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RECOGNIZING THE VALUE OF EMPLOYEE ENGAGEMENT: THE FUTURE OF PUBLIC SERVICE IN ALBERTA AND BRITISH COLUMBIA

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Defining Employee Engagement

There is a relationship between an organization's success and the satisfaction and commitment of its employees. People working for an organization to which they wish to belong will not only be happier and healthier, they are also more likely to be productive, provide service that satisfies or even surprises clients and customers, remain with the organization, and recommend the organization to others. This combination of job satisfaction and organizational commitment is known as employee engagement (Schmidt, 2009).

Private sector research projects and reports have shown convincingly that increases in employee engagement are often accompanied by decreases in sick and stress leave, staff turnover, and related costs. Moreover, an engaged workforce leads to better customer service, which leads to increased profits. One of the earliest and best known examples, detailed in the January 1998 issue of *Harvard Business Review*, is the Sears' employee-customer-profit model. A five unit increase in employee attitude drove a 1.3 unit increase in customer satisfaction, which drove a 0.5 per cent increase in revenue (Rucci, Kirn, and Quinn, 1998). After implementing an employee engagement strategy, Sears achieved more than \$200 million in additional revenues, plus an increase in market capitalization in a 12-month period of more than a quarter billion dollars (Rucci et al., 1998). Over the following decade, studies of other businesses were conducted by independent consultants: Towers Perrin substantiated increases of three per cent in net profit margin and five per cent in operating margin, and Watson Wyatt showcased increases of close to 20 per cent in operating income and 28 per cent in earnings per share. Gallup estimated the annual "cost of lost productivity due to disengagement in the US at approximately \$328 billion" (Schmidt, 2009, p. 50). This is not solely an American phenomenon: Canadian companies, from the Royal Bank to Telus, found equally strong correlations between employee engagement and customer service, and some of these companies confirmed the correlation between customer satisfaction and profits (Heintzman and Marson, 2005).

Accordingly, heads of many Canadian public sector organizations started to explore engagement as a means to both improve their service delivery to citizens and mitigate a looming labour shortage. An aging population promises a wave of retirements and too few replacements, demanding public sector leaders reduce sick and stress leave, retain employees lured by the private sector, and turn employees into volunteer recruiters. The business case for this is an easy one to make. The Watson Wyatt study found that engaged employees missed 43 per cent fewer days of work due to illness (Schmidt, 2009), and Aon Hewitt, comparing all categories of absence, from family or personal leave, to long-term

disability, to occupational leave, found highly engaged employees missed 40 per cent fewer days than those who were moderately engaged and 50 per cent fewer days than those with low engagement (C. M. Platt, personal communication, March 20, 2011).

The savings are substantial. For example, if the claims for disability benefits by Alberta government employees decreased by as much as 40–50 per cent, the province could save up to \$12–15 million each year; similarly, if the Alberta and BC governments could fully engage only half of their employees who are currently only moderately engaged or disengaged, each province could save \$7–8 million a year on personal and sick leave.

Meanwhile, BC has tallied that approximately 50 out of 1,000 satisfied but not committed employees and disengaged employees quit its public service each year, compared to only 22 out of 1,000 engaged employees (Schmidt, 2009). The province had 25,300 public servants in 2010, and, applying the survey results to that entire population, at least 8,100 were either not committed or disengaged; again, if BC could engage only half of those individuals, it could retain another 130 people each year. It is a mistake to assume that the cost of recruiting replacements is no more than a few hundred dollars per position in advertising costs; accounting for all factors, including staff time, yields the more comprehensive and realistic view that the cost of hiring an individual is half of that person's annual salary (Vu, 2008). Given that the average annual salary in the BC public service is \$65,000, retaining 130 individuals would save \$4–5 million a year.

