IDENTIFYING THE DRIVERS OF STAFF SATISFACTION AND COMMITMENT IN THE PUBLIC SECTOR – UPDATED VERSION, 2004

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"What employees seek — indeed, what we all seek in our work experience — is a blend of tangible and intangible elements that together create an environment of stimulation, contribution, recognition (monetary and otherwise), development, learning and support (from day-to-day management and senior leadership)"[1].

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[1] Towers Perrin (2003). *Working today: Understanding what drives employee engagement.*
http://www.towers.com/towers/webcache/towers/United_States/publications/Reports/Talent_Report_2003/Talent_2003.pdf

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Executive Summary

*T*his paper overviews a sample of the HR literature first to understand how the HR area may best be conceptualized and then to identify the key drivers (or variables) that shape or contribute to it. The main findings point to the existence of a broad range of labels – satisfaction, commitment, engagement, loyalty, and several others. However, it is possible to draw a general sense of agreement out of the literature on what the most important or dominant constructs are for today's workplace. The two that emerge clearly are employee commitment and satisfaction which are positioned in this review together as employee engagement. The range of approaches observed in the literature underscores the importance of clarifying these two key constructs and agreeing on definitions for them. The definitions that are synthesized from the range of approaches reviewed are as follows:

> **Employee Engagement** is comprised mainly of two distinct yet related factors:
>
> 1. **Employee Satisfaction:** The level of contentment or happiness a person assigns to:
>   - attributes of their job/position,
>   - their organization, and
>   - the general or overall way they feel about their employment.
>
> 2. **Employee Commitment:** The pride people feel for their organization <u>as well as</u> the degree to which they:
>   - intend to remain with the organization,
>   - desire to serve or to perform at high levels,
>   - positively recommend their organization to others, and
>   - improve the organization's results.

While it is possible to articulate satisfaction and commitment as the central constructs in employee engagement, it is not feasible to clearly identify a set of drivers for either (individually or in combination). The literature is rife with drivers but the range of approaches to what a driver is coupled with the diversity in how they are identified (if indeed information on this is available at all) makes it impossible to draw any conclusions. The tremendous utility of drivers in both organizational improvement activities as well as ongoing research suggests that further work in this area is of critical importance.

But clarification of the drivers is not the only area in need of further attention. Work to clarify the relationship between the constructs of employee satisfaction and commitment is also warranted. In many instances satisfaction is positioned as a contributing variable within commitment, but not always. Understanding more about how these two variables work together will enhance the public sector's ability to measure and apply both to full advantage. In addition, it is necessary to develop a fuller understanding of if and/or how contextual factors impact these constructs. Age, position, and several other variables have been suggested as influencing satisfaction and commitment. Understanding these will round out knowledge of the key drivers to ensure a full, complete picture is available.

The nature of the work this paper calls for can take many different forms. Given the amount of employee survey data currently available across the public sector it is recommended that a meta-analysis of existing data be the first step. This will complement the findings of this paper by identifying the key constructs and their drivers from a research base. However, to address all of the information needs identified, a large-scale, multi-jurisdictional employee survey study akin to *Citizens First* (on client/citizen satisfaction) will be the ideal vehicle (i.e., a study using a strong sample of public organizations across the country, a comprehensive survey, and analysis that identifies key drivers and outcomes). Such a study will quickly push forward the findings needed and position the public sector to make more meaningful improvements in this area. It will also position the public sector to fully apply the Service-Profit Chain model[2] so that the relationships between employee satisfaction and commitment can be understood on their own and also in terms of their impact on client satisfaction and through that the impact on overall confidence in government.

The specific recommendations arising from this review are:

1. It is recommended that the key HR constructs be defined jointly as employee satisfaction and employee commitment. Using these constructs together rather than focusing on one to the exclusion of the other provides a much more meaningful and complete picture of what is truly important in today's workplace.

2. When using employee satisfaction it will be constructive to ensure it is clearly defined so that the type of satisfaction is evident. The recommended definition is:

   The level of contentment or happiness a person assigns to attributes of:
     - their job/position,
     - their organization, and
     - the general or overall way they feel about their employment.

3. As was the case for satisfaction, employee commitment also needs to be precisely defined to ensure it is both well understood and completely and appropriately measured. It is recommended that commitment be defined as:

   The pride people feel for their organization as well as the degree to which they:
     1. intend to remain with the organization,
     2. desire to serve or perform at high levels,
     3. positively recommend the organization to others, and
     4. improve the organization's results.

4. Employee engagement can be used as the overarching label that brings employee satisfaction and commitment together jointly.

5. Further research needs to be conducted using advanced statistical techniques to shed more light on the relationship between employee commitment and satisfaction.

6. To ensure a full understanding of employee satisfaction and commitment consideration should be given to assessing the possible impact or role of demographic and contextual factors.

7. Given the range of approaches or methods used and the divergence in what is reported it is not possible to state with certainty what the key drivers of employee

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[2] Heskett, James L., Sasser Jr., W. Earl, and Schlesinger, Leonard A. (1997). T*he Service-Profit Chain: How Leading Companies Link Profit and Growth to Loyalty, Satisfaction, and Value*. New York, The Free Press.

satisfaction or commitment are. Further research is needed to ensure a full, robust identification within the Canadian public sector that can provide a basis for organizational development efforts. Ideally, new studies that parallel the approach to drivers developed by the *Citizens First* project and meta-analysis work drawing out drivers from existing survey data will be conducted.

This paper is a review of the professional and academic literature on satisfaction and commitment in the workplace (where possible, with an emphasis on the public sector). The paper was originally prepared in July 2003 for the Treasury Board of Canada Secretariat. It was revised in August 2004 in order to update it with additional findings and extend its scope to include more of the academic literature. While the update expands the base from which the above recommendations flow it did not change the recommendations in any way as the new information is consistent with that reported in 2003.

1   Introduction

*T*oday's public sector is a complex organizational type with a broad range of internal issues challenging its ability to achieve the levels of performance needed by citizens and society. To its credit, these internal issues are being given high priority by public organizations with a range of major initiatives, ongoing practices and legislative activities in play. Among these are efforts to collect and use employee opinions as a basis of improvement activities.

Work in the area of employee opinions or perceptions about the organization and individuals' work experience is widespread in both the public and private sector. In both sectors a broad array of models, terminology and measurement/reporting practices have emerged in part due to the proliferation of consulting practices each with their own proprietary instruments and in part due to the long history of knowledge development and research regarding the workplace. Indeed, some of the earliest work on job satisfaction goes back to 1935 when Hoppock[3] used seven-point scales to assess satisfaction and linked the results to a range of occupational features and when the famous Hawthrone experiments were reported later in that decade[4]. Over the last 70 years the number of writings that have emerged in this field is enormous.

Given this scope the area has become so broad that is increasingly difficult to clearly identify what should be the focus of consideration. Rather than leading to theoretical clarity, the research and applications that have emerged have created a sense of fragmentation. Without a clearer focus progress will be limited due to the inability to share and benchmark between organizations and also due to the limitations the current situation presents in understanding what the key issues and their drivers are.

Overview of This Paper

As a starting point in addressing these issues this paper explores what is currently known (and not known) about employee satisfaction particularly as it applies to the public sector. Specifically, this paper looks at:

- What is/are the main construct(s) that capture the critical aspects of employee opinions /perceptions in today's public sector workplace?   Is it employee satisfaction or engagement or commitment or some other variable?

- What are the key drivers of this construct(s)?

- What gaps exist in our current knowledge as it pertains to the key construct(s) and drivers particularly as applied to the public sector? What do we need to know or do to fill these gaps?

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[3] Hoppock, R. (1935). Job Satisfaction. Harper.
[4] Roethlisberger, F.J., & Dickson, W.J. (1939). Management and the Worker. Cambridge, MA, Harvard University Press.

In attempting to address these questions this paper draws from both the general professional and academic literature as well as the reported experiences of organizations. Given the magnitude of the literature in the HR area on employee surveys and measurement it is not possible to offer an exhaustive review. For example, a search on *PsychInfo* produced 2,429 hits for "organizational commitment", 246 for "employee satisfaction", and 18,372 for "job satisfaction" (but, interestingly, only 7 for "employee engagement" and 10 for "key drivers"). In light of this broad array of work on these topics what is presented here is an overview of key findings and directions focusing on those reports and articles that speak directly to the questions at hand.

It is hoped that by highlighting key issues and current directions this review will help the public sector build on its solid base of work to date in the HR area. Indeed, across this sector there are many notable examples of efforts and new models over the past number of years that have strengthened organizations and made them better places to work (both at the general organizational level and at the HR level specifically). For example, it is interesting to look back to the 1988 *Report of the Auditor General of Canada*[5] and its landmark work on the well-performing government organization. Five attributes were identified as essential for performance: an "emphasis on people, participative leadership, innovative work styles, strong client orientation [and] a mindset that seeks optimum performance".

Clearly the results of the review provided here are extensions of what is already established or underway in the public sector. But as is the case in so many areas, challenging existing approaches and testing new models are all important ways of sustaining progress, building performance, and responding to the ever-changing nature of organizations.

By taking stock of the present state of what is known about the definition and key drivers in the HR area it is hoped that this paper will form the basis for further debate, research and, most importantly, action that improves the public sector for both the people within it and the people it serves. Where new definitions, models and concepts are advanced and recommendations are formulated they are offered solely as the opinions of the author and are not intended to reflect the position of the Government of Canada.

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[5] Brodtrick, Otto (1988). *Attributes of Well-Performing Organizations.* Extract from the Report of the Auditor General of Canada to the House of Commons, Fiscal Year Ended 31 March 1988.

2 Employee Opinions and Perceptions

*T*here is a large and rapidly growing body of knowledge about the workplace based on studies and models capturing the opinions and perspectives of employees. This area is most often referred to as employee satisfaction but, as will become evident as the literature in this area is reviewed, the precise construct to describe and label what should be the central aspect of analysis is not completely clear.

The problem is that our current state of development and knowledge lacks clarity on exactly what the key factor(s) is (in other words, what the dependent variable is). A broad range of things are used to describe what should be emphasized. For example, employee satisfaction, commitment, retention, productivity, loyalty, engagement, passion and organizational health have all been used on their own and in various combinations.

The challenge is that while these variables are all related, they mean different things. In fact, even the same variable can mean different things to different authors and researchers. This makes it difficult to sort through what is known and to define the forward path to advance our knowledge. Specifically, it poses significant challenges in determining what to measure and how to measure it, and it undermines efforts to compare the results of studies where differing variables or definitions of the same variable have been applied.

This chapter attempts to address this by looking at a range of labels, concepts and definitions that have been used and understanding how they have been applied. The focus here is at the definitional level only. Chapter 3 explores the main variables that emerge from this review in greater detail by examining what is known about their key drivers.

This Chapter is divided into three sections. The first addresses the topic from the perspective of the Service-Profit Chain. This model is gaining prominence in the public sector and thus it is useful to assess what it offers on employee opinions and perspectives. The second section turns to the literature more broadly through both the practitioner/professional literature as well as writings from the academic side of the aisle. In this section the definitions of employee satisfaction and commitment are used as focal points with a large number of alternative points of view offered. From this review an attempt is made to synthesize definitions for the main variables. The final section looks at how these variables fit within the context of a major thrust in many organizations around organizational health and Workplace Well-Being.

Employee Constructs: Service-Profit Chain Research

There is a substantial body of literature that discusses the issue at hand through the development and application of the Service-Profit or alternatively for the public sector, the Service-Value[6] chain model. This model suggests there are links between employee satisfaction, client satisfaction and confidence in government. Each link can be measured independently and the econometric relationships between them can also be assessed. Applications of this model in the private sector have been very instructive with strong relationships between the links in the chain identified[7],[8],[9].

A review of the literature on the chain model is beyond the scope of this paper. What is useful here is an examination of one specific aspect of this literature - discussions on what the constructs are in the first link that addresses employee opinions and perceptions. This literature offers a good starting point for looking at what the key construct(s) is and how to describe it.

Looking first to the original service-profit chain model and research by Heskett et al[10] we see that the main first link constructs are employee **loyalty, productivity and output quality, service quality, capability** and **satisfaction**. An inter-active circular linkage is proposed between these factors suggesting that they are all inter-related but yet are all unique. To fully understand the model it is necessary to highlight how each has been defined or described by the authors:

The Service-Profit Chain appears to use the concept of employee **loyalty** to refer to intentions to remain with the organization as reflected in measures of absenteeism and turnover. It is of note that turnover is not viewed as a simple figure but rather as one that needs to control for involuntary departures (attributed to hiring errors which are distinct from voluntary departures due to the relative attractiveness of an organization and marketplace competition).

Unfortunately, definitions of employee **productivity and output quality** and **service quality** could not be found within the Service-Profit chain itself. However, its authors did include an interesting definition of productivity from the Travel Services division of American Express[11]. They suggested that:

> "…productivity is defined in terms valued by customers, the speed and accuracy with which tickets are prepared. This recognizes the fact that quality of service need not be 'traded off' for high productivity; they most often go hand in hand" (page 27).

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[6] Heintzman, R., & Marson, B. (2003). *The search for a service-value chain within the Canadian public sector.* European Group of Public Administration, Study Group 2: Productivity and Quality in the Public Sector. Lisbon Meeting. http://www.soc.kuleuven.ac.be/pol/io/egpa/qual/lisbon/paper_lisbon_marson.html

[7] Heskett, James L., Jones, Thomas O., Loveman, Gary W., Sasser Jr., W. Earl, and Schlesinger, Leonard A. (1994). *Putting the Service-Profit Chain to Work.* Harvard Business Review (March-April) Reprint #94204.

[8] Rucci, Anthony J., Kirn, Steven P., & Quinn, Richard T. (1998). *The Employee-Customer-Profit Chain at Sears.* Harvard Business Review, (January-February), 82-97.

[9] Brooks, Eleanor Randolph (1998). *Loyal Customers, Enthusiastic Employees and Corporate Performance. Understanding the Linkages.* Conference Board of Canada Executive Summary, 231-98.

[10] Heskett, James L., Jones, Thomas O., Loveman, Gary W., Sasser Jr., W. Earl, and Schlesinger, Leonard A. (1994). *Putting the Service-Profit Chain to Work.* Harvard Business Review (March-April) Reprint #94204.

[11] *Ibid.*

Employee capability is a central element in the Service-Profit work as it focuses on what is needed to ensure employees have what it takes to perform. Specifically, it is made up of all the things needed to support employees in their service delivery activities including:

> "(1) the latitude to deliver results to customers, (2) a clear expression of limits within which frontline employees are permitted to act, (3) excellent training to perform the job, (4) well-engineered support systems, such as service facilities and information systems, … (5) recognition and rewards for doing jobs well, determined at least in part by the levels of customer satisfaction achieved… [and] employee selection methods and results"[12] (pages 114-115).

These elements come together in this model as a "cycle of capability" and in the philosophy that "satisfied employees are loyal and productive employees"[13] (page 11).

And finally, **employee satisfaction** is used in this model and is posited as the result of "the internal quality of a working environment…measured by the feelings that employees have toward their jobs, colleagues, and companies"[14] (page 168). This portrays satisfaction as an affective variable attached to many different entities or levels of the work environment.

The bulk of the research reported by Heskett et al in 1997[15] drew a statistical link directly from employee satisfaction to customer satisfaction (called the "customer – employee satisfaction mirror" – page 98) and from employee loyalty to customer loyalty. They do however report one set of findings that diverges from this. In data from Merry Maids, **employee commitment** is used as an intervening variable between employee satisfaction and customer satisfaction. The results show that a 1% increase in employee satisfaction is linked to a .5% increase in commitment and a .22% increase in customer satisfaction (page 100). This is an interesting finding not only for its inclusion of both variables (i.e., employee satisfaction and commitment) but also for its suggestion that employee commitment arises out of and indeed can be predicted from employee satisfaction given the causal relationship postulated between them.

In the Sears[16] chain model **attitudes about the company and the job** were statistically identified as determinants of **employee behaviour** (using causal pathway modeling). Together, these variables were referred to by Sears as **employee satisfaction** and were found to determine what makes Sears a good place to shop. Sears appears to have placed a great deal of attention on finding ways of measuring the variables in their employee-customer-profit model. While their survey of employee satisfaction included 70 items they found that 10 items held the greatest predictive power from employee to customer satisfaction. It is interesting to note that some of the employee satisfaction factors they anticipated would be supported in their model were not. Two in particular - personal growth and development and empowered teams - were *not* found to be linked to customer satisfaction. This is not to say that these variables are not important for other reasons but rather to highlight that the specific relationship between employee and customer satisfaction is unique and may be driven from only certain parts of the total employee experience. This underscores the importance of sorting through the various constructs that have been proposed and confirming what the most meaningful HR dimensions are.

In terms of defining the first link in the chain, the work at Sears suggested that **employee satisfaction** is the key construct and further that it is the function of attitudes at two levels – at

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[12] *Ibid.*

[13] *Ibid.*

[14] *Ibid.*

[15] Heskett, James L., Sasser Jr., W. Earl, & Schlesinger, Leonard, A. (1997). *The Service Profit Chain: How Leading Companies Link Profit and Growth to Loyalty, Satisfaction, and Value.* New York: The Free Press.

[16] Rucci, Anthony J., Kirn, Steven P., & Quinn, Richard T. (1998). *The Employee-Customer-Profit Chain at Sears.* Harvard Business Review, (January-February) 82-97.

the immediate job level and at the overall company level. At the behavioural level, the Sears model shows that retention is a function of employee satisfaction. The use of the label employee behaviour and the link in the model from behaviour to retention both underscore that attitudes and behaviours are interrelated in a meaningful way.

The link between employee and customer satisfaction has more recently been supported in the work of Reichheld in his 1996 book *The Loyalty Effect*[17] and that of McCarthy in *The Loyalty Link*[18]. However, Allen and Grisaffe's 2001 review of the literature revealed relatively little research that empirically tested the relationship between the first two links – employee and customer satisfaction - but were able to state that "Both theory and research findings suggest that employee commitment that is affective in nature will be positively related to various aspects of work performance – both customer-relevant behaviours (that are likely to influence customer reactions) as well as more internally oriented work behaviours (such as interactions with coworkers)"[19] (page 216).

A range of other researchers have questioned the links between customer satisfaction and profit and between employee satisfaction and profit although generally have upheld the link between employee and customer satisfaction (see, for example, the literature reviewed by Bernhardt et al[20]). The issue appears to be that most research has looked only at single points in time which are insufficient to reveal the true pattern of relationships. By looking longitudinally at large numbers of customers and employees the variables that can mask the relationships are controlled and findings of positive relationships between customer satisfaction and profits are found[21]. This confirms the overall chain model with employee satisfaction linked to customer satisfaction and customer satisfaction linked to profits.

But looking more specifically at the topic at hand – the first or the HR link - it is evident that even in the early Service-Profit Chain research a wide range of variables were used to describe the HR link. As this model attempted to grapple with how to describe and measure the employee dimensions most relevant to organizational performance this literature is a useful starting place for understanding the HR area generally. But this area has received a great deal of attention elsewhere as well. It is to a review of the broader literature that this paper now turns.

