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Employee and Organisational Engagement (OE) in Times of Austerity – A Longitudinal Study of a Public Sector Organisation

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Introduction

In the current climate of economic austerity, organisations increasingly rely on high levels of performance from their employees. The expectation is also that they do ‘more and more with less’, ‘engage’ with organisational objectives and values and ‘go the extra mile’. Public sector organisations, once having had a reputation for providing a job for life, good pay and pensions, are coming under increasing pressure to create significant financial savings. As a consequence, public sector organisations undergo continuous change, with employees and middle managers frequently suffering from change fatigue.

To date, little research has been conducted into how constant reorganisations affect engagement of public sector employees with their organisations (OE), especially longitudinal research that attempts to capture ongoing dynamics.

Workplace exchanges are highly contextual and factors shaping the exchange relationship can be evidenced and described in a number of ways (Albrecht et al 2015, Truss et al 2014). Within the academic literature, the perceived ‘state’ of the employment deal generally refers to the psychological contract, and the individual’s global impression of whether or not employer ‘promises’ are kept, how fair they are perceived to be, and trust in whether they are likely to be delivered in the future (Guest 2004, 2014). Psychological contract theory (PCT) treats the failure of an organisation to meet its promises as perceived ‘breach’ and ‘violation’ (when breach develops into feelings of injustice or betrayal) (Morrison and Robinson 1997).

Our research broadens the notion of ‘state’ to incorporate the lens of perceived organisational support (POS). According to both theories, employees tend to personify the organisation by assigning it human characteristics (Eisenberger et al 1986, Conway and Briner 2009), and both theories emphasise the quality of social exchange and procedural justice. However, POS places more emphasis upon the *delivery* of support rather than the types of ‘promises’ exchanged and the extent to which they have been met (Aselage and Eisenberger 2003, Purcell and Hutchinson 2007, Tekleab et al 2005). A key feature of POS is the extent to which employees believe that the organisation values their contributions and well-being, and thus feel obliged to reciprocate (Chen et al 2009).

A *transactional exchange* emphasises the economic and more tangible aspects of the exchange, such as working longer hours and accepting new job roles, in exchange for more pay and job-related training (Herriot and Pemberton 1997, Guest 2014).

A *relational exchange* emphasises less tangible socio-emotional aspects of the exchange, where employees come to identify and engage with their organisation (OE). In doing so, they are expected to demonstrate ‘organisational citizenship behaviours’ (OCBs) in exchange for job security, financial rewards, and training and development. OCBs include going outside the requirement of the job, or going the ‘extra mile’, whether it be in customer service, ensuring quality, helping others (Dyer and Reeves 1995), and speaking well of the organisation (employee advocacy).

Drawing on quantitative and qualitative methods, this research attempts to explain the key drivers of OE in a longitudinal study on employees’ experiences of change in a large UK public sector organisation over a two-year period. In particular, it examines the ways in which workplace tensions may have contributed to OE.

Case study context

The organisation is a large local authority serving approximately 1.5 million constituents and employing over 20,000 staff (including schools). Its role is to improve the quality of life of its constituents through clear and accountable community leadership, supporting the local economy and enhancing the environment.

Over the period of the study, significant workforce restructuring and budget reductions were taking place, within the context of tightening financial pressures and a new strategic vision supporting more efficient and effective working practices.

Research approach

Utilising both quantitative and qualitative methods and adopting a critical realism approach, this research aims to critically examine the factors influencing organisational engagement as well as realities of employees in a large organisation experiencing continuous change.

By drawing on evidence from a longitudinal, two-year study, the research addresses the following question:

Do explanations of OE vary over time and context and, if so, what implications does this have for managing OE?

Quantitative and qualitative data were collected in 2013 and 2014 from employees at different levels of the organisation and from multiple units (n = 2,013 and n = 1,303, respectively).

Employees completed an online survey consisting of questions rated on a five-point Likert scale and of three open-ended questions:

- 1 What is the best thing about working for the [organisation] (The Best Thing)?
- 2 What is the biggest tension that you currently face in the workplace (The Biggest Tension)?
- 3 Please describe how you have worked with your line manager to find the best way of getting something done (The Line Manager).

Quantitative data was analysed using multivariable linear regression models through the origin, fitted with the variable of interest (OE) as the dependent variable and potential key drivers as independent variables. Key drivers were identified by ranking the drivers' p-values and using appropriate thresholds.

Qualitative analysis used the principles of grounded theory method, complemented by NVivo coding and analysis once the themes were established.

Due to richness of data and scope of this paper, findings will focus on question 2, 'The Biggest Tension'.

Findings

The quantitative analysis findings highlighted two different key drivers or factors influencing OE; the 2013 set of variables were predominantly associated with the concept of 'perceived organisational support' (POS) and the 2014 set predominantly associated with the 'psychological contract' (PC).