Unfortunately, the broader benefits of engaging employees in the public sector are more difficult to quantify. First, engagement is essential to productivity, but few public sector organizations have a precise tool to measure individual production. Some departments that provide services, like processing regulatory approvals or distributing program benefits to citizens, can measure employee productivity when the service is relatively standard, but many functions, like providing policy analysis and advice to ministers, are unique, and if measured at all, are measured by factors such as quality and timelines, which are subjective and vary on a case-by-case basis. At this time, analysts can only make estimations. If an engaged employee is twice as productive as a disengaged employee, and half of BC's 6,300 disengaged employees in 2010 can be engaged, the annual savings in productivity would be over \$100 million. Similarly, governments risk business losses when the public service cannot inspire or retain key staff, such as the employees needed to develop the policies and technical systems to collect provincial revenues and control expenditures.

In each of his last four reports, Alberta's Auditor General has identified risks in collecting oil, gas, or sand and gravel royalties that are due to the province, particularly noting in his 2006/07 annual report that the oil and gas royalty regime depends on the quality of the public

service employees who do the work. He wrote “as much as \$1 billion per year of royalty revenue could be at risk” due to a lack of capacity concerning bitumen valuation methodology alone (Office of the Auditor General of Alberta, 2007, p. 120). BC’s Auditor General, in a 2002/03 report, concluded that an unhealthy work environment in BC’s public service at that time was putting the success of the Government’s objectives at risk (Office of the Auditor General of British Columbia, 2002). While only the private sector has the benefit of measuring the effect of employee engagement in terms of increased profit, an engaged public sector workforce can improve government’s financial standing. Moreover, an engaged public service is a fundamental resource for any government determined to accomplish its goals.

In 2005, Ralph Heintzman and Brian Marson turned their attention to this issue and made a compelling case for a public sector equivalent to the private sector engagement-service-profit model: engaged employees provide better customer service, which, in the public sector, leads to increased public trust in government. British Columbia, the Ontario Public Service, The Region of Peel, and others soon confirmed a two-way relationship between employee engagement and client satisfaction by comparing service satisfaction data with employee engagement data for work units within their public services (Heintzman and Marson, 2010). BC Stats, who collects and analyzes the data for BC, found that a two-point increase in an employee’s satisfaction with his or her organization leads to a one-point increase in client or customer satisfaction (Hawkins and Matheson, 2010). The province now takes it as fact: engaged staff provide better service (Seckel, 2010).

Meanwhile, Sweden, the United Kingdom, the United States and others have confirmed that “public sector service quality and trust and confidence in public institutions and/or government” are interconnected (Heintzman and Marson, 2005, p. 556). Likewise, here in Canada, the Institute for Citizen-Centred Service’s Citizens First survey of individual Canadians and Taking Care of Business 2 survey of Canadian businesses confirmed that service is an important contributor to public confidence in public institutions (Spears, Seydegart, Zulinov, Schmidt, 2008; Institute for Citizen-Centred Services, 2007). The Citizens First survey also found that “citizens who observe that the public service is run by strong leaders and competent managers have greater confidence in the public service and government in general” (Spears et al., 2008, p. 8). In all, over the last five or six years, many public service leaders have recognized that employee engagement is good business and leads to improved service to the public.

However, even the most forward-thinking public sector organizations have not managed the sustained focus that top private sector leaders have brought to employee engagement. When tasked with reducing expenditures, governments appear to default to older ways of doing business, neglecting to adequately consider how their choices will

influence public servant job satisfaction and commitment. In fact, aside from addressing an immediate deficit concern, governments have been known to concentrate on other, chiefly political goals that they could achieve while reducing public service expenditures, such as responding to constituent complaints about public service pay and benefits with the elimination of performance pay, responding to opposition-party criticism about the size of government with a hiring freeze or layoffs, and setting expectations for the larger public sector with a wage freeze.

It was likely in this mode that Alberta and BC, faced with budget deficits in 2009 and again in 2010, implemented a number of measures to reduce expenditures, including layoffs, a hiring freeze, a wage freeze, a restriction on travel, a reduction in funding for learning and development, and the elimination of performance pay. Following these restricted budgets, in 2010, the overall engagement level of Alberta's and BC's employees fell by 10 per cent in Alberta, from its high of 71 per cent reached in 2008 to 64 per cent, and by six per cent in BC, from its high of 68 points reached in 2009 to 64 points.