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[17] Reichheld, F. F. (1996). The Loyalty Effect. Boston, Harvard Business School Press.

[18] McCarthy, D. C. (1997). The Loyalty Link. New York, Wiley.

[19] Allen, N. J. & Grisaffe, D. B. (2001). *Employee commitment to the organization and customer reactions: Mapping the linkages.* Human Resource Management Review, Vol. 11, 209 – 236.

[20] Bernhardt, K.L., Donthu, N., & Kennett, P.A. (2000). *A longitudinal analysis of satisfaction and profitability.* Journal of Business Research, Vol. 47, 161 – 171.

[21] *Ibid.*

Employee Constructs: Applications, Measurements & Research

In addition to looking at the literature arising from the Service-Profit Chain it is useful to review the work of organizations that have done HR measurement work. Not only does this allow an examination of the range of labels and definitions are being used and the key trends being identified, it offers a strong, applied research base in the form of surveys of employees. Results of more general research projects and/or academic models are also included in this section in order to extend the discussion beyond specific organizational findings.

It should be reiterated that the focus of this chapter is on understanding the key constructs only. In the following chapter (*Key HR Drivers*) findings that have gone beyond definitions and concepts to probe the factors that drive or shape them are reported.

The information reported here is based on a broad review of HR literature. The amount of measurement activity, research and writing in this area meant that an exhaustive review of approaches, tools and data sets was beyond the scope of this paper. Instead, a selective overview is presented that draws together the efforts of key leaders and those offering unique or particularly informative perspectives. The resulting picture outlines the major areas of attention and thought.

Since it was necessary to be discriminating it is useful to consider in more detail how the materials reported in this section were selected. In researching the employee construct(s) a very large number of references were found to suppliers of measurement tools. These are included only if (a) there was meaningful data from applications of the tool that contributed to the current discussion and/or (b) there was good material on the development of a tool that contributed to either understanding what the employee area is or what the key drivers within it are. The exclusion of other tools does not in any way suggest that they are not useful in their own right (for example, there is very interesting work at the University of Texas at Austin on the *Survey of Organizational Excellence*[22] tool that is valuable from the perspective of measurement tools but which did not fit the scope of this review).

In addition to excluding many tools, this paper also does not report on all of the survey data that was found. Many public sector organizations, such as the Government of Canada[23] have put considerable effort into large-scale employee surveys. These types of surveys were included only if they provided the types of information noted above – that is, only those with insights or information pertaining to the definitional discussions in this chapter or the drivers discussion in the next are included. In addition, while it was very interesting in its own right, information on the findings of the various studies reviewed has by and large been omitted (e.g., findings on levels of satisfaction are not included). These kinds of results will be of greater interest once the key construct(s) have been defined as the construct(s) will focus the types of findings that will be of maximum use in benchmarking, determining measurement strategies, and so forth.

Given the diverse ways in which the research in this area has advanced it is difficult to clearly categorize the findings. After looking at a broad sample of the literature it became apparent that the dominant labels being used within organizations are satisfaction and commitment. These form the basis around which this review is shaped. However, as will be seen, this is a rather

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[22] Lauderdale, Michael (1999). *Reinventing Texas Government.* University of Texas Press, Austin. www.utexas.edu/research/cswr/survey/site/soe/index.html

[23] The Government of Canada conducted its *Public Service Employee Survey* in 1999 and 2002. These studies were climate surveys of all federal employees designed understand what contributes to healthy, productive organizations. Further information on the 2002 study can be found at www.survey-sondage.gc.ca/2002/2002-pswr-rsaff_e.html

arbitrary scheme and as there are several studies that address both satisfaction and commitment (or a variety of other factors) a third or joint category was also needed.

Within each section the individual research reports are presented in no particular order. Where information is provided that specifically advances possible definitions of each constructs it is presented in a text highlight box. For clarity, the literature that is part of the academic writings is reported separately. Given the complexity of the issues regarding commitment this area is given more attention from a theoretical / academic perspective than is satisfaction.

Summary of the Applied or Professional Literature - Employee Commitment

Watson Wyatt. Watson Wyatt has conducted several rounds of its *WorkUSA* survey [24] (the most recent in 2004 focusing mainly on performance management and ethical issues in the workplace) and, since 1991, has completed five rounds of *WorkCanada*[25]. Of key interest here are the *WorkUSA* 2000 and the 2002 *WorkCanada* studies given their focus on employee commitment. The former was based on data from 7,500 full-time workers across a broad range of jobs and sectors in the US while the 2002 *WorkCanada* study included 2,300 employees.

> **_Definition:_** **Watson Wyatt focused on employee commitment defined as...**
> **"...the degree to which employees:**
> - **Are satisfied with their job**
> - **Are satisfied with their company**
> - **Are proud to work for their company**
> - **Would recommend the company to others**
> - **Would remain with the company even if offered a comparable job elsewhere**
> - **Would rate their company superior to others."**

Among a range of measures, these projects focused on producing an **Employee Commitment** Index using a broad, multifaceted definition of commitment[26]. Watson Wyatt equated its measure of commitment with features of an employer of choice – a contemporary label that resonates well within the literature in general and within the public sector in particular.

There are several interesting aspects to this definition. The first is that job satisfaction is presented as an element within commitment and not as a separate entity. This suggests that while employee commitment is the key factor, satisfaction is also relevant even though it is not highlighted directly. It also suggests that while they are related, satisfaction and commitment are not inter-changeable labels for the same thing. While a definition of employee satisfaction was not provided it should be noted that within the definition of commitment it takes two forms or levels – job satisfaction and company satisfaction. This suggests two things - satisfaction is not a uni-dimensional construct and more than one aspect of satisfaction is important to employee commitment.

It is also remarkable that Watson Wyatt (in *WorkUSA*) stated that commitment "goes beyond old-fashioned loyalty". Unfortunately, they did not articulate what the difference is between commitment and loyalty or what it means for loyalty to be old-fashioned. This is somewhat surprising in that it is possible to view loyalty as the behavioural expression of commitment particularly through the part of their definition that deals with intentions to remain with the organization. It is feasible that this view on loyalty is evolving as in the *WorkCanada* 2002 report the features or indicators of commitment were expanded beyond those in the definition above. The *WorkCanada* list included a broader range of variables and added loyalty to what was important for commitment (page 11). Specifically, in addition to the bullets in the highlight box above, the following were added:

- "Have confidence in the business success of the organization
- Intend to stay with the organization
- Would rate the company as a good corporate citizen

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[24] Watson Wyatt. *WorkUSA 2000 – Employee Commitment and the Bottom Line.*
www.watsonwyatt.com/research/resrender.asp?id=W-304?page=1#

[25] Watson Wyatt. *WorkCanada 2002 – Restoring Confidence, Regaining Competitiveness.*
www.hrpao.org/files/workcanada02.pdf

[26] Watson Wyatt. *WorkUSA 2000 – Employee Commitment and the Bottom Line.*
www.watsonwyatt.com/research/resrender.asp?id=W-304?page=1#

- ▪ Would find it hard to leave the organization
- ▪ Have few other options
- ▪ Have a sense of obligation to other people
- ▪ Have a sense of loyalty to the organization"

And finally, it is important to note that in the *WorkCanada* study there was a finding that suggested a difference between commitment and engagement. While the former was defined as noted above, engagement was used as a measure of the extent to which employees feel involved with the activities of their organization and in decision-making (page 6). In Canada there was an interesting pattern - higher levels of commitment than involvement were found and both were linked to levels of shareholder value in the company. This distinction stands in contrast to many others (such as the work by Hewitt which is presented later) where commitment and engagement are close or even inter-changeable constructs.

TNS (Taylor Nelson). The distinction between **commitment** and loyalty hinted at in the work by Watson and Wyatt also appears in the work of TNS[27]. Here commitment is compared to satisfaction and loyalty (used by TNS in tandem) with the suggestion that commitment is the more important variable. It is interesting to note that TNS links loyalty and satisfaction through an assumption that both occur together but that they position commitment as occurring separately.

In their work TNS assessed commitment at both the individual and organizational levels. This is perhaps best seen in their 2002 international study of employee commitment across 33 countries involving 19,840 employees[28]. The results produced a 2X2 matrix plotting high and low levels of commitment to the type of work one does by commitment to the organization or company. When both are high a very positive situation results with employees who are "Ambassadors" and are enthusiastic about their work. When both are low employees are "Uncommitted" and, at the extreme, can damage the work environment. When there is high work but low company commitment the result is a high "Career Orientation" with employees who may be easily lured away to other positions. Conversely, when there is low work but high company commitment the employee is "Company Oriented" and while they are dissatisfied they may excel when placed in another position. Each type of employee in this matrix exhibits different behaviours and different strategies are needed to respond to them. Part of the value of this matrix is that it highlights the complexity within the construct of commitment and that it can attach to different levels.

> *Definition:* **TNS defined commitment in contrast to loyalty as follows: "Loyalty is behavioural and refers to the likelihood of an employee staying at a company based on past behaviour. Commitment is psychological and refers to what is in the employee's mind - the strength of the relationship between the employee and the company. If the employee is committed to a company, he will be loyal and satisfied. An employee who is loyal, however, is not necessarily committed."**

Aon. Aon Consulting has a broad series of @Work studies that have examined a range of topics and countries. This has included three iterations of *Canada @ Work*[29] in 1999, 2000 and 2001 and annual applications in the USA since 1997. In 2002 a specific focus was placed on commitment through a study in Australia entitled *Commitment @ Work*[30].

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[27] TNS. *Employee Score™*. www.tnsofres.com/employeescore/index.cfm
[28] TNS (2002). *TNS Worldwide – Global Employee Commitment Report.* www.tnsofres.com/gec2002/home.cfm
[29] Aon Consulting, Ltd. (2001). *Canada @ Work.* www.aon.com/about/publications/work/atwork_canada2001.jsp
[30] Aon Consulting, Ltd. (2002). *Commitment @ Work.* http://www.aon.com/about/publications/pdf/atwork/aus_atwork2002.pdf

> ***Definition:*** **In their Canada @ Work studies Aon defined employee commitment as (page 5):**
> - **"Productivity – co-workers' willingness to improve their skills and make sacrifices to help the team succeed.**
> - **Pride – willingness to recommend their organization and its products and services.**
> - **Retention – intention to remain with the organization".**

Like the work reported above by Watson Wyatt and TNS, the concept that is central to Aon both in its general studies and in the specific commitment study is an assessment of **employee commitment**. Aon uses a Workforce Commitment Index that describes commitment in strong behavioural terms. Specifically, the index measures six behaviours that form three factors - productivity, pride and retention[31]. These factors suggest that commitment is a combination of behaviours (productivity and staying with an organization) as well as an emotion (pride) although it is important to note that the definition of pride used by Aon continues to focus at the behavioural level.

An interesting element of this approach is that Aon has focused exclusively on aspects of commitment that an organization can influence and has purposely excluded all others (noted to fall in the categories of societal, economic and psychological factors). In contrast to other definitions, Aon has no references to loyalty or satisfaction within its commitment index.

In their 1999 *Canada @ Work* report Aon offered a useful way of thinking about how the world of work is changing. Within this is a way of seeing how commitment is replacing loyalty (which perhaps is part of the Watson Wyatt position on loyalty as old-fashioned?). Aon suggested that the essence of the employment contract is evolving. In the past employees gave loyalty in exchange for employment security. The new, contemporary employment contract is more about mutual commitment between employees and the organization. This contract does not include lifelong job security and focuses instead on what employees offer the organization over and above their work in exchange for better supports with the goal of attaining marketplace advantage for both.

Institute for Employment Studies (IES). The Institute for Employment Studies[32] in the UK also suggested that **commitment** is the most important variable. While their initial model posited employee satisfaction as the first link in the Service-Profit Chain their subsequent case study research (within a company they felt had sound employee and customer surveys as well as performance measures) shifted their attention to commitment. However, IES also concluded that employee satisfaction played a role[33]. They found that commitment was driven by culture (presented as what the organization values, supports and promotes) which was driven by employee satisfaction with line management. This suggests that commitment and satisfaction are linked with satisfaction as a pre-requisite to commitment.

> ***Definition:*** **The IES service-value chain used employee commitment defined as (page 3):**
> **"...employees having a sense of ownership, loyalty, and pride in their work, the absence of which can lead to a number of behavioural outcomes such as absence or unwanted staff turnover".**

In looking at commitment IES created an interesting matrix that plotted it against alignment with the company's business objectives. The

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[31] Aon uses 6 questions to assess commitment and brings the results together in an index which has a baseline score of 100 and a standard deviation of 25. Each year scores are reported as measures above or below this baseline.

[32] Barber, L., Hayday, S., Bevan, S. (1999). *From People to Profits: The HR link in the service-profit chain.* IES Report 355. www.employment-studies.co.uk/summary/summary.php?id=355

[33] The precise definitions of employee satisfaction and commitment and the differences between them are not reported in this work.

resulting 2X2 diagram has quadrants for "value creators" (those who are high on both variables), "unguided missiles" (low alignment and high commitment), "lost sheep" (low on both), the "unconvinced" (high alignment but low commitment), and "fence sitters" (those at the mid-point on both).

WFD (Work/Family Directions, Inc.). Like IES, the work by WFD suggested a singular key construct in the form of **employee commitment**. The use of this construct has formed the basis of both general research and the development of measurement tools by WFD[34]. They have developed validated tools to assess both overall commitment (the WFD Commitment Index) and key drivers of commitment (the WFD Commitment Scales). This emphasis on commitment appears to be based on an assumption that it is the key construct linking organizational practices to business outcomes. WFD based this conclusion on their findings of a correlation between commitment and job performance.

> *Definition:* WFD defined commitment as (page 8):
> "the degree to which an employee is engaged in the organization – wanting to make the organization successful, and willing to go the extra mile on its behalf."

Gallup. Gallup uses **worker engagement** as the central factor in its research utilizing its proprietary tool Q^{12} but, as the definition highlighted here suggests, the use of engagement echoes how others have used employee commitment.

The Gallup tool name is derived from the fact that it consists of 12 items that emerged in Gallup's workplace research as the best measures of engagement by way of assessing the employee expectations that Gallup believes are most strongly linked to engagement. Unfortunately, the method for the identification of these factors is not reported beyond observations that they were selected from hundreds of possible variables – indeed, they report that the Q^{12} has been completed by 1.5 million employees[35]. Part

> *Definition:* Dennis Jacobe offered the following as a definition for engaged employees as measured by the Q^{12}: "those who identify with and act to promote their companies' objectives".

of the item selection appears to have been driven by a desire to ensure the results would be actionable – that is, the items were limited to areas that management can address so that the results generate concrete improvement activities.

The Gallup definition in the highlight box here[36] is very specific in its focus. To more fully appreciate their approach it is useful to also review the actual items in the Q^{12} as they clarify the precise nature of this definition[37]. The Q^{12} asks:

> "To what degree are the following true...
>   1. I know what is expected of me at work.
>   2. I have the materials and equipment I need to do my work right.
>   3. At work, I have the opportunity to do what I do best every day.

[34] Rodgers, Charles S. (1998). *The Drivers of Employee Commitment. Tools for creating a competitive workplace.* Work/Family Directions, Inc. (WFD), USA.

[35] Thackray, John (2001). *Feedback for Real.* Gallup Management Journal. http://gmj.gallup.com/management_articles/employee_engagement/article.asp?i=238

[36] Jacobe, Dennis (2002). *Warning: Corporate Scandals May Demoralize Employees.* Gallup Management Journal. http://gmj.gallup.com/gmj_surveys/article.asp?i=245

[37] Mazarr, Mike (2001). *An Actionable Plan for Employee-Centered Management.* TrendScope.net. www.trendscope.net/article.cfm?ID=195

4. In the last seven days, I have received recognition or praise for doing good work.
5. My supervisor, or someone at work, seems to care about me as a person.
6. There is someone at work who encourages my development.
7. At work, my opinions seem to count.
8. The mission/purpose of my company makes me feel my job is important.
9. My associates (fellow employees) are committed to doing quality work.
10. I have a best friend at work.
11. In the last six months, someone at work has talked to me about my progress.
12. This last year, I have had opportunities at work to learn and grow."

Where this definition varies from many of the other definitions of commitment reported here is that it does not include the employees' intention to stay with the organization or feelings of loyalty. While omitting these elements, the scope of the12 items suggest that this definition is actually much broader than many others as it embraces broad aspects of both the workplace and the interpersonal relationships within it.

Hewitt. The release of the 2004 results marked the 5th year of the Hewitt *Best Companies to Work For* in Canada research[38,39]. These annual studies use Hewitt's standard global engagement measure to assess Canadian companies who chose to apply. While the label used is **engagement**, its definition is so similar to what others have called commitment that it is difficult to find a meaningful distinction between them. Hewitt's work[40] suggested that there has been an evolution in the definition of the constructs from satisfaction in the 1980s to commitment in the 1990s to engagement today. The definitions they offered for each are: satisfaction – "how much I like things here"; commitment – "how much I want to be here"; and engagement – "how much I want to and actually do improve our business results".

> *Definition:* **Hewitt defined engagement as (slide 17):**
> "the state of intellectual and emotional involvement employees have in an organization. It is the extent to which employees want to, and actually do, improve the business results. You might call it a measure of energy or passion, or think of it as a measure of the extent to which you have captured the hearts and minds of your people."

While the Hewitt definition of engagement includes both the affective and behavioural levels the emphasis in their measurement work appears to put more weight on the latter. Most of its attention is placed on assessing three concrete, observable employee actions: the extent to which employees "*say*" positive things about the organization, the extent to which they plan to "*stay*", and the extent to which they "*strive*" to ensure high levels of business success. These three behaviours are measured through six survey items with a summary score for each organization calculated as the percentage of respondents whose average score (that is, their individual engagement score) for all six items is 4.5 or more (on a 6 point scale). Over the first four years this study was conducted in Canada the average commitment scores have gradually increased from 72% (in 2000 and 2001) to 80% in 2003.

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[38] Hewitt Associates (2004). *50 Best Employers in Canada.*
http://was4.hewitt.com/bestemployers/canada/best_companies/the_list/the_list_2004.htm
[39] Hewitt (presentation deck from February 25th 2003). *The National Managers' Community in cooperation with the Federal Workplace Wellness Network presents Secrets of the 50 Best Companies to Work for in Canada.* Study was reported in ROB: Report on Business Magazine (Globe and Mail).
[40] Hewitt (presentation deck from May 12th, 2003). *What does it take to be a best employer?* Presentation to the TBS Executive Committee, Government of Canada. Study was reported in ROB: Report on Business Magazine (Globe and Mail).

An interesting feature of Hewitt's definition is that there is no direct inclusion of or reference to employee satisfaction. While it could be argued that "energy or passion" are akin to satisfaction, the Hewitt approach is much more focused on the behavioural level.

Province of British Columbia. When the BC Auditor General conducted an audit of the provincial government work environment[41] in 2002/03 it used Hewitt's approach to **engagement** and a very similar definition (the Office of the Auditor General has collected data on a second administration of this survey in 2003/04 but the results are not yet available).