Although quantitative analysis provided *a priori* assumptions and a direction of the research, the quantitative findings alone could not allow for an in-depth examination of the organisational circumstances and employees' experience of the process of change. Therefore, qualitative methods were used to further our investigation and our expanded line of inquiry:

What circumstances caused the POS to be the most significant factor influencing OE in 2013 and

what circumstances caused the shift to PC in 2014?

The qualitative findings mirrored quantitative findings. In both, the senior management team's (SMT) managing style and culture emerged as the most dominant theme influencing perceived organisational support as well as the psychological contract overall, although it seems through a different pathway and at different points in time.

The most pressing POS-related issues are highlighted in the quotations in Table 1. As can be seen, employees are openly voicing 'disconnection' with the senior management, which has been perceived as instilling a culture of fear, blame and bureaucracy. Lack of leadership combined with the continuous job uncertainty and inappropriately handled change management reportedly left employees feeling unvalued, unappreciated, unrecognised, unsupported, overworked and under increasing stress and pressure. For example:

Whilst I feel valued within my workplace with my colleagues and line manager, I feel let down and not valued by [the organisation], this is evident in the recent restructuring of our service. Team morale declined and I felt unsupported and not valued, we heard as a team constantly regarding management 'pay offs', which added insult to injury when we are unaware whether we will have a job within the next year. (P929, 2013)

Although restructuring by 2013 has been accepted as a norm, employees are voicing their concerns about the shift in organisational focus, sustainability of continuous change and their feelings of despair and anger related to the gradual 'removal' of The Best Thing(s)¹ or motives for seeking employment with the organisation in the first place. For example:

Things are not getting any better - they are probably getting worse as government pressures become ever more unrealistic. Something will break. I hope it is not me. (P935, 2013)

We also spend so much time doing the personnel/business side of things ourselves now because the way things are set up do not meet our needs, and some days I use so much time feeding information back into personnel/business and chasing accurate info and responses for my own staff team that it takes me away from the job I want to do - the job you are paying me to do! (P935, 2013)

With continuous restructuring, the above-mentioned 'disconnection' or 'disengagement' with the organisation is becoming more evident in 2014.

The most pressing PC-related issues are highlighted in Table 2. Employees are turning their attention to fairness of the employment 'deal', assessing organisational direction, future job expectations, tools and resources available, as well as evaluating transactional elements such as rewards and recognition (including remuneration), benefits and career progression opportunities.

¹ Among others, 'making a difference', job variety, work flexibility, team and colleagues and personal and professional development opportunities.

Following restructure and job role changes, my job description/pay grade has not been updated since I joined four years ago and I currently feel I hold far more knowledge and am capable of more than my pay grade reflects. This creates the feeling of 'why am I going the extra mile...?' Unfortunately, feeling you're appreciated often comes down to remuneration. (P103, 2013)

I used to feel loyal and that there were many benefits to working for [the organisation] but as time goes on I feel this less and less. (P53, 2014)

Due to recent changes I currently need to complete further exercises to stay on the same level of pay. I then need to complete further, quite unrealistic targets (in the near future at least), to take the next step up the ladder to a wage which I feel I deserve ... I feel it may be more beneficial and less bureaucratic and time-consuming to apply for jobs working for other organisations, despite the fact I don't particularly wish to move away from [the organisation]. (P990, 2014)

Combined with understanding of the organisational and wider political context, the above findings and the selected statements in Tables 1 and 2 provide an insight (albeit rather simplified) into the potentially detrimental impact of restructuring and change on individual employee well-being and overall organisational engagement. The findings also shed some light into POS and PC and the interdependency between the constructs, the discussion of which is beyond the scope of this paper.

Table 1: POS² statements extracted from ‘The Biggest Tension’ section

2013: Perceived organisational support (POS) statements	Illustrative quotations
<p>The [organisation’s] senior leaders inspire me to use <i>my own initiative</i>.</p>	<p><i>The tensions I would like to raise are the reality of the direct level of management above, i.e. grandparent, which impacts more on how I feel about working with [the organisation] than my direct line manager as it is the head of service who has more overall impact on the ‘culture’ and values I experience day to day. There is very little delegation, not much creative thinking or properly open discussion - very little recognition that truly honest discussion can help improve the service rather than just being difficult, and there is little opportunity to express these concerns until now either! (P894, 2013)</i></p>
<p>The [organisation] recognises that <i>speaking openly</i> about workplace tensions provides an opportunity to improve things</p>	<p><i>Biggest tension/pressure is ‘time monitoring’ system introduced to monitor what we are doing: a time unit is required to be entered electronically for every 10 minutes of the day ... you are frightened to make a cup of tea or go to the loo through fear of not having enough time units for the day - this makes me desperately unhappy... (P615, 2014)</i></p>
<p>The [organisation] gives me <i>opportunities to shape</i> its strategies for change</p>	<p><i>[The organisation] are renowned for making changes for change sake. This in turn causes a high level of stress to staff, always fearing for their jobs and the jobs that are there are ‘downgraded’. Staff are not treated equally.... Senior managers are not in touch with the workforce and don’t fully understand the duties of the departments that they restructure. (P793, 2014)</i></p>
<p>The [organisation] demonstrates a genuine concern for <i>my well-being</i></p>	<p><i>Working in an atmosphere of fear ... not from my line manager, who is very supportive, but evident in a number of senior leaders who appear to be able to get away with unprofessional behaviour and personal vindictiveness. (P619, 2013)</i></p>
<p>The [organisation] invests in <i>building my capability</i> through learning and development</p>	<p><i>Probably the biggest tension is being able to deal with the day-to-day work and try to find the time for additional projects to improve my personal development. There has been for a number of years a lack of funding for personal development and time out of the office for this is sometimes frowned upon. (P1171, 13)</i></p>