The long-term cost of this decline, manifest in everything from increased sick and stress leave and resignations and retirements to decreased productivity and capacity and public trust and confidence in government, may well show any short-term savings to be fleeting. This is not to say that the public service should be exempt from shouldering some of the inevitable reductions during tough times; instead, when necessary, reduction measures should be chosen and communicated carefully, to mitigate any negative affect on employee engagement. For example, in some cases, layoffs, communicated well and all at once so that the remaining staff do not fear for their jobs, may be a better choice than a hiring freeze and severe reductions in learning and development investment, since the inability to replace key people can be debilitating to an organization. Only by considering employee engagement data and trends when making such difficult decisions will Governments succeed in saving money while maintaining the strong public service organizations they will need to achieve their larger goals in the long term. To this end, decision makers need to be well versed in the language of employee engagement, sift through employee survey data before making their choices, and strive to highlight and replicate the leadership and successes of the few work units that have been able to maintain or even achieve small increases in employee engagement during past periods of restraint.

Collaborating within the Public Sector

A review of Alberta and BC's rise and fall in employee engagement, and an investigation of the exceptional departments that avoided the recent decline, is an obvious starting point for all leaders. However, the fact that Alberta and BC's employee engagement results are not directly comparable is an issue that must be considered and ideally addressed at the same time.

In 2005, public service commissioners from the Federal Government and the Governments of Alberta, BC, Ontario, and Nova Scotia endorsed the formation of an Employee Engagement Inter-jurisdictional Team (EEIT), which now has representation from the Federal Government and all provinces and territories except Quebec. The EEIT was formed to create a shared model of employee engagement by introducing common employee survey questions; later, it was to establish national benchmark scores based on this collective and comparable data (Nisbet, 2010).

The EEIT agreed on a common engagement index based on six questions, which are actually statements with which employees can strongly disagree, disagree, respond neutrally, agree, or strongly agree:

- overall I am satisfied in my work as [an] employee [of this organization];
- I am satisfied with my ministry [and] department;
- I would recommend [this organization] as a great place to work;
- I would prefer to stay with [this organization] even if offered a similar job elsewhere;
- I am proud to tell people I work for [this organization]; and,
- I am inspired to give my very best.

However, this six-question index has been subjected to local revision with jurisdictions adding or dropping questions. For example, Ontario now combines the responses to nine questions while BC combines the responses to four.

The EEIT model also identified 10 drivers of engagement, which are factors proven to influence the level of engagement among any group of employees:

- co-worker relationships;
- the quality of service provided;
- job fit;
- work-life balance;
- senior leadership practices;
- direct supervisory practices;
- learning and development opportunities;

- opportunities for input;
- recognition; and,
- opportunities for growth and advancement.

However, over time, some jurisdictions have also added to or adjusted these. For example, Ontario now assesses 19 drivers. Moreover, BC has developed its own employee engagement model, which features two management and supervisory drivers as the foundation underpinning all others. BC's argument for this alternative is that they found that executive-level management and supervisors alone explain 58 and 55 per cent of the differences in engagement scores from ministry to ministry and branch to branch (Saunders and Matheson, 2009).

Executive-level managers influence engagement not only by setting direction and priorities, engaging in frequent two-way communication, and modelling organizational values, but by championing or neglecting the initiatives in their organization's employee engagement strategy. The identification of additional drivers, as is the case in Ontario, and the development of a new model of how drivers combine to affect engagement, as is the case in BC, justifies the conclusion Schmidt reached in her employee engagement literature review: "while there is consistency in what is identified as the key drivers of engagement, this consistency is rather muddy" (2009, p. 78).

