR RESPONSE IN VOLATILE TIMES



Australian  
Aid  
FAHRDDP

CSC  
CENTRE FOR  
STRATEGIC  
COMPARISON

**MANAGING TRANSITIONS**  
THROUGH STRATEGIC HR & OD

# Brief Recap

- Large waves of reform ... but
- Public sectors now need to adjust quickly given environmental volatility
- Public sectors face a variety of environmental challenges
- HRM needs to offer solutions to guide transitions and deal with volatility
- The latest 'tool' is employee engagement



# Employee Engagement

- Beattie and Waterhouse (2013) argue that if organisations are adopting an Intensive Care strategy for HRM which is holistic, systematic and long-term then **employee engagement should be a key element for the development, implementation, monitoring and evaluation of HR and corporate strategy.**
- “Engagement is a positive attitude held by the employee towards the organisation 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 organisation. **The organisation must seek to nurture, maintain and grow engagement**, which requires a **two-way** relationship between employer and employee.” (Robinson et al., 2004, p9)
- *“an engaged employee shares the values , such as public sector ethos, of the organisation and has a **positive and productive relationship** with their employer and peers’*(Beattie and Waterhouse, 2013)
- “the relationship employees have with four elements of their work: the job they do daily; the team with whom they work; their immediate supervisor; and the agency they work for” (Australian Public Service Commission, 2014-2015).

# Employee Engagement: An Academic Perspective

- Confused Literature and multiple definitions
- HRM meets Positive Psychology (Kahn, 1990)
  - Psychological safety, meaningfulness & availability
  - Engagement with organisation
  - Engagement with job
- Hard and/versus Soft HRM (Legge, 1995)
  - ‘utilitarian instrumentalism’ and ‘developmental humanism’
- Employee Engagement both hard and soft – tension = ‘neo-pluralism’ (Arrowsmith and Parker, 2013)

# Related Concepts

- Organisational Commitment
- Organisational Citizenship Behaviour
- Social Exchange Theory
  - Leader-member exchange (LMX)
  - Psychological Contract Theory
- Public Service Motivation
- Job Satisfaction

# Why does employee engagement matter?

- Outcomes:
  - High performance\*
  - Discretionary Behaviour/ Emotional Labour
  - Organisational commitment
  - Intention to remain
  - *Achieving* Health and Well-being\*\*



(Beattie and Waterhouse, 2013)

# Health and Well Being

- Engagement is associated with psychological well being
- Engagement is therefore critical in periods of volatility and transitions
- Engagement helps staff cope with transitions ... but you need to create it first and this in itself is a transition and a Human Resource Development issue

# The Danger of Not Doing Engagement Well

- In a study of graduates entering the public sector, public service motivation fell during the first 12 months (Waterhouse et al, 2014)
- The opposite of engagement is disengagement, apathy and burn out ... all have serious negative implications particularly for organisational change and performance

# Discussion 3

- Is this a useful concept for the Philippine Civil Service? Why? Why not?

# Weaknesses in Practice

1. Engagement has been adopted as a measurable and durable organisational characteristic, yet it was initially considered a momentary, individual characteristic.
2. Employee engagement has TWO elements – job engagement and organisational engagement, yet in practice often only organisational engagement is measured and contrasted between agencies and even globally.
3. Engagement has been shown to correlate with organisational performance – causality has not yet been fully tested.
4. Psychological aspects largely overlooked – particularly psychological availability. Focus has been on leadership, not follower, development.
5. Approaches to Employee Engagement have largely been ‘first aid’ when Employee Engagement is an ‘intensive care’ intervention.

# “Doing” Employee Engagement Well

- Identify the benchmark – undertake a FULL and VALID survey of employee engagement e.g. Irish Civil Service Employee Engagement Survey 2015
- Consult with staff to identify blockages to engagement and address these – build trust and communication channels
- Implement comprehensive staff training to equip staff at **all** levels with necessary skills to engage:
  - Communication skills
  - Negotiation skills
  - Issue Identification and Problem solving skills
- Comprehensively measure and then regularly assess engagement through ‘pulse’ surveys

# Case 1: Sydney Water Corporation

- *After the Corporation's 2013 Culture Survey recorded employee involvement levels below their benchmark, Sydney Water harnessed opportunities to work collaboratively across the business, encouraging staff to engage with and be a part of programs that help them improve.*
- *Three hundred employees across the organisation came together to co-create a set of signature behaviours that articulate what they expect to see and hear day-to-day to build a high performance culture aligned with the organisation's values and aspirations.*
- *Since then, results from Sydney Water Corporation's organisational recent pulse survey show that more employees are observing the signature behaviours in action, and monitoring is ongoing. (State of the NSW Public Sector, 2015)*

# Case 2: LocalGov, UK

- In 2006, internal employee surveys indicated that employees at LocalGov felt disempowered and were not very motivated.
- BEST (Belief – Excellence – Success – Trust) programme implemented.
- Involved employees in change management and decision-making by running workshops and empowering teams.
- The central idea behind BEST is to give employees a voice and provide them with a platform where they can give their opinion and share ideas for improvement (CIPD: Creating an Engaged Workforce, 2010)

# Lessons learned from LocalGov, UK

- Positives reported:
  - Close match between job content and level of skills
  - Flexible working opportunities (also a finding at Whitehorse Council, Victoria)
- Negatives reported:
  - Breakdown in communication about restructure and job cuts was damaging to trust
  - Performance Appraisal: Rigidity and unclear objectives

# Case 3: Sunshine Coast Hospital and Health Service Employee Engagement Strategy 2013-2016

- Create Meaningful Work
- Create Mechanisms for Employee Voice
- Engage, develop and hold accountable line managers
- Leadership – develop communication skills, hold accountable
- Supportive work environment
- Focus on professional engagement

# Measuring Employee Engagement: Pulse Survey for EC (Beattie and Waterhouse, 2014)

- I like my job
- My work is useful and meaningful
- I feel respected and valued at work
- My team works well together
- My direct Manager gives me useful feedback
- I get sense and direction from Senior Managers
- Channels exist to convey my views in an effective way
- I have opportunities to learn and develop myself
- The organisation cares about my health and wellbeing
- The organisation is serious about fairness and non-discrimination

# Conclusion

- Public sectors face multiple challenges in a volatile environment
- Public Sector HRM needs to draw on appropriate strategies to help staff through transitions
- Such strategies need to be at the right level – a band aid won't fix a heart attack
- Genuine employee engagement fits the theme of this symposium - continuity and change.
- Employee engagement is a comprehensive “intensive care” approach that builds individual and organisational resilience and ability to change, but it is also a change process.