Beyond The Hype: The Dark Side of Employee Engagement

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This paper presents information for a SIOP Symposium on Engagement accepted for the 2015 conference.

Session Abstract

This symposium includes four integrated presentations on some of the less explored aspects of employee engagement. It features an overview of engagement models, new research evaluating curvilinear effects of leadership styles on engagement, negative effects of engagement on entrepreneurship, and the common reasons for failed interventions to enhance engagement.

Session Summary

In recent years, I-O psychologists have provided compelling evidence that employee engagement – a relatively enduring state of mind referring to the investment of personal energy in one's work (Christian, Garza, & Slaughter, 2011) – is a key driver of both individual- and organizational performance (Christian et al., 2011; Harter, Schmidt, & Hayes, 2002). Many large-scale studies have replicated significant positive correlations between engagement levels, as assessed via in-house climate surveys or independent academic measures, and a range of desirable business outcomes, from organizational commitment and citizenship, to individual- and team-level performance, and even business revenues and profits (e.g., Harter et al, 2009). It is also clear that lower engagement levels are typically associated with higher turnover intentions, strain, and burnout (Maslach, Schaufeli, & Leiter, 2001).

Although the research attesting to the importance of employee engagement is impressive, the practice of promoting and enhancing engagement is not. According to Gallup at any point over the last 15 years, only about 15% of the global workforce was or currently is truly engaged and about two-thirds are essentially "checked out" or "going through the motions" (Gallup Organization, 2013). Yet spending on employee engagement programs has been one of the most persistent investments made in talent management over that timeframe. How could it be that all these programs have not improved engagement rates to any meaningful degree (Eliott, 2014)? Is it the case that businesses don't really believe in the importance of engagement as much as academic I-O psychologists do, or are their methods for enhancing engagement inadequate?

Any serious discussion of attempts to improve employee engagement must consider some topics that are less pleasant than the promise of engagement and seem to be missing from contemporary approaches. First, why do so many initiatives to improve engagement seem not to work? Second, what is the appropriate level of analysis for understanding engagement? It is often measured and conceptualized at the individual, employee-level, but its presumed benefits accrue at the organizational level. Third, is it possible that we are emphasizing the wrong antecedents, or at least not all the most relevant ones, to high engagement? Finally, is it possible that there are actually benefits to low engagement?

This symposium includes four integrated presentations that explore the above issues. The overall goal of the symposium is to provide a more balanced perspective of employee engagement that transcends the hype associated with this topic.

First, SIOP Fellow Robert Hogan presents a theoretical overview of engagement, its antecedents and consequences. This overview suggests that most organizations assess engagement at the individual level, when, in fact, it makes more sense to evaluate it at the group or team level. In addition, Dr. Hogan discusses the toxic effects that dark side personality traits have on employee engagement. Many managers alienate their subordinates despite being competent and well intentioned, even when they value engagement.

Next, Robert Kaiser, president of Kaiser Leadership Solutions, examines the possibility that an aspect of supposedly outdated, command-and-control leadership—namely, holding employees accountable—may be just as important to engagement as more modern people-oriented forms of leadership like empowerment, participation, and support. To this end, Kaiser presents surprising results from a large dataset containing 360-degree ratings from 113,560 coworkers and 7,547 leaders from over 100 different organizations around the world.

Next, Tomas Chamorro-Premuzic, Professor of I-O Psychology at University College London and VP of Research and Innovation at Hogan Assessment Systems, explores the mediating role of employee engagement in the relationship between entrepreneurial potential and future entrepreneurial activities. Since most successful entrepreneurs tend to be employed in bigger firms before they launch their new venture or enter self-employment, it is important to understand whether disengagement may propel individuals to quit their jobs to pursue entrepreneurial activities. Dr. Chamorro-Premuzic uses a longitudinal prospective design to evaluate this question.

