

## Terms of engagement?

**With competition for customers in jurisdictions such as Macau intensifying, casino operators are realizing the vital role played by their employees in customer retention, but the strategies being used to foster employee engagement, such as higher salaries, are largely ineffective.**

To understand and foster employee engagement, some casino operators in the region carry out regular surveys of employees, and some organizations are also carrying out short “pulse” research. As well intentioned as the Voice of Employee initiatives are, they often yield erroneous findings that provide little value in exchange for all the expense and time that management devotes to understanding engagement.

The reason for poor returns can be attributed to four causes: (1) Lack of understanding of the employee engagement concept; (2) Poor operationalization of employee engagement in surveys; and (3) Low reliability and validity of the research instruments; and (4) Lack of benchmarking.

Very often surveys are carried out with management having less than a solid understanding of what employee engagement actually means. The meaning of employee engagement is ambiguous among both academic researchers and among practitioners who use it in conversations with clients. Several organizations equate employee engagement with employee satisfaction or with an employee’s tenure with the organization. While employee satisfaction and intent to stay with an organization are often the results of engagement, they do not equate with engagement.

The academic research often views employee engagement as a positive, fulfilling, work-related state of mind that is characterized by vigor, dedication, and absorption. The Gallup Organization defines engaged employees as “those who are involved in, enthusiastic about, and

committed to their work and workplace.” There exists a fair degree of consensus among academic researchers as well as practitioners that engaged employees exercise more “discretionary effort” in performing their jobs. Using variants of each of these definitions, CustomInsight LLC provides the following composite definition, “Employee engagement is the extent to which employees feel passionate about their jobs, are committed to the organization, and put discretionary effort into their work.”

As practitioners within the gaming industry, before you invest any time in measuring customer engagement, ask yourself specifically whether you want to invest in assessing employees’ vigor, dedication, commitment, and discretionary effort, and if so, what do you intend to accomplish once the measurement has been undertaken.

### **Poor Operationalization**

Bad choice of questions is the second problem associated with employee engagement surveys. Very often, questions within the survey assess employee satisfaction or happiness, not engagement. The link between employee happiness and productivity is not as strong and nowhere as ubiquitous as that between engagement and productivity or profitability. Also, many questions assess what I call the antecedents of engagement, not engagement itself. For example, the Gallup Organization uses “having a friend at work” as a precursor of engagement. Do all employees feel more engaged if they have a friend at work? More importantly, what can an organization do to ensure that every employee has a friend at work? Precious little.

It is perfectly okay to measure the antecedents of engagement so long as you are extremely confident of the strong causal relationship between the antecedents and engagement, and where the variables leading to engagement are within the control of the organization. Very often, employee traits and personality contributes as much to engagement as organizational climate and culture. In such situations, judicious recruitment to ensure cultural fit between the organization and the employee will yield more fecund results than carrying out elaborate engagement assessments.

## **Reliability and Validity**

The third major issue with regard to employee engagement surveys concerns the reliability and validity of the survey instrument. Reliability, simply defined, is the degree to which the result of a measurement can be depended on to be accurate. Imagine your doctor making decisions regarding diagnosis of your sickness based on defective or flawed thermometers and glucometers. Yet, management of many gaming companies typically makes strategic decisions regarding employees based on unreliable survey instruments. Even worse, external consultants rarely, if ever, provide reliability figures on the scales and indexes they develop to assess employee engagement.

While reliability assesses the dependability of a survey questionnaire to provide consistent results, validity is an index of whether or not a particular instrument measures what it claims to measure. Just search the Internet for “employee engagement surveys” and you will find scores of surveys, all very different in content and wording, yet supposedly measuring the same concept. Surely, not all these surveys are valid instruments with which to measure employee engagement!!! Going back to the physician example, while reliability tells you about the dependability of thermometer readings, validity concerns itself with whether a glucose tolerance test or a colonoscopy is an advisable diagnostic test for ascertaining diabetes. Unfortunately, management never quizzes outside consultants or in-house research staff on the reliability and validity of the research that is carried out. Decisions with far reaching consequences are routinely made based of unreliable and invalid research.

## **Benchmarking**

The final major drawback of many employee engagement studies is absence of benchmarking or using wrong yardsticks for benchmarking. Imagine how useful just the number associated with your IQ would be if you had no idea about how intelligence is distributed in the general population or, more importantly among your cohorts. Very often gaming companies fail to benchmark their engagement scores with other comparable gaming

companies to get a sound understanding of their performance on the engagement dimension. Sometimes, industry consultants provide a so-called industry average (heavily biased in favor of hotel properties) which provides little insight for regional casinos that may be too small or based on reservations. It makes more sense, for example, for Foxwoods to compare themselves with Mohegan Sun, than with the “industry average” for Las Vegas or Atlantic City.

Proper benchmarking allows realistic comparisons of performance and provides actionable insights for gaining competitive advantage through employee engagement. A survey without benchmarking tells you nothing about your relative performance in comparison with other similar enterprises which face similar challenges.

### **Recommendations**

Employee engagement provides valuable information on the employees’ commitment to your organization and the effort your employees put into their jobs. Engagement has been shown to relate positively to productivity, customer satisfaction, organizational profitability, and shareholder return. Engaged employees Say (good things about the organization to fellow employees and customers), Stay (with the organization longer compared to employees that are less engaged), and Strive (for better performance and effort). Investing in assessing and furthering employee engagement definitely yields handsome returns.

However, most organizations do a less than effective job of measuring and benchmarking employee engagement. There is scant regard for identifying the right antecedents of engagement, and the reliability and validity of the survey instrument are almost always in question. Decisions made on the basis of flawed employee engagement surveys can be disastrous both for the employees and for the organization. To pre-empt disasters from happening, organizations need to be aware of what exactly they are trying to measure and change, and how reliable and valid the survey and pulse instruments are. Correctly designed and properly administered and

benchmarked surveys of employee engagement can alert management to workforce health and productivity issues that would otherwise lie dormant and create a serious competitive disadvantage.

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\*Sudhir H. Kalé. Ph.D., is Honorary Professor of Marketing at Bond University and the CEO of GamePlan Consultants. You can contact him at [skale@gameplanconsultants.com](mailto:skale@gameplanconsultants.com).

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