The efforts by some jurisdictions to improve their understanding of employee engagement and its drivers through the evolution of their own models and unique employee surveys have provided new insight and understanding on a complex topic but have also inhibited consensus and a meaningful comparison across jurisdictions. For example, BC and Ontario have both concluded that pay and benefits and fair hiring practices are important drivers of engagement, but other jurisdictions, like Alberta, which continue to use the EEIT model, do not measure these items in their employee survey. There is room for variation in the relative importance placed on the drivers in different jurisdictions, but pay and benefits and fair hiring practices are now included as drivers in many employee engagement models in the public and private sector and should be considered for Canada's common public sector model.

Supporters of the current common index and drivers of engagement argue that the degree to which it can accommodate the supplemental interests of each jurisdiction is an advantage, but even these proponents must admit that its flexibility has also been a limitation. In other words, an engagement model that remains relatively static while individual jurisdictions diverge from it does not promote the distribution of new knowledge, nor does it challenge all jurisdictions to compete or collaborate for mutual benefit.

Jurisdictions, with the exception of BC, have not made up for this shortcoming in other ways. BC, through BC Stats, is one of the only jurisdictions to make their general reports on employee engagement research and analysis available to all interested parties. Moreover, BC

strives to spread knowledge within their public service by creating work-unit-specific employee engagement reports and helping managers and supervisors understand the data. Few other jurisdictions have such a complete process to ensure their evolving understanding of employee engagement is disseminated beyond their human resources professionals, consultants, and deputy minister committees to empower a wide range of public servants. A new common model could create a higher standard.

Consensus is possible when shaping a new model. After all, there are a number of key drivers of engagement consistently identified:

- leadership and management;
- learning and development and career growth;
- rewards and recognition; and,
- work environment, encompassing teamwork and relationships with coworkers (Schmidt, 2009).

A secondary set includes the nature of the job, work-life balance, and employee involvement and input (Schmidt, 2009). All are contingent on clear communication.

These drivers span the private and public sectors, and the world. For example, when the Government of Scotland examined the differences in employee engagement drivers between their public and private sectors, they found no differences at all (Scottish Executive Social Research, 2007). Most notably, as BC discovered, the quality of leadership and management is the principal determinant of an employee's experience (Schmidt, 2009). To be clear, there is great value in a pan-Canadian team like EEIT. Identification of a consistent measure of engagement and a complete but concise set of common drivers "will help all public sector organizations focus their employee engagement efforts by providing information on where to target improvements" (Schmidt, 2009, p. 78). But it has to remain up to date, challenging all parties to adopt the most current knowledge into their employee survey practices and engagement strategies, and to report results in a way that allows for straight-forward comparisons throughout and across jurisdictions.

In the meantime, Alberta and BC can learn from the similarities characterizing their recent experiences. With this lens, it doesn't matter that Alberta reports on the six questions in the EEIT common index while BC uses an index made of four questions. Nor does it matter that the Alberta Government, like Aon Hewitt, reports an engagement score equal to the percentage of employees who agree or strongly agree with the statements measuring engagement while the BC Government's engagement score is an average score calculated by allocating zero to 100 points in 25 point increments to the five responses possible within the strongly-disagree-to-strongly-agree scale and dividing the total number of points by the number of respondents. It is true and problematic that these differences, Alberta's six-question index reported as a percentage

and BC's four-question index reported as a score out of 100, make it impossible to benchmark one province against the other. However, the annual change in engagement levels within each province has been similar in recent years, allowing analysts to consider the context around those shared upward and downward trends.

Starting Strong

A review of Alberta and BC during their years of increasing engagement scores is first and foremost a look at two jurisdictions that should be applauded for their efforts to understand, track, and improve employee engagement. An Aon Hewitt survey assessed a wide variety of employers and found an average employee engagement score of 62 per cent with the best employers scoring around 75 per cent (Whyte and Stevenson, 2010). In 2005 and 2006, when Alberta and BC started measuring employee engagement, Alberta scored 69 per cent. Determined to do even better, Alberta created workforce plans that addressed the drivers of employee engagement through targeted strategies:

- promoting learning and development;
- focusing on supervisory skills and leadership capacity;
- encouraging career growth;
- recognizing employees for strong performance;
- promoting a safe and healthy work environment; and,
- offering competitive compensation and benefits.