> *Definition:* In their 2002/03 audit, the Province of BC described engaged employees as (page 2): "intellectually and emotionally involved in their work and organization. Engaged employees are proud of their contribution to the success of their organization, team or work unit; they speak positively about their organization to friends, family, acquaintances, customers and other stakeholders; and they demonstrate an intense desire to remain a part of their organization."

The results of their assessment are noteworthy. As compared to the top organizations to work for in Canada (as identified in Hewitt's research), "British Columbia's public service employees are relatively happy with their work, are just as committed to staying with their employer, but are not as proud of where they work" (page 33). These findings add force to the suggestion that engagement or commitment is a multi-faceted construct. They show that there are specific elements within commitment that can be defined and measured independently but which still come together as a single, overarching construct.

U.S. Army. A 12-year longitudinal study on **commitment** of US Army officers was reported in 2002[42]. For this research commitment was assessed along two dimensions of want and need.

> *Definition:* The US Army definition of commitment included:
> "(1) the *want factor*, or the extent to which employees want to remain in the organization, which is based on the employees' emotional attachment to, identification with, and involvement in the organization, and (2) the *need factor*, or the extent to which employees need to remain in the organization, which is based on an awareness of the costs associated with leaving the organization" (page 5).

While a range of interesting findings are reported regarding the patterns along which commitment develops over a career, for the purpose of this review there are other findings that help develop the concept of commitment. First, a central finding in this study was that both types of commitment – want and need - were correlated with actual retention. In other words, wanting to stay and needing to stay appear to translate about equally into actual patterns of retention.

Further, this research found that job satisfaction did not interact with commitment when analyzing patterns of retention suggesting that these constructs are independent and each exert their own influence. But perhaps most interesting was the finding that "contrary to previous research, job satisfaction correlated more strongly with retention variables than either of the two organizational commitment factors" (page 21). This suggests that overall job satisfaction is a powerful construct.

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[41] Office of the Auditor General of British Columbia (2002/2003). *Building a Strong Work Environment in British Columbia's Public Service: A Key to Delivering Quality Service.* http://.bcauditor.com

[42] Payne, S.C., Huffman, A.H., & Tremble, Jr., T.R. (2002). *The influence of organizational commitment on officer retention: A 12-year study of U.S. Army Officers.* Human Capital Series , IBM Endowment for The Business of Government.

Towers Perrin. Yet another example of research showing the elements within **commitment** is seen in the Towers Perrin 2003 study[43] which found that commitment has both rational and emotional components. They refered to this as involving "the will" and "the way" and suggest that: "Full engagement demands both. Employees need the will: the sense of mission, passion and ride that motivates them to give that all-important discretionary effort. And they need the way: the resources, support and tools from the organization to act on their sense of mission and

> **Definition:** **Towers Perrin's 2003 study found:**
> **"Through our study, we've confirmed a definition of engagement that involves both emotional and rational factors relating to work and the overall work experience. The emotional factors tie to people's personal satisfaction and the sense of inspiration and affirmation they get from their work and from being part of their organization" (page 5).**

passion" (page 5). This definition compliments the joint Towers Perrin and Gang and Gang work reported below on employee satisfaction.

HIGHER LEVELS OF EMPLOYEE ENGAGEMENT HELP DRIVE PERFORMANCE/MOTIVATION
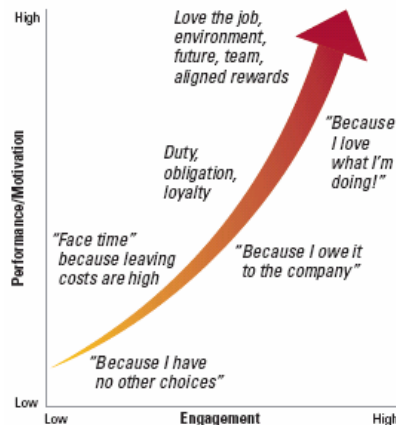
Their study found that commitment was highest among the most senior levels and within the nonprofit sector. And, as is reported in the next chapter, they also identified a set of key drivers for commitment.

In 2002 Towers Perrin[44] published a report on performance and rewards that linked to commitment and engagement. They included a graphic (reproduced here) that shows a range of levels of engagement and how they related to performance and motivation. This figure is interesting in part due to the types of commitment that are included. It is consistent with the work reported above by the U.S. Army in suggesting that there are both want and need elements to commitment. As will be seen in the next section, these types have been a focal point of research in the academic arena.

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[43] Towers Perrin (2003). *The 2003 Towers Perrin Talent Report.* http://www.towers.com/towers/webcache/towers/United_States/publications/Reports/Talent_Report_2003/Talent_2003.pdf

[44] Towers Perrin (2002). *Perspectives on people: Performance and rewards.* http://www.towersperrin.com/hrservices/webcache/towers/Canada/publications/Periodicals/perspective_PerfRewards/2002_12/PPR_segment.pdf. Permission to reproduce the graphic used here is given in the source document.

Summary of the Academic Literature - Employee Commitment

Meyer & Allen. In the academic literature on commitment there are many significant contributions by Meyer and Allen. Their work centered on two key aspects of **organizational commitment** – the foci of commitment and the type of commitment[45].

Meyer and Allen built on earlier work on the focus of commitment by highlighting the range of entities to which an employee can be committed: the organization, top management, their work unit, etc.

They further suggested the need to consider the type or nature of commitment (as for example, was also observed above in the work of the US Army and Towers and Perrin). Specifically, they developed a typology based on three distinct types of commitment: affective, continuance and normative[46] which have been found to be unique factors[47] (although as noted below, there are some questions about this).

> *Definition:* In their 1991 article Meyer and Allen observed that the common elements of organizational commitment were:
> "...the view that commitment is a psychological state that (a) characterizes the employee's relationship with the organization, and (b) has implications for the decision to continue membership in the organization" (page 67).
>
> In 1996 they suggested it can be defined as "...a psychological link between the employee and his or her organization that makes it less likely that the employee will voluntarily leave the organization" (page 252).
>
> More recently, a 1997 publication by Allen and Meyer further suggested that: "...regardless of the definition, 'committed' employees are more likely to remain in the organization than are 'uncommitted' employees" (page 11).

The definitions of these types of organizational commitment are:

> "**Affective commitment** refers to the employee's emotional attachment to, identification with, and involvement in the organization. Employees with a strong affective commitment continue employment with the organization because they *want* to do so. **Continuance commitment** refers to an awareness of the costs associated with leaving the organization. Employees whose primary link to the organization is based on continuance commitment remain because they *need* to do so. Finally, **normative commitment** reflects a feeling of obligation to continue employment. Employees with a high level of normative commitment feel that they *ought* to remain with the organization" (page 67).

Allen and Meyer have created Commitment Scales for each of these types[48]. The analysis used to create the scales supported the assumption that these types are distinguishable. However, **Meyer's and Herscovitch's**[49] review of studies on this commitment typology as well as Allen and Meyer's analysis in the development of the Commitment Scales suggested that there remain some questions about the degree to which affective and normative commitment are truly unique

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[45] Meyer, J.P., & Allen, N.J. (1997). Commitment in the Workplace: Theory, Research and Application. Sage Publications: Advanced Topics in Organizational Behavior.

[46] Meyer, J.P., & Allen, N.J. (1991). *A three-component conceptualization of organizational commitment.* Human Resources Management Review, Vol. 1, 61 – 89.

[47] Meyer, J.P., Allen, N.J., & Smith, C. (1993). *Commitment to organizations and occupations: Extension and test of a three-component conceptualization.* Journal of Applied Psychology, Vol. 78, 538 – 551.

[48] Allen, N.J., & Meyer, J. P. (1996). *Affective, continuance, and normative commitment to the organization: An examination of construct validity.* Journal of Vocational Behavior, Vol. 49, 252 – 276.

[49] Meyer, J. P. & Herscovitch, L. (2001). *Commitment in the workplace: Toward a general model.* Human Resource Management Review, Vol. 11, 299 – 326.

forms and about the degree to which continuance commitment is a uni- versus a multi-dimensional construct.

The overall summary model proposed by Meyer and Allen in 1997[50] brought the three ways of categorizing commitment together into a 2X2 matrix that simultaneously considers the nature of commitment (affective, continuance and normative) and the focus or entities of commitment (organization, management, etc.). This highlights the complexity implicit in the commitment construct.

Meyer and Herscovitch have further built on this approach and offered a general model of workplace commitment that suggested that "…commitment (a) is a force that binds an individual to a course of action of relevance to a target and (b) can be accompanied by different mind-sets that play a role in shaping behaviour"[51] (page 299). They suggested that at its core, commitment is a "binding force" that can be characterized by the three mind-sets of affective, continuance or normative commitment. The results of this are behaviours that can take a range of forms and can focus on a range of entities.

Both of the thrusts in this work are consistent with the applied research discussed above. Clearly, both the type of commitment and its focus on different entities or targets are important elements and both are discussed in the section below when developing a proposed definition of commitment.

Other Findings on the Meyer and Allen Types of Commitment. A great deal of research has been generated by the above typology of commitment [52].

Carson, et al[53] focused their research on **continuance commitment** or the cost of changing jobs (both investment and emotional costs) as well as the extent to which a person perceives the presence of job alternatives. They proposed the label **occupational entrenchment** to focus specifically on these factors. The degree to which an employee is entrenched is based on how costly a job change is and how many alternatives are perceived. In some ways, it appears that occupational entrenchment is a negative expression of continuance commitment describing situations where an employee feels trapped or entrenched. This work furthers the question about the degree to which continuance commitment is uni- versus multi-dimensional.

Vandenberghe, Bentein and Stinglhamber[54] focused on **affective commitment** through three longitudinal studies specifically addressing affective commitment to the global organization, the supervisor and the work group. The results showed that the target of commitment is an important consideration and that each target can be distinguished in terms of the factors that are antecedents to it as well as its outcomes (specifically turnover and job performance). This is not surprizing given that each of the targets involves a different set of relationships and psychosocial variables including how important they are to the individual employee.

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[50] Meyer, J.P., & Allen, N.J. (1997). <u>Commitment in the Workplace: Theory, Research and Application</u>. Sage Publications: Advanced Topics in Organizational Behavior.

[51] Meyer, J. P. & Herscovitch, L. (2001). *Commitment in the workplace: Toward a general model.* <u>Human Resource Management Review</u>, Vol. 11, 299 – 326.

[52] Irving, P., Coleman, D., & Cooper, C. (1997). *Further assessments of a three-component model of occupational commitment: Generalizability and differences across occupations.* <u>Journal of Applied Psychology</u>, Vol. 82, 444 – 452.

[53] Carson, K., Carson, P., & Bedeian, A. (1995). *Development and construct validation of a career entrenchment measure.* <u>Journal of Occupational and Organizational Psychology</u>, Vol. 68, 301 – 320.

[54] Vandenberghe, C., Bentein, K., & Stinglhamber, F. (2004). *Affective commitment to the organization, supervisor and work group: Antecedents and outcomes.* <u>Journal of Vocational Behavior</u>, Vol. 64, 47 – 71.

Lee et al[55] conducted a meta-analysis of studies that examined **occupational commitment**. Among the findings of this work, the following set of correlations are interesting in furthering an understanding of this type of commitment overall and in relation to organizational commitment:

> *Definition:* Occupational Commitment is defined as "...a psychological link between a person and his or her occupation that is based on an affective reaction to that occupation. A person with strong occupational commitment will more strongly identify with, and experience more positive feelings about, the occupation than one with weak occupational commitment" (page 800).

- ▪ No correlation was found between occupational commitment and demographic variables.
- ▪ Occupational commitment was correlated with a number of job elements including job involvement and job satisfaction.
- ▪ Occupational and organizational commitment were also found to be positively correlated.
- ▪ And, occupational commitment was positively correlated with performance and negatively correlated with intention to leave the organization.

The three component typology proposed by Meyer and Allen for organizational commitment has been supported for occupational commitment as well[56] although research by **Blau**[57] found that **continuance occupational commitment** can be operationalized as two distinct elements – accumulated costs and limited alternatives (findings similar to those of Carson et al regarding occupational entrenchment). In other words, when employees are committed out of a sense of costs they may actually be factoring in both costs (e.g., re-training, moving, need to rebuild benefits, etc.) as well as how expansive their options for alternative employment are.

While conceptually the notion of occupational commitment is sound, its correlation with organizational commitment calls it into question as a distinct construct. To a degree, this is echoed in an interesting counter position to the work of Meyer and Allen by **Brown**[58]. Brown argued that commitment is "a single, fundamental construct that may vary according to differences in focus, terms, and time-specific evaluation" (page 230). He rejected the three types of commitment seeing it instead as a singular concept centered on a person's "pledge of involvement" (page 248). He suggested that the factor or type of evaluation an employee makes as the basis of his or her commitment is far less important than the "dedication to and support of the organization (or referent unit) beyond that associated with job expectations and rewards" (page 249).

Ann M. Brewer. Brewer[59] built on the early definitions in the literature on commitment by Mowday, Porter and Steers and developed the notion of **self-engagement**. The foundational work to her approach by Mowday et[60] al saw

> *Definition:* Brewer's definition of commitment used the construct of self-engagement which is "a person's willingness to acquire and maintain an attachment emotionally and morally with a particular organization" (page 4).

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[55] Lee, K., Carswell, J.J., & Allen, N.J. (2000). *A meta-analytic review of occupational commitment: Relations with person- and work-related variables.* Journal of Applied Psychology, Vol. 85, No. 5, 799 – 811.

[56] Meyer, J., Allen, N., & Smith, C. (1993). *Commitment to organizations and occupations: Extension and test of a three-component conceptualization.* Journal of Applied Psychology, Vol. 78, 538 – 551.

[57] Blau, G. (2003). *Testing for a four-dimensional structure of occupational commitment.* Journal of Occupational and Organizational Psychology, Vol. 76, 469 – 498.

[58] Brown, R.B. (1996). *Organizational commitment: Clarifying the concept and simplifying the existing construct typology.* Journal of Vocational Behavior, Vol. 49, 230 – 251.

[59] Brewer, A.M. (1993). Managing for Employee Commitment. Australia, Longman Professional Publishing.

[60] Mowday, R., Porter, L.W., & Steers, R.M. (1982). Employee-Organisation Linkages: The Psychology of Commitment, Absenteeism, and Turnover. USA, Academic Press.

commitment as "the relative strength of an individual's identification with and involvement in a particular organisation" characterised by features such as a sense of belonging, a desire to remain, willingness to be involved, good attendance, etc.

To manage commitment or self-engagement Brewer identified five interests that must be addressed:

"Identification…a sense of feeling at one with the job and a feeling of belonging to the organisation";

"Trust…faith in the ability of managers and supervisors to make sound decisions that create a range of work opportunities for employees and at the same time, protect employees' jobs";

"Investment of Personal Resources and Effort";
"Participation" by way of involvement in decision-making; and

"Equity…the association made by employees between the distribution of rewards and resources among other individuals and groups in the organisation, in relation to their effort and performance" (page 36 – 39).

Summary of the Applied or Professional Literature - Employee Satisfaction

As compared to the section above on employee commitment, there are no where near as many applied studies that have used satisfaction as the key construct on its own. There are, however, more that have used it in concert with other variables as will be seen in the next section and it was a dominant consideration in the work summarized earlier from the Service-Profit Chain.

Province of Manitoba. The results of CPRN's work on employment relationships in Canada (reported below) influenced how the Province of Manitoba[61] addressed its assessment and research on employee satisfaction. First, Manitoba used existing survey data to determine what drives **employee satisfaction** (see next chapter for a list of the drivers they identified). Then, these results were used to revise their survey tool[62]. The dependent variable in their new tool is employee satisfaction using a definition that embraces elements normally associated with commitment, namely recommendations of the organization as a place to work, pride, and intentions to remain with the organization.

> *Definition:* **The revised Province of Manitoba survey defined employee satisfaction as (page 10):**
> **"...not only how staff feel about their job and their department, but also:**
> - **If they would recommend the Manitoba Public Service as an employer to others**
> - **How proud they feel to be working for the Manitoba government**
> - **How likely they are to be working for the province in the next 5 years".**

Province of British Columbia. In addition to the study reported above for the Province of BC in which engagement was assessed, there is a second study of note. In 2001 British Columbia conducted a study of 1,200 people to gather views on employment in the public service[63]. While the study was designed to assess data on a broad range of employment related perceptions, it included the measurement of **employee satisfaction**. One of the interesting findings from this work was that satisfaction was thought to be related to generally negative work environments to a greater degree than to any specific job characteristic (e.g., pay).

> *Definition:* **The Province of British Columbia assessed employee satisfaction in two ways: (1) satisfaction employees have with their job and (2) satisfaction in with working for the BC government.**

Towers Perrin with Gang & Gang. In 2002 Towers Perrin and Gang & Gang[64] conducted a study of 1,100 employees in North America to explore the **emotions** people have about their work experience. They found very strong feelings about work – twice as strong as for

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[61] Vieira, Sabrina (2002). *The Key Drivers of Job Satisfaction in the Manitoba Public Service.* Unpublished paper: Service Manitoba.

[62] Vieira, Sabrina (2002). *The Manitoba Public Service Employee Opinion Survey. An Overview of the Revised Instrument.* Unpublished paper: Service Manitoba.

[63] Malatest & Associates Ltd (2001). *Opinion Research on Employment in the Public Service.* BC Public Service Employee Relations Commission.
www.bcpublicservice.ca/down/Reports/final_summary_report.pdf

[64] Towers Perrin/Gang & Gang (2003). *Working Today: Exploring Employees' Emotional Connection to Their Jobs.* www.towers.com/towers_news/news/images/Workexpreportfinal.pdf

other issues. This underscores the importance of HR considerations to the people who comprise our public organizations.

Definition: **Towers Perrin and Gang & Gang defined emotions as comprising three levels or "my categories". They are (page 1):**
- **"*myself* – the extent to which work gives...a sense of confidence, competence and control over...destinies.**
- ***my job* – the nature of what [employees] do, how they contribute and how they're recognized and rewarded.**
- ***my workplace* – the people [employees] work with and for, and the company's culture and atmosphere."**

While this research addressed emotions and emotional investment with work, it is reported here as contributing to the discussion of employee satisfaction. Although the label satisfaction did not appear in the report, there are strong parallels between the way emotions are used and the construct of satisfaction. This parallel is both in terms of the emphasis on the affective level as well as in the definition of the emotions studied.

It is of note that this work defined emotions as embracing multiple levels with unique features within each. Clearly, the affective relationship with the work experience is complex.

"…a fundamental shift is taking place in the relationship between the organization and the employee in all business sectors. The shift is so huge and the consequences so profound that it is almost as though we are witnessing a time-accelerated shift in two tectonic places. The place that is sliding under the new one is submerging an era in which management was the predominant focus in business enterprise…The tectonic plate that is sweeping over the old one is ushering in the Age of the Employee[65]" (pages 313-314).

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[65] Miles, R.H. (2001). *Beyond the age of Dilbert: Accelerating corporate transformations by rapidly engaging all employees.* Organizational Dynamics, Vol. 29, No. 4, 313-321.

