

Employee Engagement and Change Management

¹, Dr. C. Swarnalatha , ²,T.S. Prasanna,

¹*Professor & Head, Department of Management Studies, ANNA UNIVERSITY
Regional Office Alagarkoil Road, Madurai – 625002. Tamil Nadu.*

ABSTRACT: *This paper provides an overview of change management and employee engagement. It details background information on the two concepts; relates the two concepts to each other; introduces findings on the relationship between organizational commitment and change management; discusses types, key functions, and strategies of change management; and presents barriers to engagement during change management initiatives.*

KEYWORDS: *Organizational change, Organizational commitment, Effective change management, Change management strategy, Engagement barriers.*

I. INTRODUCTION

Many companies in search of new competitive advantages in today's fast-paced global economy are exploring the concepts of change management and employee engagement. This paper provides background information on the two concepts; relates the two concepts to each other; introduces findings on the relationship between organizational commitment and change management; discusses types, key functions, and strategies of change management; and presents barriers as well as success stories to engagement during change management initiatives.

Multiple research sources consider employee engagement to be a primary antecedent to successfully implementing an organizational change initiative. Inherently, people are wary of change and reluctant to change. If organizations are not implementing change for the sake of change then it is fair to assume that the intention of their change initiative is to improve some business component that will have an overall positive effect on organizational operations and business success. Therefore, it is understandable why researchers believe that increasing employee engagement, or translating "employee potential into employee performance and business success," is so important to the success of change management (Shaw, 2005).

II. BACKGROUND

2.1.EMPLOYEE ENGAGEMENT

Employee engagement has a relatively short historical timeline. It can be theorized that changes to the global market in the 1980s and 1990s increased interest in concepts such as employee engagement. Proactive companies searching for new avenues to achieve competitive advantages were looking 'outside of the box' for answers. The Gallup Organization conducted studies on employee engagement from the mid to late 1980s and published their results in a very popular book, "First, Break All the Rules" (Ferguson). Gallup feels their research proves that engaged employees are more productive, profitable, customer-focused, safer, and more likely to stay with an organization (Gallup). Gallup's book arguably introduced the concept to the global market. In 1990, W.A. Kahn was one of the first in the field of psychology to discuss employee engagement and related it to the concept of disengagement. Since the early 1990s other consulting firms and research organizations have followed suit doing research and creating their own hypotheses concerning employee engagement.

While employee engagement has been present for approximately twenty years relatively little research has been completed to truly qualify or quantify the concept's distinct existence. Employee engagement has a very broad reaching scope such that, "there are potentially thousands of different individual actions, attitudes, and processes that affect engagement." What engages a new recruit out of college can be very different from what engages a senior level manager (Shaw, 2005). As a result, employee engagement lacks a distinct definition and process for measurement. In addition, employee engagement is potentially interchangeable with other concepts such as organizational commitment and organizational citizenship behavior. Currently, these issues compounded are causing the concept of employee engagement to become vague or diluted and threaten the concepts credibility and very existence (ibid).

2.2.CHANGE MANAGEMENT

From a theoretical perspective, the concept of organizational change has a close alignment with the theory of social change and conflict theory (Price & Chahal, 2005). From a historical perspective, the growing interest in change management began when there was a fundamental shift in the organizational structure of factories operating within the U.S. economy. In the nineteenth century factories were lean, flexible, and adaptive to change in headcount, work, and financing. Top managers were owners focused mainly on sales and distribution, subcontractors made up as much as 50 percent of the workforce, outsourcing was widespread, and middle managers were virtually non-existent. As sub-contractors profits grew factory owners began to change their organizational structures such that foremen, with their autocratic leadership style, and employees replaced most subcontractors (Ogilvie & Stork, 2003). In the late nineteenth century large immigration populations began entering the United States adding levels to organizational hierarchy, difficulty to employee management, and thus complexity to change management (ibid). For more than 50 years before “human resources” (HR) was coined as a phrase by P. Druker in 1954, individuals interested in or responsible for HR have been involved with the design and implementation of change management (Ogilvie & Stork, 2003).

Fast forward to the 1980’s and 1990’s: Global competition began to replace local and regional competition. Advances in technology speed up processes and improve an organization’s ability to imitate, thus eliminating many companies’ ability to find competitive advantages and exploit them for extended periods of time. The responses to these changes were widespread and included large-scale M&A’s, downsizing, and realignments (Ogilvie & Stork, 2003). As a result, interest in change management experienced tremendous growth to reach its current level.