The final presentation, by Christine Corbet, Senior Consultant at Right Management, will present global data from 35-60 organizations that put in place formal programs to assess and enhance engagement levels. This vast data archive will include longitudinal data and provide a great window into the realities of managing employee engagement in large organizations. This presentation will be focused on the practitioner side and provide hands-on recommendations for managers and I-O psychologists interested in understanding, and learning from, common industry mistakes.

Dr. Warner Burke, SIOP Fellow and Edward Lee Thorndike Professor of Psychology at Columbia University, will provide his expert commentary and open the floor for questions and comments from the audience.

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Summary of Hogan's Contributions
Reframing Engagement: Stop Focusing on Individuals, Start Focusing on Groups

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I believe the concept of engagement is important for two big reasons. The first is that it challenges the prevailing research paradigm in academic psychology—which is a within-groups methodology. Psychologists study individuals, looking for characteristics that typify high performers; applied psychologists charge organizations fees to identify these high performers. All parties assume that staffing organizations with high performing individuals leads inexorably to organizational effectiveness—applied psychologists believe we build effective organizations one high performing person at a time. But this assumption has rarely been acknowledged or tested and I don't think it has any empirical support. That is where engagement comes in—it leads to a between-groups methodology.

At the individual level, engagement is defined in terms of attitudes, motives, and behaviors that are beneficial to the work group in which the individual is embedded. Although engagement is defined and measured at the individual level, engagement primarily matters at the aggregate level. And it really matters: engagement is the "g" factor in organizational life—it predicts every aggregate level outcome of significance, negative or positive, including absenteeism, turnover, shrinkage, productivity, and customer satisfaction ratings. Higher levels of employee engagement are empirically linked to quantitative indices of organizational effectiveness. Organizational effectiveness should be the principal concern of all applied psychologists, but studying organizational effectiveness requires a between groups approach, and that is a radical change in methodological worldviews. Once again, engagement concerns aggregate level of performance and is directly linked to organizational effectiveness.

The second reason the concept of engagement is important concerns the fact that most employees are not engaged. Gallup is the world leader in engagement research, and Gallup surveys routinely report that employee engagement levels across organizations are in the 25 to 30 percent levels. This robust empirical fact raises three interesting questions. The first is why do organizations ignore the fact that the majority of their employees are alienated? That fact virtually screams for attention. The second question is, why do organizations tolerate high levels of alienation when doing so brings lost revenues and unnecessary costs? The third question concerns the cause of the low levels of engagement. The answer to all three questions is that many managers are more focused on their individual careers than on the success of the organizations where they work.

In two landmark studies, Huselid (1995) and Harter, Schmidt, and Hayes (2002**)** show that: (a) managers' behavior predicts employee engagement; and (b) employee engagement predicts business-unit performance. Engagement is a function of how people are treated by their managers; when engagement is low, productivity, client satisfaction, and unit financial performance are low, and vice versa. Specifically, the quality of the relationship between leaders and followers creates engagement. Christian, Garza, and Slaughter (2011) show that

relationships are the aspect of leadership most correlated with engagement, and Gerstner and Day (1997) summarize the consequences of good relationships for organizational performance. Conversely, Townsend, Phillips, and Elkins (2000) show that low quality relationships not only degrade individual performance but lead subordinates to retaliate against bad leadership.

In another milestone paper, Bentz (1967; 1985) reported on a 30-year study of managers at Sears. Sears used a good assessment battery to hire new managers, thereby assuring that they were bright, well adjusted, and socially skilled; nonetheless, half of them failed. Bentz' research shows that the failure rate for managers in American business is substantially higher than anyone expected; it also shows that managers fail for personality-based reasons. How many bad managers are there? Hogan, et al., (2011) identified 12 published estimates of the frequency of management failure, which ranges from 30% to 67%, with an average of about 50%. Note that these estimates concern the number of managers who are actually fired. I think that many bad managers are never caught. I believe that about two-thirds of existing managers are ineffective, but fewer than half will be caught because they are good at internal politics.