Meanwhile, BC, who scored 58 points, was able to rise to 63 points the very next year, and it too seemed determined to continue to improve, taking aim at the drivers of employee engagement in workforce plans complete with strategies from strengthening the effectiveness of supervisors to supporting and encouraging learning and development opportunities. Both jurisdictions assigned responsibility for improving engagement to deputy ministers and held them accountable through performance pay. Both provided deputies with annual reports on their departments' employee survey responses and generally helped deputies identify actions they could take to improve results.

Alberta's engagement score increased by four per cent over its 2007 value in 2008, due largely to an improvement of three and six per cent over the base year in employee responses on two drivers: opportunities for career growth; and, support to balance work and personal life. Alberta employees also reported a moderate increase in their confidence in senior leadership, support to provide a high level of service, and opportunities for input into decisions that affect them.

BC's engagement score increased 10 points between 2006 and 2009. The most significant driver was a 31 per cent increase, from 45 to 59

points, in employees' rating of executive-level management. Substantial increases, 11 and 17 per cent, in employee's responses to recognition and staffing practices also contributed. Smaller increases in responses concerning professional development, the vision, mission, goals, a respectful environment, and empowerment further nudged the overall score.

Comparison of Alberta and BC during this period reveals two pairs of similar drivers that lead to significant gains: confidence in senior leadership or executive-level management; and career growth or professional development. And both provinces improved—significantly. In fact, the result of successful workforce planning and engagement strategies was a peak engagement score of 68 points in BC and 71 per cent in Alberta. Caution must be exercised in attributing changes in retirement rates, resignations, and various leaves to changes in engagement because other factors, such as attractive job opportunities in the private sector during the robust economy of 2007, may be at play. Nevertheless, increasing engagement in Alberta appears to have helped the government retain staff. The number of supervisors that reported they were able to retain the employees they needed rose from 50 per cent in 2007 to 64 per cent in 2009. Both provinces had identified drivers of employee engagement, implemented engagement strategies, and experienced gains.

Responding to Fiscal Restraint

A review of the following years, which were marked by restraint, also reveals a number of drivers at work in both jurisdictions. In their spring budgets for 2009 and 2010, and in various announcements, Alberta and BC implemented a public service wage freeze, a hiring freeze, limitations on travel, the elimination of performance pay, and in Alberta, the elimination of the employees' learning and wellness accounts. Further, adopted on a department-by-department basis, dependent on budget constraints, the provinces announced a small number of layoffs and introduced a large number of restrictions on learning and development. These measures had a significant effect on employee engagement.

In Alberta, results suggest that the overall decrease in employee engagement was due to significant decreases in several of the drivers. The largest by far were the 19 per cent decrease from the 2008 response rate in employees agreeing that they received support for learning and development and the 18 per cent decrease in agreement that employees had opportunities for career growth. Significant decreases were also seen in responses concerning confidence in senior leadership (10 per cent), opportunities for input into decisions that affect them (eight per cent), and support to provide a high level of service (eight per cent). Only 51

per cent of respondents said they felt valued as a Government of Alberta employee, a 15 per cent decrease from 2008.

The large decrease in agreement with the statement that Alberta employees had career growth opportunities and received support for learning and development is understandable given the fact that several departments suspended sponsored learning and development.

Specifically, several employees have said that they understood and accepted the need to cut spending, but eliminating the personal learning and wellness account, from which each employee could draw up to \$500 per year, felt symbolic: it sent the message that the employees were not valued. "If you do the math," said one employee, "the benefit through cost reduction is overshadowed by the ill will it generated" (personal communication, March 8, 2011). In addition, spending on learning and development in Alberta is surely similar to BC, where it has been approximately one to one and a half per cent of payroll (A. M. Horan, personal communication, March 17, 2011), far below the private sector's investment, so this cutback not only jeopardized morale but also the public service's ability to develop capable staff.