III. EMPLOYEE ENGAGEMENT AND CHANGE MANAGEMENT RELATIONSHIP

While there is not a single clear definition of employee engagement, there are themes we can extract for the purposes of understanding a relationship to change management. Melcrum completed a recent study, which reviewed much of the current material on employee engagement and combined summaries of this material with research of their own. For the purposes of their research they defined employee engagement based on a very broadly consensual view extracted from other definitions they uncovered. Melcrum’s definition states, “employee engagement is about translating employee potential into employee performance and business success” and expounds, “changing the way employees perform by utilizing the tools in the armory of internal communication professionals” (Shaw, 2005). Vance (2006) also completed a report for the Society of Human Resource Management (SHRM) in which he highlights common themes across compiled definitions. Vance states, “The greater an employee’s engagement, the more likely he or she is to ‘go the extra mile’ and deliver excellent on-the-job performance.” Therefore, if employees are engaged during a change management initiative they are likely to have increased “buyin” and better performance thus, supporting business success. In much of the research concerning change management strategies, employee engagement is listed as a primary function to the success of properly implementing a change management initiative. Schmidt & Jackson (2005) state the fourth step to a balanced culture, communication, is “where engagement, ownership, and empowerment are built.” Goodman & Rousseau (2004) detail the reasoning behind the second step of linkage analysis, mapping the change pathway in order to identify obstacles, as a way to provide a, “positive feedback system where knowledge sharing improves engagement performance, which leads to more knowledge sharing, which, in turn, accelerates knowledge sharing and the subsequent cycle.” Price & Chahal (2005) list “communications and workforce engagement” as step number four in their six-step process. Finally, Guy & Beauman (2005) highlight “engagement and alignment” as one of the three main categories for successful change management.

Guy & Beauman (2005) also list commitment as the leading component of engagement and alignment, thus, drawing attention to an on-going issue concerning the crossover between the concepts of engagement and commitment and highlighting a need to research the relationship between organizational commitment and change management.

3.1.ORGANIZATIONAL COMMITMENT & CHANGE MANAGEMENT

Due to employee engagement’s close relationship to organizational commitment, understanding organizational commitment’s relationship to change management may provide some valuable insight. Fedor, et al., (2006) recently completed a study on organizational change and its impact on employee commitment. Their study investigated thirty-two different public and private organizations. They divided commitment into two parts: commitment to the change initiative and commitment to the organization. Results indicated that both commitment types were impacted by a three-way interaction of the overall favorableness (positive/negative) of the change for the work unit members, the extent of the change in the work unit, and the impact of the change on the individual’s job.

The most important overall findings were that, “commitment to the change and the organization are not impacted in the same way by organizational change and individuals' reactions to change based on a complex calculus reflecting different aspects of the change and its consequences.” The implication of these results is that focusing on a change initiative's impact on either of these two types of change, by themselves, is not satisfactory (Fedor et al, 2006). More specifically, commitment to the change reached its highest level when; the change demands occurred primarily at the unit level, change demands at the individual level were low, and the change was deemed favorable. If the change was seen as generally unfavorable commitment dropped.

For commitment to the organization, the highest level was reached when the change was deemed favorable and when it occurred primarily at the unit level. Interestingly, the lowest commitment to the organization level occurred when the change was deemed favorable but the change demands on the individual were high and low at the unit level. It seems that if the employees felt they carried the burden of the change on their shoulders, commitment dropped (ibid). Fedor et al's findings may have implications for the relationship between employee engagement and change management. As an organization designing a change initiative, consider how; overall favorableness (positive/negative) of the change for the work unit members, the extent of the change in the work unit, and the impact of the change on the individual's job affect engagement to the change initiative as well as the organization. Chawla & Kelloway (2004) completed a study of 164 employees to determine variables that predicted an individual's commitment to an organizational change. Their results highlight the impact perceptions of procedural justice have on understanding organizational commitment. Chawla & Kelloway (2004) determined that communication and job security were both direct and indirect predictors of trust and openness (i.e. commitment). Participation (i.e. employee involvement) was a direct and indirect predictor of trust but only an indirect predictor of openness. Finally, trust and openness negatively predicted an employee's intention to leave the company and turnover intentions predicted neglect. If organizational commitment and employee engagement are closely related then Chawla & Kelloway's results highlight communication and trust as potential key functions of employee engagement. In addition, these functions are two of the same key functions found in the studies mentioned earlier by Guy & Beaman and Porras & Hoffer concerning effective change management. Chawla & Kelloway's results also highlight the importance of employee involvement to commitment, thus, engagement. This could also be considered another key function shared with change management if you consider collaboration, information flow, and effective problem solving to be under the umbrella of employee involvement. Konrad (2006) supports the notion that employee involvement is key to employee engagement by stating, “employees who conceive, design and implement workforce and process changes are engaged employees.”

IV. EFFECTIVE CHANGE MANAGEMENT

As is true with many concepts used by strategic HR professionals, the components of effective change management are not terribly difficult to comprehend rather the difficulty lies more within implementation.