The misery that bad managers create for their staff has moral consequences. About 75% of working adults say the most stressful aspect of their jobs is their immediate boss (Hogan, 2007, p. 106). The National Institutes for Occupational Safety and Health (NIOSH) reports (NIOSH, 1999) that: (1) 40% of American workers think their jobs are very or extremely stressful, and (2) stress at work is the major cause of health complaints in American life, more than finances or family problems. Kelloway, Sivanthan, Francis, and Barling (2005) review the effects of bad management on employee health. Bad managers are a mental health menace that imposes huge medical costs on society and ruins the quality of life of many working people.

Bad managerial behavior primarily originates in "the dark side" of personality (Hogan & Hogan, 2001). As Bentz (1967) noted, managers fail for a consistent set of reasons: emotional immaturity, arrogance, micro-management, dishonesty, indecisiveness, poor communications, etc.. Hogan and Hogan (2001) proposed a taxonomy containing the most common counter-productive managerial behaviors. Although the behavior patterns are different, they have the same effect on employees—they erode trust, increase stress, and degrade their performance—they degrade engagement.

We have come full circle. Engagement is defined and measured at the level of individual employees, but engagement matters at the organizational level. Engagement is an index of profitability and organizational effectiveness. But engagement is created at the individual level, and is a function of how individual employees are treated by individual managers. The study of engagement is not an HR fad, it is central to a surprising number of important questions related to between group differences in organizational effectiveness

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There Is a Bright Side (and Cure) to Disengagement: Entrepreneurship

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In recent years, I-O psychologists have paid much attention to the concept of employee engagement, defined by Schaufeli and colleagues (2002, p.74) as a "positive, fulfilling, work-related state of mind". Engaged workers are more energetic, dedicated and absorbed at work. It is therefore unsurprising that they are more likely to remain in their current jobs (Harter et al., 2002). In fact, dozens of large-scale studies suggest that disengagement is one of the most important causes of organizational turnover (Harter, Schmidt, & Hayes, 2002; Roberts & Davenport, 2002; Simpson, 2009).

Recently, there has also been a great deal of interest in identifying, selecting, and developing entrepreneurial potential, defined as an individual's tendency to recognize and exploit opportunities, innovate, and create business value (Ahmetoglu, Leutner, & Chamorro-Premuzic, 2011; Shane & Venkataraman, 2000). Research shows that entrepreneurial potential is positively related to various indicators of career success, including salary, innovation output, and corporate entrepreneurship (Ahmetoglu, et.al., 2011; Akhtar, Ahmetoglu, & Chamorro-Premuzic, 2012; Almeida, Ahmetoglu, & Chamorro-Premuzic, in press). Individuals with higher entrepreneurial potential are also more likely to start their own business, even if it means quitting a secure job (Global Entrepreneurship Monitor Report, Bosma, Wennekers, & Amoros, 2011; Cohen & Levin, 1989; Lee, Wong, Foo & Leung, 2011).

To this date, no peer-reviewed studies have examined the relationship between entrepreneurial potential, employee engagement, and subsequent entrepreneurial activity. Some findings suggest that higher entrepreneurial potential may actually enhance employee engagement. For example, individuals with high entrepreneurial potential have been found to have a more positive and optimistic outlook on work, be more proactive and absorbed, and evaluate their job performance more favorably (c.f. Ahmetoglu et al., 2011; Akhtar et al., 2012; Almeida et.al., in press). Entrepreneurial employees may be dispositionally inclined to experience higher levels of engagement (Xanthopoulou, Bakker, Demerouti, & Schaufeli, 2009).

Thus one may expect that employee engagement is an *inconsistent mediator* of the effects of entrepreneurial potential on future entrepreneurial activity: positively linked to entrepreneurial potential, but negatively linked to subsequent entrepreneurial activity. This would suggest that individuals often engage in entrepreneurial activity in order to pursue more meaningful career paths and avoid working for someone else (Cromie & Hayes, 1991). These "necessity entrepreneurs" represent a substantial proportion of business owners and the self-employed workforce (Shane, 2008).

