

Chapter 2

Engagement and Disengagement at Work: What's New

Abstract Against the goal of developing the engagement of the human resources, the work experiences of employees and employers are clearly negative on average. In terms of workers, work malaise and disengagement are increasing, while on the organizational front, the requirements for retention and employee involvement remain unresolved. The chapter outlines some of the major challenges that organizations and workers are facing- such as workforce aging, diversity, structural changes, ambiguity, open innovation, in order to better understand the scenarios in which work relationships today develop and take on meaning. Analysing some of the main trends in progress leads to a better understanding of the challenges that organizations and workers are experiencing and the origins of such widespread, albeit undesired, disengagement. In the actual controversial scenario, not only organizations practices and employees behaviours need to change, but also the managerial function: the human and relational sides of management behaviours are now compulsory to manage growing organizational complexity and help employees enact sense-making. This is a big challenge, but it is also a big chance.

Keywords Ageing • Employee-organization relationship • Diversity • Hybrid organization • Managerial function • Organizational flexibility • Psychological contract

2.1 The Employee Engagement Challenges

The attention that businesses and managers are lending to human resources is growing as also demonstrated by the many contributions that scientific and management literature dedicates to organizational and managerial solutions to attract and retain valuable people and increase their full involvement in their various job activities. The growing complexity and unpredictability of the socio-economic scenarios and the more and more frequent organizational changes and variations in the socio-demographic dynamics are just some of the most cited phenomena that have induced a renewed focus on people, their talents and their work attitudes as critical sources of sustainable competitive advantage.

This attention finds theoretical reassurance in the resource based view of the firm. The empirical findings confirm that the specifications and critical skills of workers, the combination of some management practices (i.e., bundles of practices) and the full alignment of organizational values, worker behaviours and corporate strategies are sources of sustainable competitive advantage and drivers of positive business performance.

The 'recipes' and managerial solutions are multiplying and both the academic and managerial debates are ardent. The development of people requires companies to focus on many fronts: leadership style, behaviours and appropriate managerial levers, effective HR architectures, enabling work organization and job design as well as fostering positive work environments in relation to organizational values and social climates.

Unfortunately, despite this awareness and the many efforts and declared organizational costs, the results in terms of the well-being and engagement of workers are still poor. Work fatigue in organizations would seem to be increasing (and not decreasing), leading to outcomes and pathological behaviours such as burnout, mobbing, bullying and generally job dissatisfaction.

Some recent popular books on management topics narrate this fatigue and malaise, becoming best sellers precisely because they express a common sentiment. In 2007, Stanford professor Sutton (2007) wrote a book based on a popular essay he published in the Harvard Business Review. The book is titled 'The No Asshole Rule' and has sold over 115,000 copies in recent years. The author cites numerous surveys and findings sustaining that uncivil behaviours at work are rather common all over the world. 'Working With You Is Killing Me' by Crowley and Elster (2006) is another bestseller describing the workplace from the employee perspective with the aim of helping them defend themselves from a pervasively nasty and conflictual work relation context. The book has been on the New York Times Business Books, Business Week and the Wall Street Journal bestseller lists. At the other end, among Amazon's bestsellers in the first few months of 2016 were numerous books aiming to teach people how to turn an often-bad work experience into a positive one, revaluating positive emotions and behaviours, such as happiness, giving instead of taking, positive relations. These are all written by outstanding researchers and academics as further confirmation that the theme of well-being and passion at work is considered a priority today.

In relation to the specific theme of engagement and due to its perceived relevance within organizations, numerous studies with varying scopes and using different methods have recently measured this construct among workers. All the findings point to a global engagement crisis: the average level of engagement is low and the trend is stagnant.

According to Gallup Daily Tracking, only 13% of employees worldwide are engaged. In the United States, less than one-third of U.S. employees were engaged in their jobs and workplaces in the last 15 years (Gallup 2015). Towers Watson reports in the Global Workforce Study that globally only 4 in 10 employees are highly engaged, 24% are disengaged and another 36% can be described as either unsupported or detached. A full 60% of employees lack the elements required to be

highly engaged (Towers Watson 2014). Other surveys confirm this overall trend. The engagement levels reported in Europe are even lower than in other parts of the world (e.g., Global Employee Engagement Index, Effectory International 2015; Hewitt 2014).

The aim of this chapter is to briefly outline some of the major challenges that organizations and workers are facing in order to better understand the scenarios in which work relationships today develop and take on meaning. Indeed, against the goal of developing human resources, the work experiences of employees and employers are clearly negative on average. In terms of workers, work malaise and disengagement is increasing, while on the organizational front, the requirements for retention and employee involvement remain unresolved.