At the same time, the loss in confidence in senior leadership and the decrease in agreement with the statement that employees had opportunity for input into decisions that affected them likely pertains to how the various expenditure reduction measures were announced and implemented. One employee said that staff had insights on how to cutback but didn't have a chance to share their ideas (personal communication, March 8, 2011). Another employee said she felt like she had been assigned a bunk in a submarine but had no idea where it was headed: "Only one person gets to look out the periscope," she said, expressing frustration with the lack of communication and engagement strategies from executive (personal communication, March 8, 2011).

BC's survey results reveal similar significant decreases over 2009 and 2010: 17 per cent, from 66 to 55 points, on support for professional development; 11 per cent on a credible and well-communicated vision, mission, and goals; seven per cent on executive-level management; and, seven per cent in fair and merit-based staffing practices. The number of employees who agreed they had opportunities for career growth also decreased, by 18 per cent over two years, similar to Alberta's results.

The cumulative effect of widespread declines relating to various drivers was that Alberta's overall employee engagement score dropped from 71 per cent in 2008 to 68 per cent in 2009 and to 64 per cent in 2010, well below where it started. While Alberta surveys in the fall, BC surveys in the spring, which meant that BC's employees responded in 2008 before experiencing the provincial cutbacks, but similar to Alberta, BC's overall engagement score later dropped from 68 points in 2009 to 64 points in 2010, nearly reverting to its 2007 level. These decreases are already beginning to manifest as obstacles in each provinces' path toward sustained or enhanced public service. For example, there have been

changes in resignation and retirement rates, and while these are influenced by many factors, engagement can be a significant contributor. Specifically, Alberta experienced a 40 per cent increase in retirements in 2010, from two to nearly three per cent, and the number of staff retiring from the BC Public Service exceeded the number eligible to retire for the first time in more than 10 years. The short- and long-term costs of losing all that capacity are impossible to estimate, but each province's setback was significant, and these setbacks have come when the provinces should be preparing for the demographic shift that is going to give all employers a challenge greater than any they have faced in decades.

Learning from Recent Successes

During times of regular budgeting and times of restraint alike, there are departments above and departments below a province's overall engagement score. Departments in BC scored as much as nine per cent below the provincial average in 2010, and BC had individual departments drop as much as 17 per cent from 2009 to 2010. Alberta had departments score as much as 14 per cent below the provincial average in 2010, and it had departments drop as much as 25 per cent from 2008 to 2010. A department's size, office location, and field of work can influence engagement and may explain the differences between the department's score and the provincial average; however, large year to year decreases within a department suggest that the executive and managers shifted their focus away from employee engagement or failed to choose and deliver on the right strategies. On the other hand, in 2010, BC and Alberta had departments score as much as 20 and 23 per cent above average. In fact, even as both provinces saw a significant drop in their overall engagement score, a few departments in each jurisdiction were able to maintain and even improve their results.

Two Alberta departments, when compared, confirm strategies instrumental in achieving this feat. Two different types of departments were selected to show that the strategies can work in a variety of environments. The first department, Alberta Housing and Urban Affairs, is a small, capital-city based department that serves citizens. The second department, Alberta Infrastructure, is a large department with regional operations, all of which deliver services to other departments. At the same time, both departments were selected from the same province so that they faced the same economic conditions and restraint measures. These two departments are also excellent case studies to compare because of their similar engagement scores and their similar origins, which allow them to be examined in their entirety.

In 2008, both departments were removed from larger ministries and reinvented as stand-alone entities. The deputy ministers took that opportunity to articulate a vision, values, and their expectation that

employees perform well. Leaders in both departments also perceived that the province's expenditure reduction measures posed a risk to morale and made employee engagement a priority. Each deputy, in his and her unique way, championed the following actions:

- reaching out to new hires, including offering them opportunities to move within the organization and learn from experienced staff;
- supporting staff learning and development, including featuring in-service sessions with guest speakers;
- developing leadership at all levels, including a focus on middle management and supervisors;
- communicating regularly with staff, including sharing information about the department's direction and budget;
- providing staff with opportunities for input, including commenting on the business plan and approaches the department could take to succeed within its budget; and,
- recognizing regularly staff efforts, including communicating the importance of the work various employees perform.

