

# Employee Engagement, Job Satisfaction, Retention and Stress

Kenneth Nowack, Ph.D.  
Envisia Learning  
ken@envisialearning.com  
www.envisialearning.com

One of the most salient career paradigm shifts has been the change from job security to employability security. Today, the engagement and retention of high potential talent is a competitive advantage to all organizations. What do we know about engagement and its relationship to productivity and retention? Several recent studies provide some answers to this question.

For example, Aon Consulting reported in a recent research study of about 1,800 workers that employee commitment is declining in every industry, age group, income group and job classification. The Gallup organization also recently reported evidence of declining employee engagement in a major survey that found only 26 percent of employees consider themselves "actively engaged" in their work.

A change in the psychological contract with employees over the last few years has contributed to a set of critical paradigms shifts about careering in the US. The old sense of job security has given way to the concept of "employability security" where developing "just in time competencies" results in the ability to be competitive in a global market place. In the "old" paradigm employees expected to be with companies for long periods of time (job jumping was typically seen as a sign of instability, immaturity or loyalty) and an expectation of rising responsibilities and salary/benefits. Today's "IPOD generation" employees have typically experienced mergers, acquisitions, bankruptcy, extensive downsizing and failures resulting in a focus on continuous relearning, development and work/family balance.

Perceptions of stress at work are quite high with several studies suggesting 40 % to 60% of all employees rate their jobs as being stress or extremely stressful with impact on family balance and health. In a recent poll by US based TrueCareers, more than 70% of workers do not think there is a healthy balance between work and family lives. More than 50% of the 1,626 were exploring new career opportunities because of the inability to manage both work and family stressors.

No doubt, this helps to explain why some professional women have chosen to "stop out" from professional careers after a large investment in formal education and training much to the dismay of their employers. Employers of choice today understand these changing career paradigm shifts and have developed programs, benefits and cultural change to enhance the commitment and retention of its talent.

## Workforce 2010: Changing Career Paradigms

### OLD PARADIGMS

- Job Security
- Longitudinal Career Paths
- Job/Person Fit
- Organizational Loyalty
- Career Success
- Academic Degree
- Position/Title
- Full-Time Employment
- Retirement
- Single Jobs/Careers
- Change in jobs based on fear
- Promotion tenure based

### NEW PARADIGMS

- Employability Security
- Alternate Career Paths
- Person/Organization Fit
- Job/Task Loyalty
- Work/Family Balance
- Continuous Relearning
- Competencies/Development
- Contract Employment
- Career Sabbaticals
- Multiple Jobs/Careers
- Change in jobs based on growth
- Promotion performance based

*consultingtools*

Some evidence of the changing career paradigms comes from a recent study by Career Systems International in 2005. They surveyed over 7,500 employees in diverse industries about retention factors—things available in organizations that engendered commitment and a willingness to stay.

The top five retention factors included: 1) Exciting Work/Challenge (48.4%); 2) Career growth/learning (42.6%); 3) Relationships/working with great people (41.8%); 4) Fair pay (31.8%); and 5) Supportive management/great boss (25.1%). These findings suggest that engagement can be enhanced in organizations that emphasize development, leadership effectiveness and collaborative cultures.

Finally, a recent meta-analysis of over 7,939 business units in 38 companies explored the relationship at the business-unit level between employee satisfaction-engagement and the business-unit outcomes of customer satisfaction, productivity, profit, employee turnover, and accidents (Harter & Schmidt, 2002).

Generalizable relationships, large enough to have substantial practical value, were found between unit-level employee satisfaction-engagement and these business-unit outcomes suggesting that management practices that affect satisfaction can have bottom line results on productivity and profit.

How employee engagement affects job satisfaction, retention and perceptions of job stress were the focus of a 2002 and 2004 study by Envisia Learning. The results are presented below.

## Envisia Learning Study

This study explored the relationship between employee engagement (measured as a composite set of 12 specific questions as part of the Engagement Index) and several specific organizational outcomes including employee retention, job satisfaction, employee engagement and perceived stress in a large food service company as part of their annual employee satisfaction surveys over a two year period.

The employee surveys were distributed to all corporate and field employees in both 2002 and 2004. Single item measures were used to assess perceptions of stress, job satisfaction, engagement, perceived sensitivity to work and family issues, and retention (likeliness of leaving within the next 12 months). Prior published research supports the validity of single item measures of these organizational outcomes.

### **Employee Engagement Index**

A total of 12 specific questions were developed to assess employee engagement. These questions are summarized in the Appendix of this study. These 12 questions were combined into a single scale which demonstrated strong internal consistency reliability (Cronbach's alpha .88). High scores on this scale represent an overall measure of favorable employee involvement, commitment and engagement with the organization and job.