Summary of the Academic Literature - Employee Satisfaction

Spector. One of the central authors on job satisfaction in the academic literature is Paul Spector[66]. He offered a simple, straight forward definition of job satisfaction that is highly consistent with the definitions used in the applied/professional literature.

Implicit in this definition is a distinction between two types of satisfaction – global or overall and satisfaction with specific job elements or facets. The "facets of the job" referenced in this definition

> *Definition:* **Spector defined job satisfaction as "...simply how people feel about their jobs and different aspects of their jobs. It is the extent to which people like (satisfaction) or dislike (dissatisfaction) their jobs. As it is generally assessed, job satisfaction is an attitudinal variable...Job satisfaction can be considered as a global feeling about the job or as a related constellation of attitudes about various aspects or facets of the job" (page 2).**

is interesting in light of the desire in this paper to explore the key drivers of satisfaction. The next chapter includes a discussion of satisfaction assessment tools used in academic research.

The extent to which Spector considers personality variables and affective states to impact satisfaction leads to a conclusion that "Job dissatisfaction suggests that a problem exists either in the job or the person"[67] (page 72). This is an interesting observation given the tendency in many situations to look only to the job/organization when considering what is needed to improve satisfaction.

US Veterans Health Care. In 2003 researchers[68] in the USA used 146 Veterans Health Administration centres as the setting within which to examine a hypothesis that "High Involvement Work Systems" (HIWS) impact employee satisfaction and service costs. Their results suggested two things: first, that HIWS are positively linked to employee satisfaction and second, that employee satisfaction is negatively linked to service costs. In this work HIWS were defined as having core features that included "involvement, empowerment, development, trust, openness, teamwork and performance-based rewards" (page 393).

While this research does not offer a definition of employee satisfaction it is instructive to consider the two relationships that were suggested. Clearly employee satisfaction is the product of a range of organizational factors that are, like the other definitions presented above, mainly attitudinal and based on relationships and conditions in the workplace. As this research was not designed to draw out the factors of HIWS but rather accepted them from other work this study is not included in Chapter 3 on the key drivers. However it is useful to consider it as a backdrop to that discussion in that it suggested there are many organizational variables that can contribute to satisfaction. Further, these results underscored the importance of satisfaction in organizations given its link to an important performance variable – service costs.

Schleicher, Watt, & Greguras. A recent publication by these authors[69] explored the concept of job satisfaction in an attempt to better understand its underlying attitudes. The premise of this work was that attitudes such as job satisfaction are comprised of two distinct but related components - affect (feelings) and cognition (beliefs and thoughts) - and that it is important to consider the degree to which there is consistency between affect and cognition.

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[66] Spector, P.E. (1997). <u>Job Satisfaction: Application, Assessment, Causes, and Consequences</u>. Advanced Topics in Organizational Behavior Series, USA, Sage Publications, Inc.

[67] *Ibid.*

[68] Harmon, J., Scotti, D. J., Behson, S., Farias, G. (2003). *Effects of high involvement work systems on employee satisfaction and service costs in Veterans Healthcare.* <u>Journal of Healthcare Management</u>, Vol. 48, No. 6, Nov/Dec, 393 - 406.

[69] Schleicher, D.J., Watt, J.D., & Greguras, G.J. (2004). *Reexamining the job satisfaction-performance relationship: The complexity of attitudes.* <u>Journal of Applied Psychology</u>, Vol. 89, No. 1, 165 – 177.

Research findings supported the hypothesis that when there are higher levels of affective-cognitive consistency (ACC) there are higher correlations between job satisfaction and performance.

These findings highlight the fact that satisfaction is an evaluative measure – that employees draw together a range of elements such as feelings, beliefs and thoughts and from all of this arrive at their assessment of how satisfied they are. This suggests that two employees with identical satisfaction scores may have arrived at that level for different reasons. While this conclusion is not part of the research cited here, it can be suggested that all of this underscores the importance of not just determining overall levels of satisfaction (or commitment) but rather that it is equally important to get behind the overall scores to understand what drives them. From this research one could predict that the drivers of satisfaction will have elements that contain affective and cognitive components as well (that is, that the drivers may be organizational variables whose assessments are derived in a similar way).

What determines satisfaction? A considerable portion of the academic research on employee or job satisfaction attempts to answer this question. Some have suggested that personality type is an important variable and have argued that satisfaction is dispositionally based, at least in part,[70] while others have looked to features of the job itself and their impact on satisfaction[71].

For example, **Judge, Heller and Mount**[72] found a correlation between job satisfaction and the five-factor model of personality (neuroticism, extraversion, openness to experience, agreeableness and conscientiousness). However, **Arvey, Carter and Buerkley** concluded that "There is confusion regarding which person variables should be examined. A formidable array of person variables have been discussed as possible determinants of job satisfaction in the research literature"[73] (page 337).

In a similar vein, **Spector** noted, "Although many traits have been shown to correlate significantly with job satisfaction, most research with personality has done little more than demonstrate relations without offering much theoretical explanation"[74] (page 51). He did, however, conclude that locus of control (the degree to which an individual perceives he or she directs or controls their life) and negative affect (an inclination to experience negative emotions) correlate with measures of job satisfaction as do a variety of specific job characteristics. However as job characteristics likely interact with individual preferences and personality types it is difficult to articulate which characteristics are important.

Others such as **Thoresen et al**[75] have looked at similar constructs such as trait (dispositional) and state (situational) affect (both positive and negative) to investigate how these personal variables correlate with job satisfaction and other organizational variables. Indeed, these authors concluded that "For 50 years, people's attitudes about their jobs were thought to largely be a

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[70] Staw, B.M., Bell, N.E., & Clausen, J.A. (1986). *The dispositional approach to job attitudes: A lifetime longitudinal test.* Administrative Science Quarterly, Vol. 31, 56 – 77.

[71] Spector, P.E. (1997). Job Satisfaction: Application, Assessment, Causes, and Consequences. Advanced Topics in Organizational Behavior Series, USA, Sage Publications, Inc.

[72] Judge, T.A., Heller, D., & Mount, M.K. (2002). *Five-factor model of personality and job satisfaction: A meta-analysis.* Journal of Applied Psychology, Vol. 87, No. 3, 530 – 541.

[73] Arvey, R.D., Carter, G.W., & Buerkley, D.K, (1991). *Job satisfaction: Dispositional and situational influences.* International Review of Industrial and Organizational Psychology, Vol. 6, 359 – 383.

[74] Spector, P.E. (1997). Job Satisfaction: Application, Assessment, Causes, and Consequences. Advanced Topics in Organizational Behavior Series, USA, Sage Publications, Inc.

[75] Thoresen, C.J., Kaplan, S.A., Barsky, A P., Warren, C. R., & de Chermoint, K. (2003). *The affective underpinnings of job perceptions and attitudes: A meta-analytic review and integration.* Psychological Bulletin, Vol. 129, No. 6, 914 – 945.

function of the work environment. However, the last 2 decades have witnessed an 'affective revolution' in organizational psychology" (page 914). The type of affect and how and where it impacts evaluations of satisfaction made by employees has been the focus of many studies.

Still other research has looked at whether there is a genetic component to job satisfaction through studies of monozygotic twins separated at birth and raised without any contact[76].

The range of variables studied with regard to the impact of job variables on satisfaction is likewise large and diverse. Factors such as participative decision-making, participative goal setting and empowerment have been found to be correlated with job satisfaction[77].

While interesting in their own right, these lines of research are not probed in depth in this review as they address more of the mechanisms or antecedents of satisfaction rather than its definition or its key drivers in the workplace. They do underscore the observation that job satisfaction is based on many things and has a significant affective component.

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[76] Arvey, R.D., Bouchard, T.J., Segal, N.L., & Abraham, L.M. (1989). *Job satisfaction: Environmental and genetic components.* Journal of Applied Psychology, Vol. 74, 187 – 192.

[77] Sagie, A. & Koslowsky, M. (2000). Participation and Empowerment in Organizations: Modeling, Effectiveness and Applications. Advanced Topics in Organizational Behavior Series, USA, Sage Publications, Inc.

Summary of the Literature (Both Applied and Academic) - Employee Commitment and Satisfaction and/or Combinations of Other Factors

Conference Board of Canada. In its review of organizations that had applied the Service-Profit Chain the Conference Board provided a suggestion for how to approach or define the HR element[78]. Drawing heavily on the work by Heskett et al, they employed three constructs together rather than any one in isolation. The three were **employee satisfaction, loyalty** and **capability**. By defining the HR link so broadly this approach provides a comprehensive overview of the HR link and underscores just how complex it may be.

One of the useful features of the Conference Board's work is that specific definitions are provided for each of the HR constructs. These definitions show that loyalty is very similar to the many of the definitions of commitment found elsewhere both in terms of the content of the definition as well as its emphasis on the behavioural level. Further, the Conference Board definitions reinforce the notion that emerges in other work that satisfaction is primarily attitudinal whereas loyalty (or, as is often used, commitment) is more behavioural. Given the difference between attitudes and behaviours it is not surprizing that the Conference Board found it was not uncommon to find a gap between employee attitudes and actual behaviours. Finally, it is interesting to note that this definition goes beyond most of those reported above to include employees' skills and knowledge.

> ***Definition:*** **The Conference Board of Canada offered the following (page 8):**
> "Employee satisfaction **– Employee's attitudes (usually represented by the top two scores on surveys – fully satisfied and very satisfied)**
> Employee loyalty **– The willingness to make short-run sacrifices with the understanding that one will be rewarded in the future. Measured by retention actions (or behaviour) of employees; includes some or all of the following indicators:**
> - **Retention and tenure: how many employees stay and for how long**
> - **Employee referrals of the company as a good place to work**
> - **Low absenteeism and lateness**
> - **Fully satisfied on survey measures (top score)**
>
> Employee capability **– Employees' skills and knowledge".**

CPRN (Canadian Policy Research Network). As part of its wide-ranging agenda, the Canadian Policy Research Network conducted research into the nature of employment relationships and the definition of what makes an employer of choice. In the *Changing Employment Relationships Series* four dimensions were selected to capture the "social and psychological aspects of employment relationships" (page 31)[79]: **trust, commitment, communication** and **influence**. While all four were used to create a single *Employment Relationships Summary Scale*, trust and commitment stood out as most important.

> ***Definition:*** **CPRN defined commitment as (page 33):**
> **"taking on the objectives of the employer and ensuring company success."**

In this work it was hypothesized that commitment is important at this point in time due to the many changes the Canadian workplace experienced during the 1990s. In particular, the impact of downsizing was noted as having eroded commitment and also as shifting it from loyalty to

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[78] Brooks, Eleanor Randolph (1998). *Loyal Customers, Enthusiastic Employees and Corporate Performance. Understanding the Linkages.* Conference Board of Canada Executive Summary, 231-98.

[79] Lowe, Graham & Schellenberg, Grant (2001). *What's a Good Job? The Importance of Employment Relationships.* CPRN Study No. W05: Renouf Publishing Co Ltd, Ottawa.

one's employer to many differing forms – commitment to one's profession, co-workers, clients, and so on in addition to commitment to the organization or employer.

There is an interesting difference in how CPRN used the variables of trust, commitment, communication and influence. Rather than positioning them via the *Employment Relationships Summary Scale* as a dependent variable (the way these variables have been used in the majority of the literature), the CPRN summary scale was used as an independent

> *Definition:* **CPRN defined job satisfaction as (page 47):**
> **"a basic indicator of the overall quality of working life."**

variable. The dependent variables studied were **job satisfaction, skill development, turnover, absenteeism and willingness to join a union** (page 47). In other words, the *Employment Relationships Summary Scale* was studied in terms of how changes in it impact the outcomes of job satisfaction, etc. This is interesting as it presents commitment and the other three variables as elements that influence job satisfaction rather than the other way around as is the case in many of the other reports reviewed. The findings CPRN offered from this suggested that:

> "…we now can conclude that employment relationships matter in their own right. They are key ingredients in job satisfaction; they are related to skill use and development; they have a bearing on workplace morale and worker absenteeism; and they play a modest role in support for joining a union among non-union workers" (page 60).

European Employee Index. Another study employing multiple constructs is the work from the *European Employee Index*[80]. Here the key focus was on **satisfaction** and **motivation** but there was also a strong orientation toward commitment and loyalty. An interesting feature of this work is that while commitment and loyalty are often used interchangeably this is not the case here. Drawing on their 2002 data (based on 10,000 interviews in Nordic countries) this study found different types of employees defined by differing levels of **loyalty** and **commitment**. The ideal is when both variables are very high. In the extreme, this creates employees who are "Fiery Advocates" (page 4). At slightly lower but still high levels of both are the "Solid Citizens" who are the foundation of most organizations. When loyalty is

> *Definition:* **The *European Employee Index* is a composite measure of overall satisfaction and motivation (the Employee Index) and two related components – loyalty and commitment. Loyalty is defined as (page 3):**
> **"how faithful the employee feels towards the organisation"**
> **and commitment is the:**
> **"willingness to change and make an extra effort".**

high but commitment is low the result is "Couch Potato" employees who will stay with the organization but not offer more than they must. When commitment is high but loyalty is low employees (the "Zappers") perform well but will be easily lured away. And finally there are the "Lost Souls" or the employees who are low on both variables and who are, as a result, a liability to the organization.

This distinction between commitment and loyalty is interesting as it suggests that there is an emotional or psychological element (loyalty) as well as a behavioural component (commitment) and that both are important. While the advantage of understanding and assessing both is clear it is not evident whether there is any benefit to doing this through an analysis of each as a separate

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[80] MarkedsConsult A/S & CFI Group in Association with IBM Business Consulting Services & Danish Centre for Management (2002). *European Employee Index. A Benchmarking Model for Increasing the Value of Human Capital. Key Findings and Executive Summary: Phase 1 – The Nordic Region.* www.europeanemployeeindex.com

variable (as is the case in the European work) or by defining and measuring commitment in a holistic way that encompasses both at the same time.

And finally, a further feature of note in this *European Employee Index* was the suggestion that satisfaction and motivation are different than commitment and loyalty since the former comprise the overall *Employee Index* and the latter are presented as the two resulting outcome variables. This suggests that satisfaction and motivation are not only different, they are determinants of commitment and loyalty. A specific finding was that "Increased motivation and satisfaction have a significant effect on employee commitment and loyalty" (page 5) and that "Satisfaction plus motivation equals commitment" (page 7).

Meta-Analysis of Gallup Data. The results of 42 studies in the Gallup database (collected from 36 companies) were analyzed to assess the relationships **employee satisfaction** and **engagement** have with a range of business outcomes (customer satisfaction, productivity, profit, employee retention, and employee safety)[81]. In this study satisfaction was assessed from employee ratings on a single item of overall satisfaction and engagement was the result of the remaining 12 items in the Gallup Workplace Audit (GWA). The results found a correlation between engagement and business outcomes that was large enough to be of practical meaning for most organizations. It is also interesting to note the findings regarding the direction of the relationship with results that revealed a link from employee engagement to business outcomes and vice versa. While no causal relationships can be concluded from this information the directionality of the relationship suggests the relationships of these kinds of variables within organizations are complex.

> *Definition:* **The definitions used in this study suggest that employee satisfaction is an overall perception of satisfaction and employee engagement is "the individual's involvement and satisfaction with as well as enthusiasm for work".**

Kahn. Kahn[82],[83] advanced the concept of "**personal engagement**" to capture the psychological experiences of work and work related contexts and their impact on how employees engage or disengage at work. He suggested that there are at least three types of engagement: emotional (forming meaningful linkages or ties in the workplace with colleagues, supervisors, etc.), cognitive (understanding and working to promote the mission of the organization) and physical. As these types are distinct but related it is possible to be high on one type and low on another with overall engagement reflecting each dimension (although recognizing that emotional and cognitive have the most relevance to the workplace). So, for example, an employee who is engaged may be cognitively *and/or* emotionally involved with others and with the organization. As has been highlighted throughout this review, here again the suggestion is clearly that engagement, like commitment, satisfaction and the various other labels discussed is multi-dimensional and that a range of elements must be considered in order to accurately capture the experience of work and workplaces.

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[81] Harter, J.K., Schmidt, F. L., & Hayes, T. L. (2002). *Business-unit-level relationship between employee satisfaction, employee engagement, and business outcomes: A meta-analysis.* Journal of Applied Psychology, Vol. 87, No. 2, 268 – 279.

[82] Kahn, W.A., (1990). *Psychological conditions of personal engagement and disengagement at work.* Academy of Management Journal, Vol. 33, 692 – 714.

[83] Kahn, W.A. (1992). *To be fully there: Psychological presence at work.* Human Relations, Vol. 45, 321 – 350.

Defining the Way Forward

So what does this review tell us about the conceptual base for the employee opinion/perception construct(s)? What is the dependent variable that the public sector needs to measure?

While the literature presented above is useful in capturing current approaches, it does not offer a definitive answer to these questions. The measurement of the HR area in organizations has a long history yet the practice of measuring and theorizing about it has not settled on a consistent construct to capture it.

One thing that is clear is that whatever the construct is, it is multi-dimensional. This is not a surprizing conclusion given the obvious intuitive feeling of how complex life within an organization is for employees on both the human (or interpersonal) and business levels. In addition, a career fulfills a broad range of highly unique personal needs with each person bringing a broad range of motivations, needs, expectations and attitudes to their work. The question of what the right dependent variable is draws its complexity from all of this. As a result, the fact that the literature has not pinpointed a single construct is probably more an honest reflection of what exists than a failure in the research or theorizing.

In spite of this fuzziness, this review shows that the main constructs in current use are employee satisfaction and employee commitment. Where specific definitions of either were found they were cited as highlight boxes.

Together, these two constructs are useful as they appear to capture the most critical elements – that is, they appear to address things that at least on their face have a connection to creating satisfying workplaces and, as suggested in the Service-Profit Chain work, customer experiences. Employees who are not satisfied are not well positioned to provide the best service. Likewise, when employees are not committed to their organization there will be high levels of turnover, minimal service levels, and other behaviours that, like low levels of satisfaction, do not bode well for generating high levels of client satisfaction or overall organizational performance.

Narrowing the literature down to these two constructs is important not only as a way of defining what needs to be considered but also in positing a direction that is both comprehensive yet concise. Given the importance of this area it could be tempting to want to measure many different things. While more complete, this would be time consuming and expensive both of which would limit work in this area.

In looking at the various definitions of employee satisfaction and commitment together it is possible to offer some suggestions for how to proceed. First, it is recommended that even though commitment is more common in the literature, job satisfaction is a powerful construct and thus both should be used as the key constructs in the HR area. Further, they should be used in tandem rather than focusing on one to the exclusion of the other.

> *Recommendation:* **It is recommended that the key HR constructs be defined jointly as employee satisfaction and employee commitment. Using these constructs together rather than focusing on one to the exclusion of the other provides a much more meaningful and complete picture of what is truly important in today's workplace.**

To understand this recommendation it is important to first draw out the main findings regarding the definitions for each and then to consider how they work together. The various definitions that have been collected show that these are related but unique elements and lead to the definitions offered here.