4.1 TYPES OF CHANGE MANAGEMENT

As an organization begins the process of developing a change management strategy it is important to recognize that research has determined that there are different types of change. Price & Chahal (2005) discuss Johnson and Scholes' research on change. Johnson and Scholes' describe two main types of change: crisis change and chosen change. Crisis change is typically a reactive response to some type of external factor or fear of failure. Chosen change describes a more proactive approach taken by employees within an organization that are trying to drive success (ibid). Price & Chahal (2005) also highlight Pritchett and Pound's research on three primary components of organizational change: developmental change, transitional change, and transformational change. Developmental is defined as “doing more of, or better than, what currently exists.” Transitional is, “implementation of a new desired state requiring dismantling existing new ways.” Transformational is, “implementing an evolutionary new state, requiring major and ongoing shifts in organizational strategy and vision.” When designing a change management initiative research suggests that how different types of change are defined is not as important as considering the complexity level of the change in your initiative.

4.2. EFFECTIVE CHANGE FUNCTIONS

Upon reviewing research on how to implement effective change management it is clear that different functions have been highlighted over the years. Schmidt and Jackson (2005) highlight leadership functions in their study that are needed to successfully navigate the paradoxical opposites faced during everyday organizational change. The functions they list are as follows:

- Ability to balance short-term and long-term focus.
- Ability to increase quality and lower costs.
- Ability to improve speed and accuracy.

- Ability to be adaptable and be consistent.
- Ability to secure individual engagement and hold fast to a larger company vision.
- Ability to balance the competing needs of employees and customers and stockholders.

Guy & Beaman (2005) believe the main component of effective change management is creating an initiative that is sustainable. Functions they list for sustainability are:

- The ability to identify resistance, redundancies, and inefficiencies as well as knowledge of the best approaches to alleviate these issues.
- The ability to set clear steps for the change process and facilitate the process to make certain every step is taken.
- The ability to build and maintain relationships among employees impacted by the change initiative to ensure their engagement in the process.

The question then becomes, are there any common ‘function’ themes that span across research? Guy & Beaman (2005) highlight effective communication and the ability to clarify as the primary functions of successful change implementation, followed by the ability to build trust and achieve collaboration. Porras and Hoffer also list communication, collaboration, respect (which typically goes hand-in-hand with trust) and information flow, which relates to ability to clarify. In addition, Porras and Hoffer list factors including responsibility, leadership and shared vision, effective problem solving, support and developing others, participation, and strategic management (Price & Chahal, 2005). Jimmieson, et al., (2004) completed a longitudinal study in which they looked at the effect of change-related information and change-related self-efficacy on organizational change. Change-related information is a form of communication and change-related self-efficacy can be seen as effective problem solving. Jimmieson et al., (2004) found direct and indirect relationships between information and efficacy and positive forms of adjustment to change such as psychological well-being, client engagement, and job satisfaction. Of these functions, good communication seems to be the most common articulated competency. J.P. Kotter, a Harvard professor and change specialist, supports the theory that communication is key and believes, “Transformation is impossible unless ... people are willing to help, often to the point of making short-term sacrifices. Employees will not make sacrifices if they are happy with the status quo, unless they believe that useful change is possible. Without credible communication, and a lot of it, the hearts and minds of the troops are never captured” (Smith, 2006). Within these studies mentioned above communication seems to be followed by collaboration, information flow, trust, and effective problem solving.

The key functions associated with change management also share a strong relationship to employee engagement. Saks (2006) believes employee engagement is, “a series of actions and steps that require the input and involvement of organizational members and consistent, continuous, and clear communications.” Communication seems to be paramount to both concepts and employee involvement requires information flow, trust, and arguably effective problem solving. Research on organizational commitment can also be seen as support for a strong relationship between the functions of communication and trust and the concept of employee engagement. Therefore, if an organization is proficient in the functions required for successful change management, they are proficient in functions strongly associated with employee engagement.

4.3 CHANGE MANAGEMENT STRATEGIES

It is difficult to create a change management strategy that grows or maintains employee engagement in today’s fast paced global economy. Contrary to what many change management consultants want us to believe there are no ‘silver bullet’ strategies that apply to all firms. In 1992 Roberts and Brown’s designed a composite model for organizational culture change that stemmed from the earlier work of Lewin, Beyer & Trice, and Isabella. In this model change was broken down into three phases: unfreezing mechanisms; experimentation; and refreezing mechanisms. Then Robert’s & Brown took these phases and mapped them against social behaviors and cognitive states (Price & Chahal, 2005). Guy & Beaman’s (2005) research led them to believe the secrets to successful change management fall into three main categories: organizational competency; alignment and engagement; and competitive pressure. Under organizational competency: (1) knowledge and competency of leadership, (2) capability or competence, (3) the resources. Alignment and engagement has an extensive list of factors with the top three being: (1) commitment, (2) employee involvement, and (3) a tie between sponsorship and link to mission and values. Finally, competitive pressure is split between: (1) burning platform and (2) market pressure. Hypothetically, by focusing a change management initiative in accordance to the ranking of these factors an organization should improve their chances for success.