The present study will use a longitudinal prospective design to assess the degree to which employee engagement may inhibit employees' entrepreneurial intentions, and whether disengagement could actually boost entrepreneurial activity by propelling employees to quit their jobs and launch their own ventures.

Method

Participants

In total, 224 participants (109 male, 115 female) took part in the study. The mean age was 35.9 (SD = 9.1), ranging from 20 to 64 years. Participants were mostly from the UK (75.4%), or other European countries (14.3%). All participants had been in full-time employment at the beginning of the study.

Measures

Utrecht Work Engagement Scale – Short Version (UWES; Schaufeli, Bakker, Salanova, 2006). This is the most widely-used academic scale to assess employee engagement and it consists of 9 self-report items that assess three aspects of work engagement.

Measure of Entrepreneurial Tendencies and Abilities (META). Entrepreneurial potential was assessed though a self-report inventory consisting of 65 items and assesses four aspects of entrepreneurial potential. The scale has been shown to be a valid predictor of entrepreneurial successes and achievements both within and outside organizations (Akhtar et al., 2012; Almeida et al., in press).

Entrepreneurial Intentions. This scale comprised 10 items to assess the degree to which participants were determined to launch their own business in the future; whether they intended to supplement their main job with additional income streams and ventures; and whether they planned to engage in any social enterprises (e.g., Liñán & Chen, 2009).

Entrepreneurial Activity. This purpose-built scale consisted of 18 biodata items that captured the most common areas of entrepreneurial achievements explored in the literature (e.g., Shane, 2008; Shane & Venkataraman, 2000).

Procedure

Participants were tested online at three different phases. Phase 1 consisted of a high-stakes administration of META for the purpose of an internal talent identification exercise (a high-potential program). Phase 2, 12-months later, collected data on employee engagement and entrepreneurial intentions. Finally, phase 3, 36-months later, gathered data on entrepreneurial activity (see Figure 1).

Results

Descriptive statistics, internal consistencies, and bivariate correlations for all measures are shown in Table 1.

Insert Table 1 here

Structural equation modelling was carried out using AMOS 5.0 (Arbuckle, 2003). Variables in the model were entered chronologically, following the three phases of the prospective longitudinal design (Davis, 1985; Kenny, 1979; Pearl, 2000).

Insert Figure 1 here

The hypothesized model, which included 5 paths between exogenous and endogenous variables, fit the data well: $\chi^2 = (60\ df, p < .01)\ 116.43$, $GFI = .93$, $CFI = .97$, $RMSEA = .065$ (.05-.08). AMOS-squared multiple correlations (adjusted) indicated that the relevant predictors accounted for 28% of the variance in entrepreneurial activity.

Discussion

As predicted, entrepreneurial potential was a positive predictor of engagement, and being engaged at work was linked to lower entrepreneurial intentions, as well as lower levels of future entrepreneurial activity. At the same time, entrepreneurial potential positively predicted entrepreneurial intentions, which in turn boosted future entrepreneurial activity. Thus an inconsistent mediation was found between entrepreneurial potential, employee engagement, entrepreneurial intentions and future entrepreneurial activity.

Taken together, these results indicate that entrepreneurial potential can be a double-edged sword within organizations. On the one hand, entrepreneurial potential predisposes employees to be more energetic, dedicated, and absorbed at work. Thus, entrepreneurial potential is likely to benefit organizations because higher engagement is related to positive organizational outcomes, including, higher productivity, commitment, financial outcomes, and importantly, lower quit intentions (Schaufeli & Bakker, 2004). On the other hand, entrepreneurial potential fuels employees' entrepreneurial intentions, increasing their likelihood of turnover and independent career plans. Disengaged employees are more likely to engage in entrepreneurial activities, so by disengaging employees managers are accidentally promoting entrepreneurship, though in other people's businesses.