Defining Employee Satisfaction

Employee satisfaction deals with contentment or happiness, both of which are attitudinal variables. In other words, it is the attitude that derives from the evaluations an employee makes of their job[84] - evaluations that appear to be derived from a range of affective and cognitive assessments[85].

While often measured as a single or uni-dimensional, overall construct, it can be argued that a range of levels or types of employee satisfaction can be defined based on the target or focal point for the satisfaction. Most often these types reflect differing levels of specificity from the very specific to the very general.

> *Recommendation:* When using employee satisfaction it will be constructive to ensure it is clearly defined so that the *type* of satisfaction is evident. The recommended definition is:
>
> The level of contentment or happiness a person assigns to:
> - attributes of their job/position,
> - their organization, and
> - the general or overall way they feel about their employment.

Three common levels appear to be satisfaction with (1) individual aspects of employment within one's job (i.e., job attributes), (2) one's organization or employer, and (3) in a general or overall sense. For example, an employee can be satisfied with their pay, level of recognition, work arrangements, and so on. They can also describe their satisfaction with their employer, with what their organization stands for, etc. And, at the highest level, an employee can describe their overall level of satisfaction or contentment with their employment (likely based on their own unique pattern of weighting of the various individual job and organizational aspects that are important to them). Each of these is meaningful to the individual and in turn to the way in which they perform their job duties.

This view of satisfaction as comprised of more than a single facet appears to be consistent with the work by ERIN Research for the Region of Peel. In that setting employee satisfaction was found to be comprised of job satisfaction and a healthy workplace. In the definition here the first element is aligned precisely with this research – that is, both address job satisfaction specifically. The proposed inclusion of satisfaction at the organizational level in this definition can be seen to encompass the Region of Peel finding regarding satisfaction with a healthy workplace. However, by addressing the organization more broadly in the proposed definition room is left for the possibility that other variables at the organizational level may be found or may emerge over time. And finally, the overall element in this definition is a reflection of all of this or the summative evaluations employees make.

Together, these component pieces of the proposed definition flow from the literature that has been reviewed and offer a comprehensive view of satisfaction.

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[84] Weiss, H.M., & Ilgen, D. R. (2002). *The ubiquity of evaluation: A Hulinesque essay.* Psychology of Work: Theoretically Based Empirical Research, J. M. Brett & F. Drasgow (Eds). USA, Lawrence Erlbaum Associates, Publishers.

[85] Schleicher, D.J., Watt, J.D., & Greguras, G.J. (2004). *Reexamining the job satisfaction-performance relationship: The complexity of attitudes.* Journal of Applied Psychology, Vol. 89, No. 1, 165 – 177.

Defining Employee Commitment

Employee commitment differs from satisfaction in that it deals with loyalty and pride which are not the same as contentment and happiness. Although different words or phrases are used, the literature all paints a similar picture of commitment as the degree to which an employee is dedicated and has a strong affective and behavioural connection to their job, their organization, and their organization's performance. But, commitment is not a simple construct and, as compared to satisfaction, there are a greater number of issues to consider in determining how best to define it.

The first issue is the need to ensure that the definition is broad enough to capture the multi-faceted nature of commitment. While some have put an emphasis on only certain elements, the literature taken together paints a picture of commitment as a complex construct that encompasses attitudes/emotions as well as behaviours.

The definition proposed here embraces this breadth by including both the emotional (affective commitment) and the behavioural levels (the main outcomes of commitment). In keeping with the model developed by Meyer and Herscovitch[86], this definition focuses on what they refer to as the "core essence" of commitment as a binding force.

> *Recommendation:* **As was the case for satisfaction, employee commitment also needs to be precisely defined to ensure it is both well understood and completely and appropriately measured. It is recommended that commitment be defined as:**
>
> **The pride people feel for their organization as well as the degree to which they:**
> - **intend to remain with the organization,**
> - **desire to serve or perform at high levels,**
> - **positively recommend the organization to others, and**
> - **improve the organization's results.**

At an emotional or affect level commitment is evident in feelings of dedication, pride and a sense of attachment or allegiance to the organization and its performance. As such, this emotional level is an expression of an individual's desire to be a part of the organization and to make a contribution that helps it achieve its results. In the public service this may be a particularly relevant variable given the strong sense of calling many public servants have and the extent to which they feel personally aligned with the purpose of their work.

At the behavioural level (the dominant view in the literature) commitment includes things such as an employee's intention to stay with their organization, the kinds of things they say about it and the level of performance they endeavour to offer to help the organization be successful. It is useful to clarify some of the ideas within these behaviours to properly position how commitment is viewed and defined here.

Not directly included in the proposed definition is Meyer and Allen's[87] notion of continuance commitment which focused on the costs of leaving. If part of a person's intention to stay with their employer is based on the costs of leaving (a likely scenario) it can be argued that this type of commitment is in fact present in the proposed definition to a certain degree – that it is implicitly captured in this definition.

What appears to be the more negative type of commitment in the Meyer and Allen typology – normative commitment or commitment arising from a sense of obligation – is not emphasized. While it is possible that a sense of allegiance or calling to the public service might be considered normative commitment, it is not clear that these elements of the proposed definition are in fact

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[86] Meyer, J. P. & Herscovitch, L. (2001). *Commitment in the workplace: Toward a general model.* Human Resource Management Review, Vol. 11, 299 – 326.

[87] Meyer, J.P., & Allen, N.J. (1991). *A three-component conceptualization of organizational commitment.* Human Resources Management Review, Vol. 1, 61 – 89.

examples of it. The decision not to emphasize continuance and normative commitment is consistent with how commitment is generally approached in most employee surveys.

Commitment to What?

There is more to defining commitment that determining its type. It is also necessary to deal with the question of what an employee is committed to or the target of commitment. While clearly there are a range of possibilities in addressing this, the research by CPRN[88] is particularly useful in analyzing this question and offering a way forward. Specifically, like Meyer and Allen and many others, CPRN suggested that commitment can be towards a range of entities (e.g., organization, clients, profession, etc.). While some argue that the current trend is a shift of commitment from organizations to occupations[89, 90], for the purpose of advancing organizational performance the definition that is most compelling is commitment toward the organization. Not only is the organization a significant over-arching entity, it is the one CPRN's data suggested is most relevant to employees. While commitment to clients may appear to be more instructive and immediate, it is important to note that commitment to clients was seen in CPRN's research as most relevant to self-employed individuals with commitment to the organization more dominant for employees.

The characterization of commitment as oriented to the organizational level has implications for how the concept of "intention to remain" is positioned. In keeping with the argument above, this intention is perhaps best viewed at the organizational or employer level rather than the individual position or unit level. There are benefits to this is at both the employee and the organizational levels. For the former the result of commitment to the organization as opposed to a position or unit is career development and the ability to move within the organization. For the latter the result is an enhanced ability to ensure the best fit of talent to organizational needs. To achieve both kinds of benefit it is critical that organizations have employees whose commitment spans across the organization and that their intention to remain is defined at a high enough level. While it is true that commitment to a specific position can bring many benefits and that this kind of commitment can embrace all the elements in the definition offered here, the general argument is in favour of the broader definition.

Other Important Aspects of the Definition of Commitment

Another essential aspect of the proposed definition of commitment is that the "desire to serve or perform at high levels" needs to be understood within the boundaries of a healthy work-life balance. For commitment to have longevity there is a need for it to be paced in a way that supports the employee and ensures they have a balance that stimulates commitment across the entire span of their career.

And finally, the part of the definition dealing with "improving the organization's results" should also be defined broadly. Organizational results can take many forms. At the broadest level they can be defined as business and human results. Business results refer to the full range of performance outputs and outcomes related to the success of the organization and consequently range from internal performance and service targets to financial performance to the overall impact the organization has. Human results focus on internal workplace dynamics and the way in which each member of the organization contributes to making the organization a good place to work. This includes adherence to organizational values and ethics, supporting colleagues both with

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[88] Lowe, Graham & Schellenberg, Grant (2001). *What's a Good Job? The Importance of Employment Relationships.* CPRN Study No. W05. Ottawa, Renouf Publishing Co Ltd.

[89] Johnson, R. (1996). *Antecedents and outcomes of corporate refocusing.* Journal of Management, Vol. 22, 439 – 483.

[90] Handy, C. (1994). The Age of Paradox. Boston: Harvard Business School Press.

their personal needs and with their performance, excelling at management practices, and so on. In light of the overall findings of the Service-Profit Chain that the employee or HR level impacts client satisfaction and hence the bottom line of an organization's performance it is critical that the view of commitment brought to the chain be seen to extend to both business and human level results.

Perhaps the most important aspect of the definition of commitment is that all of the behaviours *and* emotions described within it must exist together. It is the collective impact of all of the elements listed in the proposed definition rather than any of them in isolation that truly capture the essence of organizational commitment.

In light of this it is important that all of the elements in the definition are measured when assessing commitment as a broad range of patterns can emerge within them. For example, a 1999 study in the USA[91] was able to clearly distinguish between employees who intended to stay and who said good things about the organization and those that intended to stay but would not recommend the organization to others as a place to work. The former are the "truly loyal" and the latter are the "trapped". As the study in the US Army found, it is possible to define two elements within commitment which they labelled as the want and need factors. On one level both the loyal and the trapped are committed - they both will stay - but the implications of their feelings about the quality of the organization as a place to work – that is, their satisfaction - impact what this commitment will mean in practice including how it will impact customers. Not all commitment is a good thing.

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[91] Walker Information Inc. (2001). *The 1999 National Employee Relationship Report Benchmark.* Walker Information Global Network. http://www.walkerinfo.com/products/employee/docs/99commit.pdf

Looking at Satisfaction and Commitment Together – Employee Engagement

Bringing satisfaction and commitment together is recommended as the best way to ensure the complete picture is understood. This taps all the main elements that shape the HR construct and which in turn shape what the customer or client will experience - employee satisfaction and commitment to the organization both appear in the research and from intuitive understandings as key factors in organizational performance.

Employee comments:

"Commitment is what you put into the job, while satisfaction is what you get out of it".

"Commitment can mean showing up for work today whether you want to or not, while satisfaction means you <u>want</u> to come back tomorrow."[92]

Although the distinction is far from perfect or complete, it can be said that satisfaction addresses more of an emotional or attitudinal level while commitment appears to be linked more to motivation and to specific workplace behaviours. The difference between them is meaningful enough to warrant the inclusion of both in future research - neither on their own will provide a full understanding of the key issues. In their overview of staff surveys in the German public sector Klages and Loffler[93] arrived at a similar conclusion (page 17):

> "It is important to understand that satisfaction and motivation are two completely different issues. Frustrated employees may have lowered their expectations of their workplace so much that they are still satisfied but they will not be motivated any more…an exclusive focus on employee satisfaction also miss[es] the opportunity to get objective data on the implicit willingness and ability of employees to perform better."

Likewise, in South Africa a study of employee commitment led one researcher to conclude that "If companies reply on employee satisfaction reports employees might have one foot out of the door and management will be blissfully unaware of the fact"[94]. So, satisfaction is not enough as it misses key engagement factors that can impact the workplace and customers on many levels. And, commitment is not enough as it misses the elements of happiness or contentment which clearly change the nature of the workplace and service to clients.

While it is apparent that satisfaction and commitment are different constructs, it is also clear that there is a relationship between them. In the work by CPRN commitment was the independent variable and satisfaction the dependent variable. In other studies satisfaction is used as an element within commitment (e.g., in the work by Watson Wyatt, the research at Merry Maids, and in the tool development work by WFD) with the suggestion that high levels of commitment will not be found among employees who are not satisfied. Indeed, the Institute for Employment Studies (IES) goes so far as to position satisfaction as a pre-requisite to commitment.

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[92] Transport Canada, Communications Group (2004). *Transport Canada's contribution to the development of measures of employee engagement in support of the Management Accountability Framework – Qualitative Phase.* Unpublished document. July.

[93] Klages, Helmut and Loffler, Elke (2002). *Giving Staff of Local Authorities a Voice: A Checklist of Success Factors for Staff Surveys.* <u>Local Governance</u>, Vol. 203, No.1, 13-22.

[94] Brauer, Heidi (2001). *Employee Commitment.* Markinor Essential Intelligence. www.biz-community.com/PressOffice/PressRelease.aspx?i=170&ai=336

These latter ways of viewing the linkage between these constructs appears to have been used by some as a basis upon which to only highlight commitment with satisfaction relegated to a component of it. This is not the recommendation being forwarded here. Instead, it is suggested that the advice of Klages and Loffler be taken to heart and that *both* employee satisfaction and commitment be given equal prominence.

This conclusion is consistent with the literature as is seen, for example, in the work by Bavendam Research Inc.[95]. They suggested that: "Desire to stay with an organization is not a **symptom** of job satisfaction, it is a **consequence** of job satisfaction. As an independent factor, desire to stay is also affected by other factors such as employees' job security, expectations about their future success in the organization, etc". As such, satisfaction needs a clear, precise definition on its own for research to be effective and should not just be used as an element within commitment.

As a result, given that satisfaction is a strong and distinct construct it can and should stand on its own and not be buried within commitment or vice versa. By using both in concert it is hoped that future research will provide a fuller, more comprehensive picture of what really matters in today's workplace.

One way of understanding satisfaction and commitment as independent yet joint organizational constructs was advanced in the employee satisfaction studies at the Region of Peel[96]. This analysis, conducted by ERIN Research, found that satisfaction and commitment are unique but related constructs. The resulting model built on this by bringing these two elements – employee satisfaction (a combination of job satisfaction and quality of work life) and commitment - together under the label of employee engagement to produce a model that describes the key factors or drivers within each for the Region of Peel. This is a succinct way of capturing the complete range of things suggested in the present review as important to the HR area.

This use of employee engagements as the overarching label is useful in communicating the key construct and hence it is recommended here that employee engagement be applied as the overarching label consisting of satisfaction and commitment.

> *Recommendation:* **Employee engagement can be used as the overarching label that brings employee satisfaction and commitment together jointly.**

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[95] Bavendam Research Inc. (2000). *Managing Job Satisfaction.* Special Reports, Volume 6. www.employeesatisfactions.com//specialresportsvol6.pdf

[96] The Region of Peel (2003). *Engaging Employees at the Region of Peel.* Erin Research Inc.

Research Directions

There is significant value in the work by ERIN Research for the Region of Peel given the methodological rigor it applied and the strong statistical basis to its findings. However, these kinds of studies are still rare. At this stage in the development of our knowledge the relationship between satisfaction and commitment is anything but clear and, as has been shown in the literature reviewed here, a range of linkages between them has been suggested. It may be that the need to use both constructs is a reflection of our current knowledge and that as the research advances it will be possible to further refine and collapse them. It is apparent that further research is needed to explore this issue further.

Further research is also needed to more fully explore and confirm the combining of satisfaction and commitment under the employee engagement construct.   Specifically, what is suggested here is that satisfaction and commitment combine in measures of employee engagement – that they are its two composite parts and may in fact be key drivers of engagement (a topic explored further in the next chapter). But it has been suggested that perhaps satisfaction and commitment are the outcomes of engagement. Based on its review of the literature the Conference Board of Canada suggested that:

> "Engagement is best described as a multi-dimensional construct that speaks to an individual's intensity, focus and involvement in his or her job and organization. The level of individual and workforce engagement is affected by many things, including the job itself, the work environment, and relationships with peers and managers. Engagement is a function of an employee's state of mind and sense of connectedness to and involvement in the organization and in his or her job. This is quite distinct from other terms frequently used, such as commitment, satisfaction and loyalty, which are, in fact, outcomes of engagement"[97] (page 4).

Rather than flowing from satisfaction and commitment, the Conference Board concluded that engagement flows from six key determinants – organizational support, supervisor support, justice and fairness, job and organizational fit, rewards and job characteristics (page 5).

While on the basis of the literature it appears that engagement is best positioned as the combination of satisfaction and commitment and that satisfaction and commitment are unique but related concepts, it is also evident that this is a topic in need in further research.

> **Recommendation:** **Further research needs to be conducted using advanced statistical techniques to shed more light on the relationship between employee commitment and satisfaction.**

In this research it will be instructive to examine the degree to which satisfaction and commitment interact and vary from low to high in order to best illustrate how they might function together in the workplace. For example, it is possible to consider a 2X2 matrix such as is depicted below:

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[97] Wright, Ruth (2004). Measuring What Matters: People Drive Value. Conference Board of Canada, July.

High	**"The Happy Go Lucky"** **Positive contributors whose hearts aren't in it**	**"The True Believers"** **High performing advocates and champions**	
Satisfaction	**"The Discontents"** **Discouraged but probably on their way out or looking**	**"The Galley Slaves"** **Discouraged and stuck No place to go Golden handcuffs**	
Low	**Low**	**Commitment**	**High**

While intuitively the scenarios in this matrix seem to fit observations of many workplaces, this model is in need of research to confirm and refine it. Unfortunately, the literature currently does not offer sufficient empirical evidence to more fully understand the linkages between these constructs.

One study on this relationship was reported from research with foodservice employees[98]. Given the size of the sample and age of the measurement instruments there are limitations to this work. However, the findings are of interest in that certain aspects of satisfaction were found to be related to commitment. Specially, satisfaction with policies, compensation and work conditions explained 60% of the variance in organizational commitment. All of these are elements usually associated with extrinsic forms of satisfaction - it was surprizing that none of the intrinsic elements were linked to commitment (e.g., satisfaction with achievement, security, etc.).

While this study is instructive, the lack of a strong body of data exploring the relationship between satisfaction and commitment shows that further research is required. Specifically, structural equation modelling based on data from a large public sector sample is needed to address the questions of how (or indeed confirm if) satisfaction and commitment are linked, what the nature of the linkage is and how big or strong it is. Only from this kind of research can the conceptual definition of the key constructs be fully understood and refined.

It is important to add a note about the need to consider demographic and contextual differences in future research. For example, Spector concluded that: "Research has shown that age and job satisfaction are related. The exact nature of the relation is not clear, as some studies have found a curvilinear, whereas others have found a linear relation[99]" (page 25).

There is a study out of the UK[100] that offered two interesting findings related to this issue: first, that job and life satisfaction are correlated and second, that job satisfaction is higher in the public sector than the private sector. The finding that job and life satisfaction are correlated suggests that it might be useful to ensure these relationships are analyzed in future research.

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[98] Feinstein, Andrew Hale & Vondrasek, David (2001). *A Study of Relationships Between Job Satisfaction and Organizational Commitment Among Restaurant Employees.* (UNLV) University of Nevada Las Vegas Journal of Hospitality, Tourism & Leisure Science. www.unlv.edu/Tourism/HTL2feinstein.html

[99] Spector, P.E. (1997). Job Satisfaction: Application, Assessment, Causes, and Consequences. Advanced Topics in Organizational Behavior Series, USA, Sage Publications, Inc.

