

To Motivate Employees, Help Them Do Their Jobs Better

By Tomas Chamorro-Premuzic; November 12, 2014

Forward-thinking companies pay a great deal of attention to employee engagement. But should they?

So, does engagement actually cause higher performance, or are high-performing employees just more engaged?

Surprisingly, there is not much empirical evidence to answer this question. That's because to demonstrate causality, engagement and performance data would have to be gathered at different points in time, to test whether increases in engagement levels translate into subsequent increases in performance, and whether decreases in engagement levels translate into subsequent decreases in performance. This approach would also let you see whether performance gains drove engagement, or vice versa.

In one of the few robust studies to examine this issue, Ben Schneider and colleagues mined archival engagement and performance data for several Fortune 100 companies. Their study is particularly important because it tested the degree to which company-wide gains in engagement resulted in higher profits and stock valuations, as well as the reverse.

Their findings highlight the complex relationship between engagement and performance: although engagement gains did predict subsequent increases in organizational financial and market performance, the reverse was also true. In fact, gains in financial and market performance tended to boost certain aspects of employee engagement more than the other way around.

These results suggest that companies with more engaged workers may end up performing better, but that it is just as likely that high performing companies end up with more engaged employees, simply because they are more successful. Indeed, when businesses do well they can provide employees with better pay and benefits, which will result in a higher sense of security, and even an ego boost.

Although Schneider's research focused on the organizational level – in other words, how much employees felt engaged with their employer, rather than their job or manager – recent studies have also examined the drivers of engagement at the individual level of analysis.

In one of these studies, Gallup investigated whether leaders are more likely to engage employees by building close relationships and attending to their wellbeing, or simply focusing on their performance. Gallup's findings suggest that the most effective leaders don't just motivate people by focusing on engagement; they are also focused on enhancing employees' performance. For example, employees are seven times more likely to be engaged when they report that their managers are aware of the tasks and projects that they are working on, which suggests that when bosses make their employees accountable, their employees are more engaged. Conversely, when employees perceive that their managers have no clue about what they are working on, they are 15 times more likely to be disengaged than engaged.

Importantly, Gallup's data also suggest that the two main approaches to engaging employees – focusing on performance vs. focusing on relationships – are not mutually exclusive. In fact, leaders should clearly try to balance both, and the best leaders have the versatility to do this. This is consistent with well-established scientific evidence.

The most comprehensive meta-analysis in this area was published by Tim Judge and colleagues, and it reported a positive correlation between relationship-oriented and performance-oriented leadership styles. In other words, leaders who are able to display one style are also more able to display the other. The study also showed that while relationship-oriented leadership may be a more direct way for boosting engagement, performance-oriented leadership is more likely to enhance performance, which in turn should boost engagement over the long run, too. Since most organizations are merely interested in engagement as a vehicle for boosting productivity and effectiveness, it makes sense for leaders to focus on those variables directly, not least because the result will also be a boost in engagement.

In simple terms, then, if leaders can help their employees and teams perform to the highest levels, and achieve even beyond their own expectations, engagement becomes a happy by-product of success.

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