As a result, between 2008 and 2010, Housing and Urban Affairs' engagement score increased from 72 to 74 per cent and Infrastructure's score increased from 71 to 74 per cent while the Alberta average decreased from 71 to 64 per cent. Both outperformed other departments on key drivers. Namely, the staff was more likely than their peers to agree with the following statements:

- your organization supports your work-related learning and development;
- you have opportunities for career growth;
- you have opportunities for input into decisions that affect your work;
- you receive meaningful recognition for a job well done; and,
- you know how your work contributes to the achievement of your ministry's goals.

Uniting all of these, once again, was the dominant driver of leadership.

Infrastructure and Housing and Urban Affairs exceeded the government average by 33 and 44 per cent respectively when the majority of staff agreed with this statement: you have confidence in the senior leadership of your department.

Both deputies have noted that although they do not yet have definitive data on the benefits of this engagement, they can report high levels of productivity and excellent outcomes, as measured by provincial and national awards, and by feedback from clients. With these examples it is obvious that the senior leadership of an organization, which is the most important factor driving employee engagement, is even more important in times of restraint. Specifically, while some expenditure reductions are more likely to affect employee engagement, the harm any

one measure does can be exasperated or mitigated by how it is communicated and implemented. Finally, employee engagement strategies offer departments and whole organizations a competitive advantage in attracting, developing, deploying, and retaining employees, and while this is true at all times, it is most noticeable when employees, especially engaged employees, are scarce.

Recommmitting to Employee Engagement

Engaged employees in businesses across North America are happier and healthier, costing their employers less in sick and stress leave and related costs. These employees are less likely to resign even if offered a similar job elsewhere, and they serve as recruiters by recommending their organizations as a place to work. Accordingly, top private sector companies invest in employee engagement, recognizing that their efforts also yield results “strongly correlated to a number of individual, group, and corporate performance outcomes” (Gibbons, 2006, p. 10). In fact, engaged employees are more productive, and increasing employee engagement improves customer service, which in turn leads to greater profits. Companies have tracked this chain reaction: “individual productivity, customer service, customer loyalty, growth in operating margins, increased profits, and even revenue growth rates” (Gibbons, 2006, p. 10).

Heintzman and Marson introduced the idea that improved customer service in the public sector can generate an equivalent to private sector profit: confidence and trust in government and public institutions. Trust in government and the public service develops over decades, shaped not only by personal experience and the level of service received, but by political points of view inherited from family and friends, the media, and other sources (Spears et al., 2008). However, service outcomes can be a significant influence. When clients are treated fairly and served well, and when they see managers and leaders as competent, and perceive that the public service is in touch with the needs of the community, their view of government improves (Spears et al., 2008). There are too many variables to establish the strength of this link (Howard, 2010), but its complexity is a poor reason to discount it; Heintzman and Marson were right to argue that “public sector organizations can make an important contribution to improving public trust and confidence in public institutions” (Heintzman and Marson, 2010, Lessons of the drivers, para. 4).

Several Canadian governments have been leaders in developing an understanding of employee engagement in the public sector and pursuing strategies to increase engagement in their workforces. Alberta and BC have made their workforce plans public and reported on their progress toward improving engagement. These jurisdictions should be

applauded for such efforts. Since the work of the EEIT in 2006, jurisdiction-by-jurisdiction revision of the list of questions used to determine the employee engagement index, and the list of factors that drive engagement, have helped advance public sector understanding of employee engagement.

At the same time, these efforts have also led to increasingly divergent approaches: now, only a few elements are common and comparable across jurisdictional models and breakthroughs by the most progressive jurisdictions generally remain within their borders.

Considering that analysis of private and public sector organizations around the world consistently finds that engagement can be improved by focusing on a handful of key drivers, particularly leadership and management, Canadian public sector jurisdictions would now benefit from using their collective insight gained over the last five or six years to fully update the EEIT's employee engagement model with generic drivers and a shared survey that satisfies all jurisdictions.