[100] Donovan, Nick (2002). *Life satisfaction: Summary of research.* The Prime Minister's Strategy Unit, UK Government. www.strategy.gov.uk/2001/futures/attachments/ls/pres.ppt

In addition, it will be important to consider the potential impact of environmental or contextual factors. The 2001 Aon *Canada @ Work* study[101] found the highest level of employee commitment in its three years of research after the tragic events of September 11th: "The gain of 1.9 points in just six months is larger than the gains registered in the two previous years combined, underscoring the impact of the tragedy on the workplace" (page 5). In addition, the @ *Work* study also found that commitment varies with a range of demographic factors such as age, job level, length of service, etc.

Likewise, the US Army study found that "organizational commitment significantly interacted with demographic variables. More specifically, the want factor interacted with rank, and the need factor interacted with family responsibilities when predicting years of service"[102] (page 40).

Research by Fields and Blum[103] found that employee satisfaction was linked to the gender composition of the workplace. The highest levels of satisfaction for both men and women were found in settings that were gender-balanced and lowest levels where the workforce is mainly male with pre-dominantly female workplaces falling in the middle.

And finally, the Hewitt *Best Companies* study found a number of interesting differences including a rather dramatic change in engagement with age – from 73% for the under 23 group to 87% for those over 55 years[104]. Similar findings were also reported in Watson Wyatt's *WorkCanada*[105] and the *European Employee Index*[106] where younger employees (called "Zappers") were found to be very committed but not as loyal as older employees. In other words, they are willing to work hard for their organization but will readily move on for new opportunities or when they are bored. Likewise, Clark, Oswald and Warr[107] found that both age and gender impact job satisfaction.

In contrast to these (and several other studies), the CPRN *Changing Employment Relationships* study[108] found only small differences linked to socio-demographic variables and Spector[109] suggested that "Relations between gender and job satisfaction have been extremely inconsistent across studies" (page 28).

> ***Recommendation:*** **To ensure a full understanding of employee satisfaction and commitment consideration should be given to assessing the possible impact or role of demographic and contextual factors.**

[101] Aon Consulting, Ltd. (2001). *Canada @ Work.*
www.aon.com/about/publications/work/atwork_canada2001.jsp

[102] Payne, S.C., Huffman, A.H., & Tremble, Jr., T.R. (2002). *The influence of organizational commitment on officer retention: A 12-year study of U.S. Army Officers.* Human Capital Series , IBM Endowment for The Business of Government.

[103] Fields, D. L. & Blum, T.C. (1997). *Employee satisfaction in work groups with different gender composition.* Journal of Organizational Behavior, Vol. 18, 181 – 196.

[104] Hewitt (presentation deck from February 25th 2003). *The National Managers' Community in cooperation with the Federal Workplace Wellness Network presents Secrets of the 50 Best Companies to Work for in Canada.* Report on Business Magazine (Globe and Mail).

[105] Watson Wyatt. *WorkCanada 2002 – Restoring Confidence, Regaining Competitiveness.*
www.hrpao.org/files/workcanada02.pdf

[106] MarkedsConsult A/S & CFI Group in Association with IBM Business Consulting Services & Danish Centre for Management (2002). *European Employee Index. A Benchmarking Model for Increasing the Value of Human Capital. Key Findings and Executive Summary: Phase 1 – The Nordic Region.*
www.europeanemployeeindex.com

[107] Clark, A., Oswald, A., Warr, P. (1996). *Is job satisfaction U-shaped in age?* Journal of Occupational and Organizational Psychology, Vol. 69, 57 – 81.

[108] Lowe, Graham & Schellenberg, Grant (2001). *What's a Good Job? The Importance of Employment Relationships.* CPRN Study No. W05: Renouf Publishing Co Ltd, Ottawa.

[109] Spector, P.E. (1997). Job Satisfaction: Application, Assessment, Causes, and Consequences . Advanced Topics in Organizational Behavior Series, USA, Sage Publications, Inc.

The key message in all of this is that while they may (or may not) play a big role, in order to be complete subsequent research should ensure that demographic and contextual variables are not overlooked when studying employee satisfaction and commitment.

Conclusions from this Review of Definitions

In the final analysis, while the literature is still evolving it appears that the public sector would do well to focus its attention on employee engagement as the combination of satisfaction and commitment as its way of defining the central overarching constructs. But what about the remainder of the various constructs that have been suggested – passion, organizational health, loyalty, etc.?

On the basis of this review these other labels do not appear to stand at the same level of prominence or have the same degree of explanatory power as employee satisfaction and commitment. Indeed, they can generally be subsumed within either the satisfaction or commitment constructs or can be used to apply to other factors. For example, loyalty can be understood readily as an expression of commitment and passion can likewise be seen as an emotional expression of commitment. There is, however, one exception. Given the evolution over the past number of years in the area of organizational health it is a more complex and interesting construct to position within this discussion and, as such, is explored further in the final section of this chapter below.

Where Does Organizational Health and Workplace Well-Being Fit?

The discussion to this point has concluded that employee satisfaction and commitment individually and together as employee engagement are the key constructs with other labels pointing to constructs that seem to be easily incorporated within them. However, given the advances that have been made in the area of organizational health and Workplace Well-Being these areas stands out as approaches which are not as easy to immediately encompass in the same way.

Fitting the work on organizational health and Workplace Well-Being (WWB) together with the employee satisfaction and commitment constructs is interesting due to the scope of topics the models the WWB area embraces. A review of these approaches has been completed and is reported in "*Workplace Well-Being in the Public Sector – A Review of the Literature and the Road Ahead*" (2004) prepared by Faye Schmidt for the PSHRMAC (copies are available from the PSHRMAC).

The conclusion of that review is that WWB can be defined as: ***"a holistic approach to creating high performance organizations through establishing the right conditions to generate high levels of employee engagement. This approach assumes that achieving high levels of organizational performance depends on employees who are strongly committed to achieving the goals of the organization, and who show this through their actions. This behavioural objective is influenced in turn by levels of employee satisfaction, and by supportive, respectful and healthy work environments. WWB is connected to physical health and wellness but primarily emphasizes the social and psychological dimensions of three inter-related elements - workplace, workforce, and the work people do"*** (page 45).

The framework that the WWB review develops is a hierarchy or logic chain that suggests a flow of organizational dynamics that moves from "recruiting and retaining the right workforce" to "physical health, safety and wellness and supports for work" to "workplace well-being" to "employee engagement" to "high levels of organizational performance" all leading ultimately to the overarching public sector goal of "advancing the public good". The model is depicted as (page 48):

ORGANIZATIONAL DYNAMICS IN THE PUBLIC SECTOR

```
              ┌──────────────────────┐
              │  Advancing the Greater │
              │    Public Good         │
              └──────────────────────┘
                        ▲
                   /          \
                  /  High Levels of  \
                 /   Organizational   \
                /     Performance      \
               /_____\
              /   Employee Engagement    \
             /..........................\
            /    Workplace Well-Being     \
           /...............................\
          / Physical Health, Safety and Wellness\
         /        & Work Supports              \
        /_____\
       /   Recruiting & Retaining the Right Workforce \
      /_____\
```

This has important implications for the present discussion of employee satisfaction and commitment and engagement. Clearly in this model employee engagement (which uses the definition developed here of the combination of job satisfaction and commitment) is presented as flowing from more basic workplace variables including WWB. The argument in this regard is that as is the case in Maslow's hierarchy of needs[110] for individuals, there is a natural order or set of relationships within organizations that may exist (with the caveat that research is needed to confirm the proposed model). More basic requirements of having the right workforce and ensuring their health and safety are pre-conditions of WWB and, in turn, of employee engagement and organizational performance.

These relationships are found in a variety of studies and writings including an article by Watson Wyatt on "**Productive Engagement**" which they define as follows:

> "Productive engagement is an organizational condition where employees are not only committed to their jobs but are also engaged with the goals of the firm, and enabled to both achieve individual goals and contribute significantly to their organization's performance"[111].

Watson Wyatt suggested that productive engagement begins with a foundation of organizational strategy which in turn advances four pillars: alignment, capacity, resources and motivation. These lead to productive engagement and ultimately to organizational results.

Implicit in all of this is the concept that WWB contributes to or drives employee engagement. Identifying key drivers is pivotal to developing a full understanding of the constructs and to

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[110] Maslow, Abraham H. (1943). *A theory of human motivation*. Psychological Review, *50*, 370-396.
[111] Watson Wyatt (2003). *Building Organization Health.*
   http://www.watsonwyatt.com/search/publications.asp?Component=wwme&ArticleID=11552

positioning public organizations to make the right kinds of improvements or responses to the data they get from assessments of the HR area. It is to a discussion of the key drivers of satisfaction and commitment that this paper now turns.

3   Key HR Drivers

*D*efining the key constructs for the HR area is the first step. With employee satisfaction and commitment in hand as the recommended variables in employee engagement the next step is to probe deeper and find out what things are really important in shaping them. In other words, to find out what the key drivers of satisfaction and commitment are.

Understanding Key Drivers

The concept of key drivers is used extensively in satisfaction research to denote the variables that have the greatest impact in terms of their potential to explain the things that contribute to satisfaction and which can be used to create higher levels of it.

Drivers provide powerful information that has considerable practical value. Knowing the overall level of satisfaction and commitment will be interesting but this information alone will not arm an organization to address the things that will lead to meaningful improvements. Through an understanding of key drivers an organization is given practical knowledge that can shape activities so that they can obtain the biggest possible bang for their buck of improvement effort. In other words, assessments of satisfaction and commitment on their own are like knowing how much you weigh. In order to change your weight you need to know other important pieces of information about your diet, level of activity, etc. as these are likely the key things that impact your weight (that is, they are its key drivers).

While this understanding of what drivers are is widely held the way in which they are identified varies. The result is that it is not always possible to know if what is suggested as a driver in one study can be compared to drivers elsewhere. And given the range of techniques used to identify drivers there are instances in the literature where things are suggested as drivers when they may not be the truly important factors.

One common issue is that in many studies the label "drivers" is applied to findings that *appear* to have the most impact. This might be simply based on cross tabulations or a scan of high and low scoring items. Other times it might be based on theoretical musings and observations. The problem with these approaches is that they often miss the mark and consequently produce misleading or confusing conclusions. And, perhaps of greatest concern, conclusions of this sort are always superficial.

Only when a more robust approach is applied (using techniques such as regression analysis and/or structural equation modelling) is it possible to identify the things that have real power in terms of their ability to explain what is going on – to truly identify the key drivers. A good example of this is found in the *Citizens First*[112] studies where advanced statistical techniques identified the key drivers of client/citizen satisfaction by channel and overall.

In the review that follows an attempt is made to present the range of variables that have been offered as drivers. In reviewing the literature it is not always possible to tell what approach has

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[112] Erin Research Inc. for the Institute for Citizen-Centred Service and the Institute of Public Administration of Canada (2003). *Citizens First 1998, 2000, and 3.* www.ICCS-ISAC.org

been used to identify them.   The studies that explain their approach are highlighted but, as will become evident, these are in the minority. There is a need for more robust analyses to ensure that what is used as key drivers are in fact key drivers. As a result, while the information presented here can be used to describe broad directions in the literature it is important to note from the outset that further research is needed to ensure that the correct drivers of employee satisfaction and commitment are identified.

Key Drivers of Employee Satisfaction and Commitment – A Review of the Literature

Attempts to identify the key drivers in employee satisfaction and/or commitment are summarized below. These findings are presented in no particular order and have been selected to offer a broad survey of the kinds of drivers that have been suggested. For each, a highlight box lists the drivers that are identified regardless of how they were derived (if indeed the method is reported). As noted previously, in many cases the label "driver" is applied loosely as the authors of the work that is cited may not have used this label or may have used it in varying manners. What is reported are findings that appear to be drivers (developed statistically) and/or constructs that are used in the literature in ways that seem to be parallel to drivers.

The literature included in this section is limited to studies that collected data from employees and analyzed it in a way that identifies or suggests drivers. There are volumes of other research reports that address the fields of satisfaction and commitment but do not include drivers. As such, these reports are beyond the scope of this review.

Heskett et al. In looking again at the service-profit chain work by Heskett et al[113] one finds a set of factors internal to an organization that are thought to drive employee satisfaction. While acknowledging their data as preliminary, they suggested that the ability and authority to serve customers is what employees value the most and that the quality of the attitudes within the organization related to service, customers and colleagues are of prime importance. Their data linked the ability to serve customers to both satisfaction and loyalty although the nature of this analysis was not reported.

> *Drivers:* **In their service-profit chain work Heskett et al listed the variables that influence employee satisfaction as:**
> - **workplace design,**
> - **job design,**
> - **employee selection and development,**
> - **employee rewards and recognition and**
> - **tools for serving customers.**

Hewitt. In their *Best Companies to Work For* in Canada study Hewitt[114] identified the key drivers for employee engagement (which, as noted above, is akin to the concept of commitment as used elsewhere). Given the nature of the information available it was not possible to determine how these drivers were identified. The focus of this research does however suggest that the companies which are defined as "the best" do better on these drivers than "the rest". The drivers identified by Hewitt form the basis not only of their *Best Companies to Work For* studies but are used as a basis for assessment within individual organizations such as Telus and the

> *Drivers:* **Hewitt's Best Companies to Work for study reported the following set of drivers (slides 80 & 81):**
> - **People: Senior leadership, business unit leadership, manager, co-workers**
> - **Total Rewards: Pay, benefits, recognition**
> - **Procedures: People practice implementation, performance review**
> - **Work: Intrinsic motivation (sense of accomplishment), resources**
> - **Opportunities**
> - **Quality of life: Work-life balance, physical work environment, corporate citizenship**

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[113] Heskett, James L., Jones, Thomas O., Loveman, Gary W., Sasser Jr., W. Earl, and Schlesinger, Leonard A. (1994). *Putting the Service-Profit Chain to Work.* Harvard Business Review (March-April) Reprint #94204.

[114] Hewitt (presentation deck from May 12th, 2003). *What does it take to be a best employer?* Presentation to the TBS Executive Committee, Government of Canada. Study was reported in ROB: Report on Business Magazine (Globe and Mail).

Province of British Columbia.

Province of British Columbia. The audit on the work environment conducted in British Columbia[115] reported another set of drivers linked to employee engagement. The method for arriving at these drivers was described as a "statistical modeling of survey results" (page 34) using logistic regression (page 70). In the report it appears that the drivers as presented in the highlight box here are in relative order of importance. It is interesting that while BC drew on Hewitt's work and model of engagement the drivers they report differ from those identified above by Hewitt.

> ***Drivers:*** **In BC the drivers that emerged from an audit survey of provincial public servants identified four drivers (page 34):**
> - **Leadership**
> - **Day-to-day work**
> - **Individual recognition**
> - **Opportunities for career advancement**

Independent from this audit, the Province of BC also conducted a survey that compared the perceptions of recent hires, long-term employees and people who had just ended their employment with the provincial government[116]. In addition to assessing overall satisfaction (with the job and with the BC Government as an employer) the survey analyzed the drivers of satisfaction (which they referred to as job factors). Using a correlation technique (Cramers V) this study looked at how a set of 13 factors related to job satisfaction.

> ***Drivers:*** **Another study in BC found a slightly different set of factors linked to satisfaction with working for the BC Government (page 51):**
> - **"Training/professional development opportunities**
> - **Job security**
> - **Opportunity to advance/be promoted**
> - **Doing intellectually challenging work//interesting work"**
>
> **And another set linked to overall job satisfaction (page 53):**
> - **"Doing intellectually challenging work/interesting work**
> - **Good benefits/vacation package**
> - **Training/professional development opportunities**
> - **Opportunity to advance/be promoted"**

The four factors with moderate to modest correlations are reported here (in descending order). These are the overall findings – the findings for the specific sub-groups of employees varied somewhat.

What is interesting about this set of drivers is that there are some differences in what drives overall job satisfaction as compared to employment satisfaction (or satisfaction with working for the provincial government). Even though the differences are slight, they do suggest that satisfaction is not a single concept and that it can take different forms. This underscores the importance in clarifying exactly what is being assessed and reported when comparing different studies and findings.

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[115] Office of the Auditor General of British Columbia (2002/2003). *Building a Strong Work Environment in British Columbia's Public Service: A Key to Delivering Quality Service.* http://.bcauditor.com

[116] Malatest & Associates Ltd (2001). *Opinion Research on Employment in the Public Service.* BC Public Service Employee Relations Commission. www.bcpublicservice.ca/down/Reports/final_summary_report.pdf

Watson Wyatt. The *WorkUSA*[117] study in 2000 used a regression analysis to identify the key factors driving employee commitment. The resulting seven drivers cover a broad range of things related to performance, benefits, relationships, ethics, and so on. The same study also used regression analysis to identify the factors that drive trust in senior leadership. Here, the drivers were: explaining reasons behind major decisions (10%), gaining support for the business direction (10%), promoting the most qualified employees (10%), motivating workforce to high performance (10%), acting on employee suggestions (9%), providing job security (9%), encouraging employee involvement (8%), and all other factors (34%).

> *Drivers:* **The Watson Wyatt drivers of employee commitment (and the percentage assigned for the impact of each) are:**
> - **Trust in senior leadership: 14%**
> - **Chance to use skills: 14%**
> - **Competitiveness of rewards: 11%**
> - **Job security: 11%**
> - **Quality of company's products and services: 10%**
> - **Absence of work-related stress: 7%**
> - **Honesty and Integrity of company's business conduct: 7%**
> - **All other factors: 26%**

European Employee Index. The 2002 *European Employee Index*[118] report included an analysis of the impact of five drivers on employee satisfaction, motivation and loyalty. The way in which these drivers were identified is not reported nor is the relative strength of each. While this omission is of concern, it is clear that the work of the firm that headed the project, MarkedsConsult, base much of their work on structural equation modelling. If this is the case for the drivers reported here they would be of considerable interest especially since the 2002 study was based on a carefully selected random sample of 9,600 employees (through a mail survey to households).

> *Drivers:* **The European Employee Index model includes 5 drivers (page3):**
> **"Image – public perception and pride of working for the organisation**
> **Senior Management – employee opinions of senior management's decision-making and communication skills, plus the organisation's ethics**
> **Immediate Supervisor – employee attitudes towards his/her immediate boss**
> **Co-operation – mutual interaction and general social atmosphere at work**
> **Work Conditions – include employee perceptions of three components: daily work…remuneration…[and] development".**

Royal Bank. The Conference Board of Canada[119] reported on the application of the service-profit chain at the Royal Bank. Like most reports, there is no information to show what the label "drivers" means in this application or how they were derived. But, in spite of these limitations it is useful to note the drivers that have been found as they have been used extensively by the bank to shape its improvement efforts. They are also of note given the fact that the bank has data to show how these HR factors apply in the context of the chain.

> *Drivers:* **The Royal Bank found that training, appraisal, career and enablement factors are the key drivers of employee job satisfaction and service capability.**

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[117] Watson Wyatt. *WorkUSA 2000 – Employee Commitment and the Bottom Line.*
www.watsonwyatt.com/research/resrender.asp?id=W-304?page=1#

[118] MarkedsConsult A/S & CFI Group in Association with IBM Business Consulting Services & Danish Centre for Management (2002). *European Employee Index. A Benchmarking Model for Increasing the Value of Human Capital. Key Findings and Executive Summary: Phase 1 – The Nordic Region.*
www.europeanemployeeindex.com

[119] Brooks, Eleanor Randolph (1998). *Loyal Customers, Enthusiastic Employees and Corporate Performance. Understanding the Linkages.* Conference Board of Canada Executive Summary, 231-98.