Despite some possible criticisms, these single item measures can be considered both practical and valid. For example, a meta-analysis by Wanous, Reichers, & Hudy (1997) has shown that single-item measures of job satisfaction are highly correlated with multi-item job satisfaction scales. A global indicator of job satisfaction, retention and overall job stress would appear to be valid and economic measures (see also Dolbier, Webster, McCalister, Mallon & Stenhardt, 2004). The three Envisia Learning outcomes measures used in this study include:

#### Retention Question

How likely are you to leave the organization in the next 12 months?  
(Not at all, Somewhat likely, Very likely)

#### Stress Question

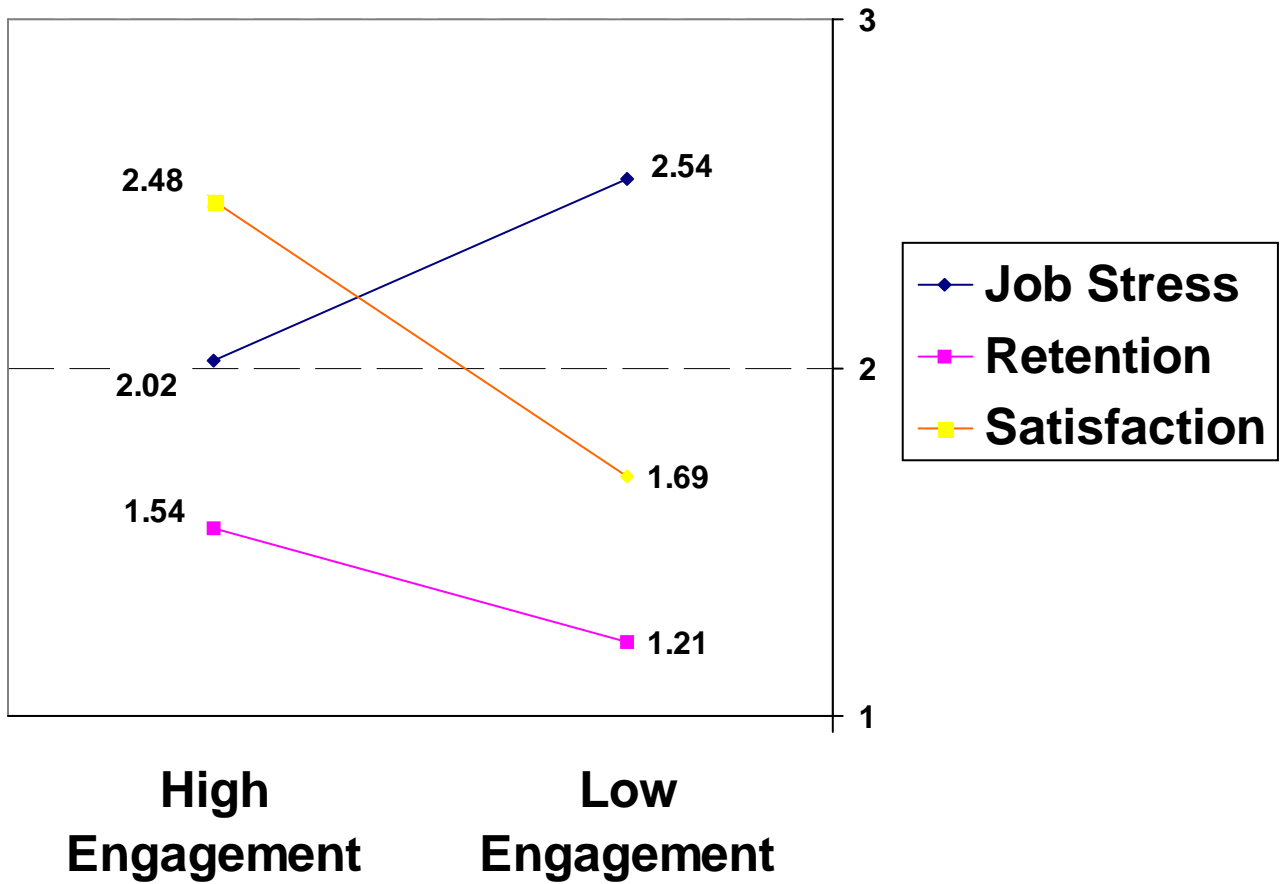
The amount of pressure and stress on my job is reasonable and rarely excessive. (1 to 5 scale from Strongly agree to Strongly disagree)

#### Job Satisfaction Question

Overall, I am satisfied with my current job.

(1 to 5 scale from Strongly agree to Strongly disagree)

**Figure 1**  
**Employee Engagement & Quality of Worklife (N=163)**  
**Significant Differences (all p's < .01)**



## Results

Results from the statistical analyses revealed that employees who experience lower engagement, commitment and involvement with his/her organization and job reported significantly higher intentions to leave the organization within 12 months, greater levels of perceived work stress and lower overall job satisfaction and engagement (all p's < .01). These results were also cross validated with a separate employee sample 2 years later using the same employee engagement index items and identical stress, retention, and job satisfaction questions. Results of these subsequent analyses were also significant for each of the independent measures in the ANOVAs.

This study provides support for the hypothesis that employee engagement can have a significant impact on perceptions of stress, overall job satisfaction and retention. Employees who were most engaged were less likely to consider leaving within 12 months, were more engaged and satisfied with work and reported significantly less stress compared to those who were less engaged.

## Appendix A

### Envisia Learning Engagement Index (Alpha .88)

1. I have all of necessary resources and supplies to successfully perform my job.
2. I am fully able to utilize my skills, abilities and experience in my present position.
3. I receive timely recognition when I do a good job.
4. My manager creates a motivating and supportive work climate.
5. My manager takes an interest in my professional growth and career development.
6. My manager recognizes and values my ideas, suggestions and opinions.
7. My work gives me a feeling of personal accomplishment.
8. Performing high quality work is important to all members of my work team.
9. My manager involves me in decision making, problem solving and planning processes.
10. My manager works with me to set and achieve my individual performance goals.
11. My company provides enough training, coaching and mentoring to help me grow and develop professionally.
12. I have a clear understanding about the performance standards and expectations to successfully perform my job.

1=Strongly agree, 2=Agree, 3=Neither agree nor disagree, 4=Disagree, 5=Strongly Disagree