² Although a number of definitions could be offered, Perceived Organisational Support (POS) in our research is defined as ‘overall impressions about feeling recognised, valued and supported at work, including perceptions about psychological safety in raising issues, a genuine concern for well-being and support from colleagues and managers in various forms’.

Table 2: PC³ statements extracted from ‘The Biggest Tension’ section

2013: Psychological contract (PC) statements	Illustrative quotations
I have a clear view about the [the organisation]’s obligations to me.	<p><i>Now we hear that our terms and conditions are due to change, which in the immediate climate doesn’t affect me; however, if I find myself being redeployed in the coming year, which the chances are high, I feel that the last ten years of working for [the organisation] are irrelevant due to the changes of terms and conditions. (P929, 2013)</i></p> <p><i>The biggest tension is a lack of clarity: about the [the organisation’s] vision and about my medium- to long-term prospects. We have known, for 10 months, that the team will change and the practical reality is that this means redundancies ... I feel less clear about what the [the organisation] is trying to achieve than I did 10 months ago. (P669, 2014)</i></p>
I am provided with the tools needed to do my job.	<p><i>I feel there is no clear definition of my new job role - we are given contradictory messages: we are continuously told that because of our grade we need to take independent decisions but we are not given the tools and the freedom to do so... (P895, 2014)</i></p> <p><i>Since the restructure my workload has increased, due to cuts in support staff. I am no longer able to offer the service that customers are used to. I spend most of my time at my desk completing statutory paperwork as the admin support is no longer available... (P22, 2013)</i></p>
The [the organisation] provides me with good prospects for getting a better job.	<p><i>I do worry that although I am willing to work harder and take on additional responsibility, the council may not be in a position to reward this, and due to rising costs of living and the need to develop my career I may end up looking elsewhere for employment in the next few years; despite my enjoyment of my current role. (P1070, 2014)</i></p>
There is a clear link between my performance and my rewards.	<p><i>There is no parity between working hard, going the extra mile, doing a very good job and pay awards or rewards. (P611, 2013)</i></p> <p><i>The Team is to be split into three different grades whereas we are currently all on the same grade. All parts of the job are equally important, yet some members of staff are to be downgraded. There is no opportunity for redundancy, however. We feel undervalued. (P404, 2014)</i></p>

³ Psychological contract has been defined as ‘fulfilment of perceived obligations contained within a deal, pay and conditions, stimulating work etc. They involve tangible economic exchanges and less tangible social exchanges.’

Discussion

We addressed a primary question concerning the process of organisational engagement and its dynamics over time:

Do explanations of OE vary over time and context and, if so, what implications does this have for managing OE?

We addressed this question through the lens of social and economic exchange theory, looking at how shifts in psychological contract (PC) and perceived organisational support (POS) impacted OE.

The most significant findings from the preliminary statistical analysis indicated a shift over time in key drivers of OE from POS in 2013 to PC in 2014.

Leadership culture emerged as the most significant tension throughout the study. It was perceived by employees as an obstacle to their ability to perform (governance, processes, lack of support) and their perceived psychological and physical safety. The accounts of employee–organisation (that is, leadership) relationship (EOR) describe what could be seen as a ‘violation’ of social exchange principles, creating the climate of mistrust and self-interest.

Another significant tension, which became more prominent during 2014, was employees’ concern with changes in terms and conditions of their employment contract, including pay, benefits and the diminishing prospects of their career development. This finding is related to the notion of PC and the concept of fairness and justice.

Employees also voiced a genuine concern over the decrease in quality of the services they were expected to deliver. The implications, as they noted, were potential risks to the organisation (inefficiency, innovation and health and safety) as well as the risks to their client base. This insight is partially related to leadership and the incongruence between individual and espoused versus enacted organisational values and priorities, which indirectly resulted in employees’ reported tensions arising from balancing increasing job demands with reduced organisational resources.

Although the research was conducted within one organisation, the findings highlight the areas of HRM that require particular attention and are likely to be of interest to HR and organisational development professionals, as well as policy-makers, organisational efficiency managers and health and safety officers working in similar organisations. These findings signal a rethink is required regarding the way in which multiple reorganisations are conceived and delivered.

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