Radclyffe Group. Research into the key drivers of employee satisfaction in call centres was reported by the Radclyffe Group[120] in 2002. The interesting feature of this report is the hierarchy of needs developed for the key drivers. Unfortunately, this work did not offer a definition of employee satisfaction nor any insight into why or how it was selected as the main HR construct. In addition, it did not offer a description of how the drivers were identified.
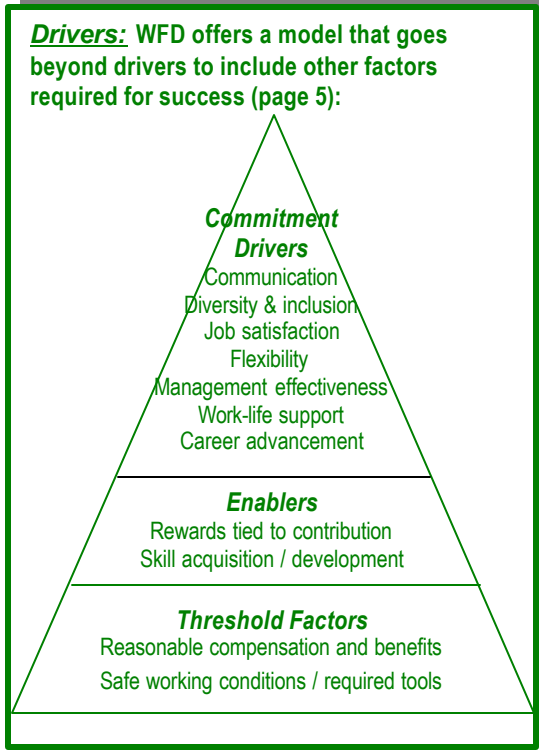
In spite of these limitations, the hierarchy model is included in this review as the ordering effect of the drivers within it adds an interesting dimension to the discussion which may be useful in providing a fuller understanding of how drivers of satisfaction can best be understood.

Challenge
Continuous Learning, Adequate Opportunities

Satisfaction with Management
Feedback, Coaching, Communication, Support, Leadership by Example

Satisfaction with Co-Workers
Trust, Teamwork, Communications, Confidence in Each Others' Skills, Help Each Other, Sense of Pride in Organization

***Drivers* of Employee Satisfaction Identified by the Radclyffe Group (p 3)**

WFD (Work/Family Directions, Inc.). WFD has developed a survey tool that measures employee commitment (the *Commitment Index*) and a separate tool to identify the drivers contributing to it (the *Commitment Drivers* scales)[121] which can be used together as the *Commitment Profile*. These tools derive from a hierarchy of factors that describe what an organization needs to attend to in order to be successful. Rather than just presenting key drivers, this hierarchy contains three distinct types of factors – threshold factors, enablers and drivers. But, like other hierarchies, the basic premise is that the lower level or foundational elements are necessary precursors to success at subsequent levels.

Of note in this model is that variables such as pay and safety are viewed as threshold factors and not as drivers of commitment. While the WFD model is not overtly derived from the work

***Drivers:* WFD offers a model that goes beyond drivers to include other factors required for success (page 5):**

Commitment Drivers
Communication
Diversity & inclusion
Job satisfaction
Flexibility
Management effectiveness
Work-life support
Career advancement

Enablers
Rewards tied to contribution
Skill acquisition / development

Threshold Factors
Reasonable compensation and benefits
Safe working conditions / required tools

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[120] Ahearn, E.A. (2002). *Understanding the Employee/Customer Connection.* SpeechRecognition.Net (September). www.radclyffegroup.com/Article-Understanding%20the%20Employee%20Customer%20Connection%20-%20Speechrecognition.com -LA-Sept.%202002.pdf

[121] Rodgers, Charles S. (1998). *The Drivers of Employee Commitment. Tools for creating a competitive workplace.* Work/Family Directions, Inc. (WFD), USA.

of Herzberg, this distinction between factors that are threshold from the things that drive commitment is somewhat reminiscent of the split between hygiene and motivational factors in the early work of Herzberg[122]. Herzberg suggested that some factors can only create satisfaction (or dissatisfaction) but will never contribute to motivation. Things like salary, working conditions, etc. are examples of these hygiene factors. Interesting work is an example of what motivates. It is intriguing to reflect on the distinctions in Herzberg's work in light of both the issue of satisfaction versus commitment as well as the identification of what drives each.

Within the WFD hierarchy there are seven drivers of commitment. While each has a simple, concise label, their definitions are broad. For example, the Management Effectiveness driver includes elements such as recognition and reward, providing clear expectations, encouraging teamwork, communication, and so forth.

As is the case in much of the research, a missing element in this work is precise information on how the drivers were identified although reference is made to activities such as field-testing, validation of the tool, etc. The author reported that in his research the seven commitment drivers were consistently found to be correlated with commitment although, as would be expected, the correlations vary by organization. Further, while the nature of the studies using the *Commitment Profile* was not reported, the WFD website states that "high grades in the Workplace Satisfaction and Diversity and Inclusion drivers predict the highest levels of employee commitment"[123].

Aon. In the Aon *Canada @ Work* study[124] key drivers were presented and were referred to as the "prime influencers" of workforce commitment (page 42). Like several other studies detailed here, the method used to define the drivers was not reported so it is not possible to determine how the Aon list compares to the drivers identified elsewhere. This omission also leaves other questions unanswered such as how the "Benefits package covering employees needs" driver and the "Pay and benefits that truly meet employees' needs" differ. Likewise, it is hard to understand the difference between the 14 drivers in the 2001 *@ Work* study and the 16 reported in their 2000[125] results.

A further challenge is the fact that the *@ Work* drivers are presented not on the basis of the amount they contribute to commitment but rather in ascending order of failure. In other words, the list as shown in the box here starts with the driver with the lowest failure rate (at 10%) and moves through to the driver with the highest failure (a stress-free environment at 43%). While this is informative in terms of issues in Canada's

> ***Drivers*: In Aon's *Canada @ Work* study 14 drivers of commitment were noted (page 44):**
> - **Co-workers are willing to help during times of heavy workload**
> - **Management's commitment to continuously improve products and services**
> - **Job satisfaction**
> - **Effectiveness of safety training**
> - **Organization's readiness to make the changes to stay competitive**
> - **Fairness of benefits package**
> - **Opportunities for personal growth**
> - **Organization providing job security**
> - **Organization providing training**
> - **Benefits package covering employees needs**
> - **Pay and benefits that truly meet employees' needs**
> - **Organization's efforts to build a sense of spirit and pride**
> - **Way changes are managed and communicated**
> - **Organization's efforts to create a stress-free work environment**

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[122] Herzberg, Frederick (1968). *One More Time: How Do You Motivate Employees?* Harvard Business Review, Reprinted January 1, 2003, pages 87 – 96.

[123] WFD Consulting, Inc. *Money Can't Buy Employee Commitment, WFD Research Reveals.* www.wfd.com/docs/PR_9809wfdresearch.shtml

[124] Aon Consulting, Ltd. (2001). *Canada @ Work.* www.aon.com/about/publications/work/atwork_canada2001.jsp

[125] Aon Consulting, Ltd. (2000). *Canada @ Work.*

workplace, it does not contribute to the quest to statistically identify key drivers.

Another issue that clouds the identification of drivers in this work is that in addition to this list of 14 variables labelled as the drivers of commitment Aon also has a model that shows commitment as "driven by" a performance model. As this model is consistent in both the 2000 and 2001 reports it appears to be a more general or theoretical description of what is important rather than a set of statistical drivers. It is interesting that like the Radclyffe model reported above, the Aon Performance Pyramid model is hierarchical. It contains 5 factors which acknowledge Maslow's hierarchy of needs. From the bottom up they are (page 10): safety/security, rewards, affiliation, growth, and work-life harmony.

In spite of these limitations to the current project, there are aspects of this work that offer interesting insights. First is the finding that job satisfaction is a driver of commitment. Not only does this bring satisfaction into consideration it also suggests the nature of how satisfaction and commitment might be related. While the limitations of what is reported restrict the emphasis that can be placed on this finding it is of interest nonetheless. Another finding of note is the suggestion that the drivers for the under 30 group differed from these overall findings. The six drivers for this group contained three from the overall list (building spirit and pride, pay and benefits that meet needs and job satisfaction). The three that were unique included (page 45):

- "Co-workers supporting needs as a person and not just as a worker
- Skill level of co-workers keeping pace with job demands
- Organization's development of effective managers and supervisors".

Province of Manitoba. Building on the work of CPRN in its *Changing Employment Relationships Study*, the Province of Manitoba[126] analyzed the results of their 2001 and 1998 employee surveys to determine the key drivers of job satisfaction. Regression analysis was used to explore drivers in the areas of trust, commitment, communication and influence with an emphasis on the impact of relationships between employees and managers.

> *Drivers:* **The Province of Manitoba found the strongest driver of employee satisfaction to be the relationship and communications between staff and management. Other drivers included: clarity in departmental change, training, quality of services produced by employees, feeling appreciated, job authority, input, job importance, clarity of departmental goals, skill use and praise from management (page 7).**

Duxbury. Linda Duxbury and her associates have conducted several studies into features of the workplace in Canada including research for the public sector[127]. While not presented as drivers per se, her work nonetheless highlights some of the things that shape the workplace and employee satisfaction. The suggestion that supportive managers is an important factor fits well with several of the other studies cites above (e.g., Province of Manitoba). In addition to the driver-like variables highlighted here, Duxbury's work also draws attention to the important characteristics of different age cohorts in today's

> *Drivers:* **The research by Duxbury has lighted the importance of work-life balance, having sufficient numbers of people in an organization to do the work, and the presence of supportive managers as key factors influencing employee satisfaction.**

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[126] Vieira, Sabrina (2002). *The Key Drivers of Job Satisfaction in the Manitoba Public Service.* Unpublished paper: Service Manitoba.

[127] Duxbury, Linda. *Work-Life Balance: Rhetoric versus Reality.* Power point presentation deck prepared for use in the Province of Manitoba.

workplace (e.g., the difference between the Nexus generation and older workers). This adds weight to the recommendation in the previous chapter calling for attention to key demographic and contextual factors when studying the HR issues.

The focus this work places on work-life balance is reflected as a prominent part of HR activities in many jurisdictions (e.g., the Government of Canada and the Province of Saskatchewan).

Province of Alberta. Alberta has conducted annual surveys of its employees since 1995. In 2002, the survey content was enhanced to include questions based on key determinants of a quality work environment. The corporate employee survey consists of 45 items designed to assess 11 key determinants and 2 outcome measures: overall satisfaction, overall feeling of being valued[128]. The determinants appear to be akin to drivers on the conceptual level. They differ however in that rather than being empirically derived they were identified by conducting a broad research review, with input/review by many internal groups (e.g., Human Resource Directors, an Advisory Team and focus groups of employees). The specific determinants are very similar to others noted in this review.

> *Drivers:* **The Province of Alberta corporate employee survey is based on the following 11 key determinants:**
> • **Recognition**
> • **Quality of Management/Supervision**
> • **Clear Expectations/Direction**
> • **Opportunity for Input and Involvement**
> • **Job Fit**
> • **Opportunity for Advancement**
> • **Learning/Development Opportunities**
> • **Sense of Being Respected**
> • **Quality of Co-Worked Relationships**
> • **Quality of Service Provided**
> • **Work-life balance**

All determinants and questions in the survey have now been validated as significant factors on the outcome measures of overall satisfaction and feeling valued, based on additional statistical analysis of the results.

Bavendam Research Inc. In the research that led to the development of their job

> *Drivers:* **The work by Bavendam Research Inc. identified 6 factors that influence job satisfaction: opportunity, stress, leadership, work standards, fair rewards, and adequate authority.**

satisfaction measurement tool Bavendam Research surveyed over 15,000 employees in the USA (mainly white collar workers)[129]. The six factors that emerged as influencing job satisfaction appear to be conceptually similar to drivers. The method through which these factors were identified is not reported but it is clear that they are presented in decreasing order of strength and that the first is much more important than the rest by a considerable margin.

ERIN Research Inc. - Region of Peel. As part of their journey through the National Quality Institute's Progressive Excellence Program, the Region of Peel (a large municipality in Ontario) conducted an employee survey in 2002 and again in 2003 (with plans for a 2004 administration) called *B.E.S.T. – Building Employee Satisfaction Together*[130]. The use of advanced statistical techniques appropriate for the identification of drivers (Structural Equation Modelling) and excellent return rates (72% in 2002 and 65% in 2003) means that confidence can

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[128] Province of Alberta (2002). Corporate Employee Survey: Proposed Determinants and Questions. Unpublished paper prepared for the DM Committee. May 8th, 2002.

[129] Bavendam Research Inc. (2000). *Managing Job Satisfaction.* Special Reports, Volume 6. www.employeesatisfactions.com//specialres portsvol6.pdf

[130] The Region of Peel (2003). *Engaging Employees at the Region of Peel.* Erin Research Inc.

be placed in the results identified from this work. In fact, since the methodology used was the same as that for *Citizens First* these drivers are parallel to the seminal work in the client satisfaction area in Canada. As such, these drivers and those from *Citizens First* can be used together with ease when applying the full service-value chain model. That these results come from part of the Canadian public sector furthers their utility for the present discussion.

An interesting aspect of this work is that the quantitative model that emerged from the 2002 data identified two outcome elements – job satisfaction and commitment. Together, these elements and the drivers for each comprise the Region of Peel Employee Engagement Model.

The results found a correlation of .57 between satisfaction and commitment. This suggests both that these constructs are related but also that they are distinct enough to each warrant individual attention. This distinction is further supported by the finding of different sets of drivers for each. All of these findings reinforce the earlier recommendation in this paper that satisfaction and commitment be used as the main focus of forward action work.

In total, nine drivers were found for employee satisfaction and commitment with only two common to both – namely "a career path that

> ***Drivers:*** **The 2002 *B.E.S.T.* survey conducted by ERIN Research Inc for the Region of Peel offered distinct sets of drivers for job satisfaction and commitment (page 3):**
>
> **Job satisfaction (with 8 drivers) -**
> - **A career path that offers opportunities for advancement**
> - **Fair pay and benefits**
> - **The perception that Peel provides good value to customers**
> - **A satisfactory work environment, as defined by:**
>   - **A reasonable workload**
>   - **Good relations with the immediate supervisor**
>   - **Smoothly functioning organizational dynamics**
>   - **Good relationships with colleagues**
>   - **Effective internal communications**
>
> **Commitment (with 4 drivers) –**
> - **Job satisfaction**
> - **A career path that offers opportunities for advancement**
> - **A positive perception of senior management**
> - **The perception that Peel provides good value to customers**

offers opportunities for advancement" and "the perception that Peel provides good value to customers". It is interesting to see that the relationship between employees and managers/supervisors came through in both sets of drivers but in differing ways. "Good relations with the immediate supervisor" was a driver of satisfaction while "a positive perception of senior management" was a driver of commitment. Clearly, these relationships are both important but they contribute to different aspects of the workplace. Understanding this distinction is useful to furthering the understanding of satisfaction and commitment as constructs and also to creating improvement strategies from the survey results.

All of the findings noted to this point flow from the first employee survey in 2002. The Region of Peel repeated the core of the survey in 2003 and built further explorations into key issues. In particular, a focus was placed on the health of the workplace. The results confirmed the original model and added an additional outcome variable – quality of work life. Interestingly, this emerged as a component of employee satisfaction suggesting that satisfaction arises from both an employee's job and his or her quality of work life.

The drivers in this revised model from B.E.S.T. 2003 are similar to the original with a few changes particularly related to the new outcome variable[131]:

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[131] The Region of Peel (2003). *Advancing Employee Engagement at the Region of Peel.* Erin Research Inc. Model reproduced here with the permission of the Region of Peel.
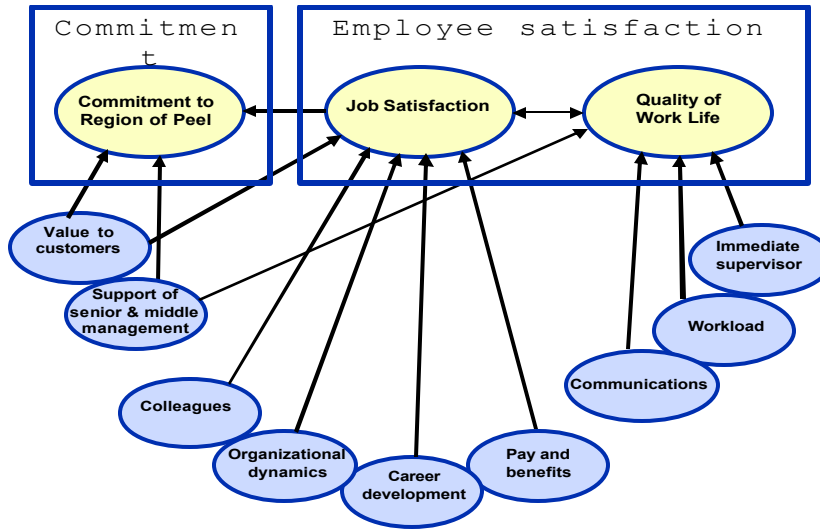
Findings from the Region of Peel – 2003 B.E.S.T. Survey

The extension of the model to these three outcomes offers a rich picture of what matters in a public sector organization in Canada. In particular, these results offer valuable insight into the relationship between employee satisfaction and commitment. Job satisfaction was found to be a driver of commitment but commitment did not emerge as a driver of satisfaction, and job satisfaction and quality of work life are drivers of each other.

Best Places to Work. The Federal Government in the USA conducted the *Federal Human Capital Survey*[132] in 2002. This study is based on responses of over 100,000 public servants to a range of questions designed to assess the quality of the work environment. A subsequent analysis of this data was undertaken by the Partnership for Public Service and the Institute for the Study of Public Policy Implementation at American University. The result was the *Best Places to Work*[133] report.

> *Drivers:* **The US Federal Government used its** *Best Places to Work* **project to identify the top drivers of employee satisfaction:**
> • **Effective Leadership**
> • **Utilizing employee skills**
> • **Teamwork**

The analysis groups results by overall performance for each agency and its sub-elements with respect to a "Best Places to Work Index", as well as by 10 different work environment categories, including Effective Leadership, Employee Skills/Mission Match, and Strategic Management. Multiple Regression was used to identify the top drivers of employee satisfaction, namely: …"effective leadership, fully utilizing the skills of talented employees and a sense of teamwork and collaboration" (page 1).

Towers Perrin. In their 2003 biennial study, Towers Perrin[134] assessed commitment in the workplace using a sample that included employees in the USA and Canada. From this they

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[132] USA Federal Government (2002). *Federal Human Capital Survey*. US Office of Personnel Management. www.fhcs.opm.gov/fhcsIndex.htm

[133] USA Federal Government (2002). *Best Places to Work in the Federal Government.* http://www.bestplacestowork.org/

identified 10 drivers of engagement and distinguished these from drivers of attraction and retention. The central difference in these sets of drivers was that attraction focused more on pay and benefits with this factor decreasing with retention and engagement moving more strongly into work environment factors.