Goodman & Rousseau (2004) have a different focus for what they believe will provide successful organizational change. They believe that there is a paradox where, “organizational changes are expected to lead to performance benefits for a unit as well as for the firm as a whole, but benefits occur only for the unit.” To counter problems associated with this paradox Goodman & Rousseau (2004) go into detail concerning how to use a linkage analysis to, “detail critical change pathways that otherwise go unrecognized and unmanaged.” First, a linkage analysis identifies organizational features that may be obstacles by asking: (1) How is the firm organized? (2) Are the performance metrics similar? (3) What is a unit’s functional contribution to overall firm success? (4) What are the time lags between the change and observable results? Second, a linkage analysis maps the change pathway in order to identify obstacles. Third, the analysis introduces mechanisms that will build stronger linkages. Three main mechanisms are: Multilevel Motivation Systems, problem-solving mechanisms, and a mechanism to coordinate your efforts vertically and horizontally. The idea behind a linkage analysis is it assists managers in visualizing the change initiative so that they are able to identify critical change pathways that may otherwise go unnoticed (ibid).

Price & Chahal (2005) developed a strategy for change management based off literature review, case studies, interviews, and personal experience. Their strategy incorporates six steps: (1) Prepare the organization, (2) Develop the vision and implementation plan, (3) Check or review, (4) Communicate and build workforce engagement, (5) Implement, (6) Evaluate. Price and Chahal (2005) recognize that the process made need adjustment and feel that adjustment can occur at the local level. They also see the whole process as a continuing circle that eventually becomes the driver for a new change. Schmidt & Jackson’s (2005) feel a balance culture is key to managing change. They define culture as, “how you get things done” and include examples such as, “Execute and operationalize your vision and strategy; Communicate internally and externally; Solve problems and make decisions; and Launch and support teams and run meetings.” Building a balanced culture is broken down into six key steps: (1) Create urgency – address points of pain, (2) Establish direction, (3) Charter a change team, (4) communicate, (5) Align and empower leaders and employees, (6) Align infrastructure and increase accountability. Schmidt and Jackson (2005) believe that once leaders are educated in the process of balancing culture they can use that culture as a “rocket booster of change.” Managing organizational change is difficult due to the fact that it is an ongoing process rather than an event (Price & Chahal, 2005). In addition, factors such as individual organization characteristics, industries, economic forces, and competitive climates can impact organizational change. Successful strategies seem to be those customized according to the unique qualities and competitive environment of a firm and may incorporate different components of other successful strategies.

4.4.BARRIERS TO ENGAGEMENT DURING CHANGE

Increasing employee engagement is a difficult process. Saks (2006) states, “managers should understand that employee engagement is a long-term and on-going process that requires continued interactions over time in order to generate obligations and a state of reciprocal interdependence.” Saks (2006) also stresses the point that, “engagement is a broad organizational and cultural strategy that involves all levels of the organization.” As stated earlier, strong communication, collaboration, information flow, trust, and effective problem solving all seem to be common key functions of both engagement and change. If employee engagement is a primary antecedent to successfully implementing an organizational change initiative then deficiencies in these key functions form a potential a barrier to employee engagement as well as the change initiative.

Referring back to Schmidt and Jackson’s (2005) work on change and a balanced culture they list five common ways to fail a culture change initiative: (1) Believing culture is the easy work, (2) Underestimating senior leadership support required to create momentum, (3) Attempting it with the same people who created the current reality, (4) Underestimating resistance, (5) Unwilling to change yourself. Of these five, Schmidt and Jackson (2005) indicate “believing culture is the easy work” has a significant impact on employee engagement during change. Depending on the organization, cultural work can be very daunting. An organization with strong communication, collaboration, information flow, trust, and effective problem solving will have a higher potential for success in implementing a successful change initiative than an organization lacking this pro engagement culture. In addition, organizations without an established engagement culture cannot simply go to their friendly HR market and pick up a ‘employee engagement for dummies’ manual expecting to have an engagement culture up and running in a relatively short period of time. They must place immediate focus on creating and maintaining key functions for a culture that promotes employee engagement.

V. CONCLUSION

Interest in change management and employee engagement evolved from the emergence of the global economy in the 1980s and 1990s. There are numerous studies offering different strategies for successful change management but most share the common theme that successful employee engagement is considered a primary antecedent to successful change management. In addition, it seems that employee engagement and change management share many of the same functions deemed a requirement for successful implementation. Finally, research on organizational commitment and change management was more readily available and provided potential support for the relationship between engagement and change. Going forward, more extensive research must be conducted on the relationship between engagement and change management in order to gain additional insights on how to use these concepts to improve sustainability and profitability within organizations.

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