Furthermore, all jurisdictions would benefit from making future decisions only after conducting a cost-benefit analysis using employee engagement trends. As stated above, both Alberta and BC recently tried to reduce expenditures in their public service workforces not only with layoffs but with a number of other measures. Governments often have other, political goals that guide such choices, but an analysis of the relative costs and benefits of the measures Alberta and BC selected, and how they were implemented, should otherwise have given them pause. Some of the measures have saved small sums in the short term, but have decreased employee engagement, reducing levels by 10 per cent and six per cent from their earlier highs, and as much as 25 and 17 per cent in select departments. The employees are expressing their loss of confidence in their leadership and their concerns about a lack of clear direction, a lack of supports to succeed in their jobs, a lack of input into the decisions that affect them, a lack of learning and development opportunities, and a lack of opportunities for career growth.

While there is no publicly available provincial data to show whether all of this has caused a decrease in productivity and customer service, the lack of evidence is likely due to the lack of mechanisms to measure public sector productivity and/or its intersection with employee engagement. Similarly, while the effect on retirements, resignations, and sick or stress leave is inconclusive now, these are likely to increase in future years, especially when the economy recovers and employees have more choices, from private-sector job offers to a retirement backed by recovering investments; in the meantime, the effect is an insidious shift in the morale and character of any department without a leader focused on employee engagement. As one group of employees said, if the staff is not engaged its energy will wither into apathy, "which sucks the life and soul out of the organization" (personal communication, March 8, 2011).

To renew the public sector's focus on employee engagement, public sector leaders and human resources staff need to reinvest in engagement strategies, and they need to help their political masters weigh the cause-and-effect economics of public service management. Governments must be reassured that attention to employee engagement is not an attempt by the public service to be exempt from shouldering some of the inevitable reductions during tough times, but which reduction measures are chosen, and how they are implemented and communicated, is paramount. The greatest hope for the health of each public service is its most progressive leaders. BC Stats found that executive-level management and supervisors account for 58 and 55 per cent respectively of the department-to-department variation in engagement scores. Accordingly, in both Alberta and BC, a few departments were able to maintain or increase engagement levels during the period in which most staff reacted negatively to some of the expenditure-reduction measures that were implemented, or how they were implemented. An analysis of two of the Alberta departments shows that the leaders there asked staff for input into how to address the budget reductions, communicated how the department would meet its mandate within its budget, provided clear direction, continued to support learning and development, and recognized employees.

While every decision maker in both politics and public service needs to understand employee engagement, senior public service leaders and managers have begun to, or should, lead the way. Moreover, they should be charged with the explicit responsibility of engaging employees within their organizations, and executives, managers, and supervisors should all be held accountable, whether through performance pay or some other lever. There are savings to be had in sick and stress leave, plus lower recruitment costs due to a higher employee retention. Moreover, there are, however hard to measure, significant benefits in terms of productivity, customer service, and the public's confidence and trust in each government. The public sector cannot afford to deny these links or they will fail to compete with the private sector for tomorrow's slender workforce, just as they will fail to win the public trust and confidence they need to tackle tomorrow's complex issues.

Moving Forward

The following recommendations, if implemented, are likely to improve the short- and long-term outlook for employee engagement, customer service, and confidence and trust in government:

- Canadian public sector jurisdictions should adopt a more current common employee engagement model and survey to reduce costs, enable benchmarking, and share insights;
- professionals leading engagement research and analysis should share their knowledge about drivers, trends, and best practices with a wide range of public servants, convince those clients of the importance of employee engagement, and coach them towards improvement;
- public sector executives, managers, and supervisors should be charged with engaging their organization or work unit, and they should be made accountable with clear expectations, measurements, and incentives or consequences;
- public sector executives and managers, together with the professionals leading engagement research and analysis, should build on the facts published here and in similar studies, incorporating local examples, to provide their elected decision makers with a compelling business case that will encourage their Government's support; and,
- future measures meant to reduce public sector expenditures should be subject to a cost-benefit analysis that will empower decision makers to choose those that can be implemented and managed in ways that maintain employee engagement.

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