> ***Drivers:*** **Towers Perrin's 2003 study found 10 drivers of commitment:**
> **"They are, in order of importance:**
> - **Senior management's interest in employees' well-being**
> - **Challenging work**
> - **Decision-making authority**
> - **Evidence that the company is focused on customers**
> - **Career advancement opportunities**
> - **The company's reputation as a good employer**
> - **A collaborative work environment where people work well in teams**
> - **Resources to get the job done**
> - **Input on decision making**
> - **A clear vision from senior management about future success" (page 10).**

They grounded the importance of these factors in their version of the service-profit chain model which they called the "Towers Perrin Linkage Framework". This model proposes bi-directional links between four factors: people, programs and services; employee behavior; customer behavior; and business performance.

Their analysis of the relationship between these factors is in line with the Service-Profit Chain. First, they found that the 10 drivers are correlated with employee engagement. Next they found that engagement is positively correlated with customer focus and negatively correlated with employee turnover. Further, with regard to financial performance (operating margins as a result of revenue growth, cost of goods sold, and sales, general and administrative expenses) their results revealed a chain: a positive correlation was identified between employee engagement and customer focus and between customer focus and revenue. Additionally, they found a negative correlation between employee engagement and the cost of goods sold. While the strength of these correlations and the methodology for the analysis of the relationships and the identification of the drivers are not reported, these findings are in keeping with other studies and suggest further support for the importance of engagement and what drives it.

Michael Leiter. The work of Michael Leiter[135] at Acadia University offers another view into the essential elements of employee engagement. While not presented as drivers, Leiter has suggested that there are three key dimensions that are the main variables that can move an employee along a burnout – engagement continuum. These three dimensions - energy, involvement and effectiveness – are seen to be exercised in six work life areas:

> ***Drivers:*** **Michael Leiter suggested that there are three basic concepts that are at play within a continuum from burnout to engagement:**
> - **Energy**
> - **Involvement**
> - **Effectiveness**

workload, control, reward, community, fairness and values. In other words, it is important to look at how energy, involvement and effectiveness impact each work life area and whether they contribute to burnout or engagement. Unfortunately, no information was found to describe how the three basic concepts in this model were developed so it is not possible to know if they are theoretical constructs in the proposed model or empirically derived drivers.

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[134] Towers Perrin (2003). *Working today: Understanding what drives employee engagement.* http://www.towers.com/towers/webcache/towers/United_States/publications/Reports/Talent_Report_2003/Talent_2003.pdf

[135] Leiter, M. (unpublished document). *The Organizational Checkup: Basic Concepts.* Acadia University, Nova Scotia.

Job Satisfaction Survey (JSS). The *Job Satisfaction Survey*[136] (JSS) was designed by Paul Spector to assess nine facets and overall satisfaction. These facets appear to have been theoretically defined and then subjected to testing through applications of the tool. While Spector suggested that these facets are distinct and while each facet is used to produce a scale score, Spector has noted that the patterns of inter-correlations between the nine facets support four elements: "rewards, other people, nature of the work, and organizational context"[137] (page 4). This suggests that these facets may not have the level of clarity and precision desired for the current search for key drivers.

> ***Drivers:*** **The Job Satisfaction Survey is based on nine facets:**
> - **Pay**
> - **Promotion**
> - **Supervision**
> - **Benefits**
> - **Contingent rewards**
> - **Operating procedures**
> - **Coworkers**
> - **Nature of work**
> - **Communication**

A similar problem emerges in some of the other tools commonly employed in the academic literature. In that it appears these tools are often developed based on theoretical assumptions and then subjected to testing rather than starting from research that empirically identifies key drivers. This means that they often are based mainly on theoretical constructs about what is important to job satisfaction and create tools that are conceptually based rather than research based. For example, Spector[138] described a five step model for the development of satisfaction tools that starts with "Step 1 Carefully and thoroughly define the facet; Step 2 Design scale format and write items" (page 21). He further observed that in Step 1 "…many scale development efforts are compromised because the exact nature of the construct of interest was left ambiguous and incompletely described" (page 21).

By starting from a theoretical or conceptual basis it is not surprizing to find that many of the scales within these tools are highly correlated and are criticized for lack discriminatory power. For example, this criticism is often levelled at the Minnesota Satisfaction Questionnaire[139] which generates a total of 20 scales or facet of satisfaction scores. What is needed to advance this work is a better understanding of key drivers drawn from empirical research so that assessment tools can be designed to tap stronger, more clearly defined elements.

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[136] Spector, P.E. (1985). *Measurement of human service staff satisfaction: Development of the Job Satisfaction Survey.* American Journal of Community Psychology, Vol. 13, 693 – 713.

[137] Spector, P.E. (1997). Job Satisfaction: Application, Assessment, Causes, and Consequences. Advanced Topics in Organizational Behavior Series, USA, Sage Publications, Inc.

[138] Spector, P.E. (1997). Job Satisfaction: Application, Assessment, Causes, and Consequences. Advanced Topics in Organizational Behavior Series, USA, Sage Publications, Inc.

[139] Weiss, D.J., Dawis, R.V., England, G.W., Lofquist, L.H. (1967). *Manual for the Minnesota Satisfaction Questionnaire.* Minnesota Studies in Vocational Rehabilitation, No. 22. Minneap9olis, University of Minnesota.

Defining the Way Forward

This review of the literature on drivers of employee satisfaction and commitment suggests that many organizational factors may be drivers – relationships with managers and co-workers, opportunity, training, benefits, recognition, job authority, communication, flexibility, and on the list goes. Indeed, in scanning across all of the research reviewed in this chapter well in excessive of 50 drivers have been noted.

> *Drivers:* **The most commonly occurring drivers in the literature reviewed here include:**
> - **Opportunities (for advancement, interesting work, using ones skills, etc.);**
> - **Factors associated with managers and supervisors;**
> - **Training and professional development;**
> - **Recognition and rewards;**
> - **Pay and benefits;**
> - **Absence of stress;**
> - **Job security; and**
> - **Relationships with co-workers.**

Within this pool of drivers there were some that occurred with greater frequency than the rest – most notably those in the text box presented here.

However, given the large number of drivers overall, it is not possible to conclusively answer the question of what the precise nature of the HR drivers is either in general or for the public sector in particular. Unlike the *Citizens First* projects where a consistent set of high level drivers defining client satisfaction with public services have been repeatedly found, the literature in the HR area does not offer a similar level of clarity.

While this is problematic in terms of the desire to advance the HR area in the public sector, it is to be expected. Drivers from samples that differ in significant ways should, by definition, vary. As such, the drivers here that each come from unique samples should be expected to vary. In the client satisfaction area the same thing holds. Despite the fact that *Citizens First* clarifies overall drivers individual organizations are still encouraged to identify their drivers as it is clear they will vary with types of service, clients, settings, etc. In light of this the findings from the individual organizations and settings in the HR area are logical.

But the problem with the current state of knowledge of HR drivers goes beyond variations by organization or sample. Instead, it is clear that there are issues in the literature related to the imprecise way in which the label "drivers" has been applied and the lack of information in so many reports about how the reported drivers were identified. It simply is not possible to know with certainty what the key findings are so a general, overarching set of drivers akin to those in *Citizens First* are not yet available.

The value of the five key drivers in the *Citizens First* research has been made repeatedly evident as numerous organizations across the country have used them to shape their service improvement efforts. This common, well researched set of drivers has created a shared basis of knowledge for public sector organizations and has been a launching point for many other activities. It is anticipated that there will be similar value from efforts to identify the common set of HR drivers.

In the HR area there is no public sector parallel to the *Citizen First* projects in the client satisfaction area. Large scale studies with solid samples (like *WorkCanada* and the *European Employee Index* studies) need to be replicated within the Canadian public sector so that the drivers (as well as other questions arising from this literature review) can be addressed. While there have been large employee surveys in the public sector (e.g., the Government of Canada employee survey) they have not yet led to the identification of a decisive set of drivers. Where drivers have been identified they have been limited to a single jurisdiction. While the single jurisdiction results are informative (e.g., the ERIN Research findings at the Region of Peel and

results from the Provinces of Manitoba and British Columbia) they need to be extended so that firm conclusions can be made for the public sector collectively. The differing sets of drivers that emerged in the work of each of these provinces and the Region of Peel can suggest how to direct this kind of study.

> *Recommendation:* **Given the range of approaches or methods used and the divergence in what is reported it is not possible to state with certainty what the key drivers of employee satisfaction or commitment are. Further research is needed to ensure a full, robust identification within the Canadian public sector that can provide a basis for organizational development efforts. Ideally, new studies that parallel the approach to drivers developed by the *Citizens First* project and meta-analysis work drawing out drivers from existing survey data will be conducted.**

This call for additional research can take different forms. As there is currently a large body of data from public sector employee surveys in Canada it will be possible to use this as a starting point. It will be valuable to conduct a meta-analysis on the data that are currently available to see what drivers emerge.

As important as the meta-analysis will be it ideally will be only the starting point for developing the knowledge needed to push the agenda ahead. If this work can be complemented with a large-scale multi-jurisdictional study akin to *Citizens First* there is much that will be gained. This type of research will conclusively establish the overarching drivers. But it will do more than that. The review offered here highlights the lack of consistency in measurement approaches in the HR area. A study of this nature will help to establish a more consistent approach to surveying in addition to offering key findings. The key is that the research needs to be done in a way that ensures the right techniques are applied to get the information that will in fact inform the forward action agenda. As suggested by Schmidt, Spears and Seydegart, this involves addressing three strategies:

- *"Understand the Issue* (ask the right questions at the right time to the right people).
- *Get Effective Information* (analysis must lead to clear identification of key drivers within the organization).
- *Move Drivers into Action* (plan the approach to ensure that results are translated into a comprehensive strategy that moves data into actions that truly make a difference)"[140] (page 24).

With this information in hand the public sector will be extremely well positioned to achieve two important goals: (1) improving the workplace as a way of enhancing the experience of employees and the ability of the organization to perform and (2) using its understandings in the HR area in conjunction with *Citizens First* and *Common Measurements Tool* findings in the client satisfaction area to understand and maximize the usefulness of the service-value chain model.

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[140] Schmidt, F., Spears, F., & Seydegart, K. (2004). *Link employee surveys to workplace improvements.* Executive magazine, Vol. 1, Issue 1, 24 – 26.

4   Pulling It All Together -

Looking for Gaps in What We Know & Finding the Forward Action Plan

*T*his review of the literature on the key HR constructs has shown that it is anything but simple to conceptualize and understand. Yet, it is clear that progress is being made and that a further understanding of it will be of value to the public sector.

In looking at the importance in advancing our understanding in this area there are several arguments to be made. First, there is an apparent intuitive basis for this interest. Managers and employees alike have known all along that it is easier to deliver good services with a positive, happy workplace and committed employees.

Second, there is the evidence from the Service-Profit Chain research in the private sector that shows the value of the HR link econometrically by way of its links to customer satisfaction and ultimately to bottom line profits. The clarity of these relationships is compelling in the private sector companies where the full chain has been analyzed. There is no reason to expect that the public sector will find less from work in this area.

And finally, the impact of strengthening the employee or HR area has direct benefits in its own right. There are findings from several studies that show improved staffing practices lead to better performance on key HR indicators such as retention and attraction (e.g., Hewitt found more job applications and lower turnover in companies with higher levels of employee engagement [141]). Clearly making the workplace a good environment and meeting the needs of employees saves both resources and the personal human costs associated with turnover, absenteeism and stress/work-life balance issues.

Taken together, these benefits suggest a strong need for the public sector to continue to build its efforts in this area.

Unlike the customer satisfaction area where there are a small number of relatively clear models, this review of the HR area has shown that the work to date has travelled many different paths with a wide range of labels and concepts used to capture the key constructs. There is, however, a sense of convergence around the constructs of employee satisfaction and commitment that is strong enough to warrant focus on them as the basis for further work. Not only are these two constructs prevalent in the work that has been reported, they appear to have good face validity in light of the complex nature of today's workplaces and workforce.

Perhaps the biggest gap in our current knowledge is clarity on the key drivers of employee satisfaction and commitment and a better sense of how these two constructs interact or are related. This gap emerges in part from the lack of consistency in the construct(s) being assessed and, to an even greater degree, from a lack of reported or appropriate methodology for identifying drivers. The challenge in part is that the idea of a driver can be used without necessarily

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[141] Hewitt (presentation deck from February 25th 2003). *The National Managers' Community in cooperation with the Federal Workplace Wellness Network presents Secrets of the 50 Best Companies to Work for in Canada.* Report on Business Magazine (Globe and Mail).

employing solid statistical techniques to identify it. The correct approach calls for sound samples, good survey design, and advanced statistical analysis. While some large studies were reported, the relative absence of this type of research (in projects of sufficient scope) in the Canadian public sector was very evident. The path ahead will only be forged if this type of research is undertaken to ensure that employee satisfaction and commitment are properly assessed.

In addition to these broad directions, there are other areas worthy of further consideration. It is interesting to look back at the Heskett et al article that essentially established the Service-Profit Chain and see that many of the 25 key questions they posed stand today as issues in need of further study. Chief among the things the public sector needs to consider are the following questions from this list (using numbers from the original list of 25)[142]:

"14.   How do you create employee loyalty?

16.   Is employee satisfaction measured in ways that can be linked to similar measures of customer satisfaction with sufficient frequency and consistency to establish trends for management use?

17.   Are employee selection criteria and methods geared to what customers, as well as mangers, believe are important?

18.   To what extent are measures of customer satisfaction, customer loyalty, or the quality and quantity of service output used in recognizing and rewarding employees?

20.   Are employees satisfied with the technological and personal support they receive on the job?

21.   To what extent is the company's leadership: a. energetic, creative vs. stately, conservative?   b. participatory, caring vs. removed, elitist?   c. listening, coaching and teaching vs. supervising and managing?   d. motivating by mission vs. motivating by fear? e. leading by means of personally demonstrated values vs. institutionalized policies?

22.   How much time is spent by the organization's leadership personally developing and maintaining a corporate culture centered around service to customers and fellow employees?

23.   What are the most important relationships in your company's Service-Profit Chain?"

These questions help to look ahead to issues of the ongoing strength of the HR area and what organizations need to ask themselves as they work to improve it. It is anticipated that this list of questions can effectively be used as the longer-term action plan once the more immediate research needs identified in this review have been addressed.

The fact that there are so many questions to address as this work unfolds is not surprising. The complexity that is needed to effectively address the HR area was well stated in a review of the work at Delta Hotels (reported on the HRDC website)[143]:

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[142] Heskett, James L., Jones, Thomas O., Loveman, Gary W., Sasser Jr., W. Earl, and Schlesinger, Leonard A. (1994). *Putting the Service-Profit Chain to Work.* Harvard Business Review (March-April) Reprint #94204, page 173.

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"The approach is simultaneously both 'soft' and 'hard': soft in that it sees creating and nurturing the right organizational culture is key, and hard, because in order to do that it measures progress comprehensively, and makes those measures meaningful by creating leadership accountability for improvement."

What is impressive about the work at Delta Hotels is the comprehensive range of things they have focussed on to promote employee satisfaction: multiple measurements, accountability, and an approach that emphasizes culture but still includes special programs, training and assessment. All of this suggests that there are many paths that can be taken to advance what is known and realize improvements.

Forward Action Recommendations

So what path should the public sector take to move ahead in the HR area? The things that are most important to ensuring a solid foundation of knowledge and moving forward have been reflected throughout this paper as recommendations presented in highlight boxes. Together, these recommendations suggest a forward action plan that is focused, attainable and yet broad enough to drive current knowledge and application to a new level.

While several recommendations have been offered they must be seen as only the starting point. As this work progresses there will be a need to identify new actions to move ahead the applications, share the findings and results of different organization, and pull the findings together to ensure all public organizations can build on what is known.

As the first phase of activity (the initial research phase to round out what is known), the following recommendations have been offered:

1. **Definition of the HR Constructs** - *It is recommended that the key HR constructs be defined jointly as employee satisfaction and employee commitment. Using these constructs together rather than focusing on one to the exclusion of the other provides a much more meaningful and complete picture of what is truly important in today's workplace.*

2. **Key Construct Definition: Employee Satisfaction** - *When using employee satisfaction it will be constructive to ensure it is clearly defined so that the type of satisfaction is evident. The recommended definition is:*

   The level of contentment or happiness a person assigns to attributes of:
   - *their job/position,*
   - *their organization, and*
   - *the general or overall way they feel about their employment.*

3. **Key Construct Definition: Employee Commitment** - *As was the case for satisfaction, employee commitment also needs to be precisely defined to ensure it is both well understood and completely and appropriately measured. It is recommended that commitment be defined as:*

   The pride people feel for their organization <u>as well as</u> the degree to which they:
   1. *intend to remain with the organization,*
   2. *desire to serve or perform at high levels,*
   3. *positively recommend the organization to others, and*
   4. *improve the organization's results.*

4. **Bringing Satisfaction and Commitment Together** - *Employee engagement can be used as the overarching label that brings employee satisfaction and commitment together jointly.*

5. **Further Research: Relationship between the Constructs** - *Further research needs to be conducted using advanced statistical techniques to shed more light on the relationship between employee commitment and satisfaction.*

6. **Further Research: Contextual Factors** - *To ensure a full understanding of employee satisfaction and commitment consideration should be given to assessing the possible impact or role of demographic and contextual factors.*

7. **Further Research: Identification of Drivers -** *Given the range of approaches or methods used and the divergence in what is reported it is not possible to state with certainty what the key drivers of employee satisfaction or commitment are. Further research is needed to ensure a full, robust identification within the Canadian public sector that can provide a basis for organizational development efforts. Ideally, new studies that parallel the approach to drivers developed by the Citizens First project and meta-analysis work drawing out drivers from existing survey data will be conducted.*

Together, these recommendations form the outline for the initial forward action path that is needed to advance the public sector's understanding of the HR area. In terms of action, they call for a range of research projects of varying size and scope that will be instrumental in filling the existing knowledge gaps.

The focus of this paper has been on understanding what is currently known about the key employee constructs. In moving ahead with the kinds of research suggested by this review it will be important to complement the findings of this paper with a thorough understanding of best practices in employee surveys and other input techniques (focus groups, exit interviews, etc.). For more information on some of the considerations in conducting employee surveys the reader is referred to the 1998 Canadian Centre for Management Development paper by Paul de L. Harwood[144], to the article on staff surveys by Klages and Loffler [145], and to the companion papers by Schmidt, Spears and Seydegart [146],[147] on conducting and using information from employee surveys.

In the final analysis it is evident that the public sector has made a good start in the HR area and is well positioned to build on this through research that will help clarify the constructs and drivers. This will bring a new level of focus to activity in this area that will help propel HR activities to a new level of understanding and ability to make improvements that will have high levels of potential impact.

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