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Table 1
Descriptives, Cronbach's Alphas and Bivariate Correlations for All Measures

	M	SD	α	2	3	4	5	6	7	8	9
1. Opportunism	35	7.3	.87	.73**	.65**	.60**	.17*	.09	.15*	.58**	.20**
2. Proactivity	57	8.1	.77	-	.54**	.61**	.29**	.22**	.20**	.40**	.24**
3. Creativity	56	8.3	.84		-	.55**	.13	.09	.14*	.42**	.27**
4. Vision	129	7.99	.81			-	.31**	.25**	.36**	.36**	.18*
5. Vigour	3.5	1.2	.84				-	.85**	.67**	-.03	-.51**
6. Dedication	3.9	1.3	.90					-	.73**	-.17*	-.58**
7. Absorption	4.0	1.04	.68						-	-.04	-.44**
8. Entrep. Intent.	2.7	1.2	.94							-	.29**
9. Entrep. Activity	2.9	1.1	.73								-

Note: ** = Correlation is significant at the .01 level (2-tailed). * = Correlation is significant at the .05 level (2-tailed).

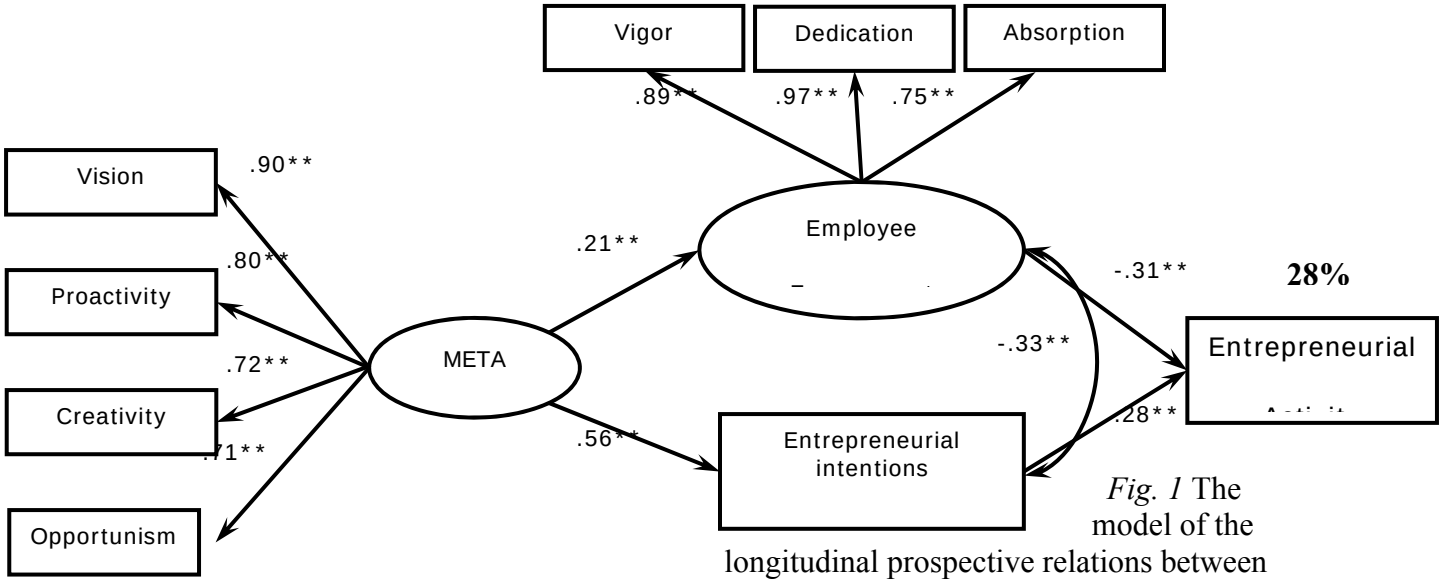

Fig. 1 The model of the longitudinal prospective relations between META (entrepreneurial potential), employee engagement, entrepreneurial intentions, and entrepreneurial activity. All paths coefficients (**) are standardized and significant at the p = .01 level.

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