Analysing some of the trends in progress can lead to a better understanding of the challenges that organizations and workers are experiencing and the origins of such widespread, albeit undesired, disengagement.

2.2 The Employee Side: Trends and Challenges

The current changes in world demographics are notable and will have significant effects on the workforce composition.

First, the age structure of the population will change considerably in the coming decades with a *progressive aging of the global population*. By around 2040, there will be a greater number of older citizens than children and this will increase to twice as many by 2050 (some exceptions are China and Russia). In Europe, although the overall size of the population is projected to increase slightly by 2060, it will be older than it is now (European Commission 2015).

In countries such as Germany, Japan, Italy and Spain, the number of workers per older citizens is expected to fall from about 3–5 today to about 1.5 by the mid-century mark.

Second, in the long run, *working people will decrease in western countries*. According to the European Commission Aging Report (2015) on demographic trends, two main periods will have a major impact on labour market developments: from 2012 to 2022, the working age population will start to decline as the baby-boom generation enters retirement. However, the overall number of people employed would start to increase in this period due to the assumed reduction in unemployment rates and the increase in the employment rates of women and older workers. From 2023, both the working-age population and the number of people employed will start falling due to the slower increase in employment rates and the impact of pension reforms.

Third, due to the demographic dynamics, migration and mobility across countries as well as the increasing participation of women in the labour market, *worker diversity* will increase in terms of age, culture and gender.

2.2.1 Age Diversity and Generations at Work

According to generational theory, people can be divided into different cohorts (i.e., generations) according to their year of birth. The assumption underlying this theory is that people from the same generation are similar in terms of their preferences, attitudes and behaviours through experiencing all the same macro and institutional events that drive their values.

The current workforce is composed of the so-called baby boomers, the X Generation and the Millennials (or Y Generation), and in the near future, the Z Generation will also participate in the labour market. Understanding the specificities of each generational group is thus essential to managing people in organizations. Diversities among generations suggest the relevance of identifying different managerial solutions for different groups of workers as well as organizational architectures that enable integrating (and hopefully making full use of) their diverse preferences and behaviours (Eisner 2005).

The combination of Generation Y entering and advancing up the professional ranks and baby boomers often refusing to retire or obliged to remain in the labour market by new retirement laws has shifted the composition of the workforce; each of these generations is roughly twice the size of Generation X, which lies between them. More importantly, boomers and Gen Yers are together redefining what constitutes a great place to work. They tend to share many attitudes and behaviours that set them apart from other generations (Hewlett et al. 2009).

Table 2.1 synthesizes the main features of the actual working generations and prospects in terms of the Z Generation.

The baby boomers (1946–1964) are slowly approaching retirement. The idealism of the 1960s is still alive and they volunteer their time to advance environmental, cultural, educational or other causes. They positively evaluate work flexibly since they are eager to pursue other passions while keeping a hand in at work. They have elder care responsibilities and contribute financial support to their adult children.

The X Generation is composed of a birth cohort born between 1965 and 1981. They are communications and media savvy; they value self-development and cultural and global diversity in the organization. They are goal oriented and have a high value work-life balance in contrast to the previous generation (Beutell and Wittig-Berman 2008). Generation Xers seek the fast track, a unique work experience and change jobs frequently.

The Y Generation is composed of a birth cohort that started life between 1982 and 2003. They are ‘special’ considering their parents’ care, ‘sheltered’ or wrapped in cotton wool, ‘confident’ or optimistic about their future prospects, team-oriented or skilled in collaborative efforts, ‘achieving’ particularly in their careers, without involvement in idealistic activities, ‘pressured’ especially by their workaholic parents, and finally, ‘conventional’ or strongly attached to their parents and family even if born in a divorce culture (Wilson and Gerber 2008). Their work expectations are high pay, flexible work schedules, fast career tracks and work-life balance.

Table 2.1 Generations at work

	Baby Boomer (1946-64) Boomers	X Generation (1965–1981) Gen Xers	Y Generation (1982–2000) Millennials, Yers, Net Generation	Z Generation (2001–...) i-Gen
<i>Institutional issues</i>	• End of the world war II • Economic development • Sixties culture (idealism) • Social awareness	• Fall of the Berlin Wall, end of the cold war • First personal computer • Best educated • Lowest voting participation rate of any generation	• Racially and ethnically diverse • Expansion of cable TV channels, satellite radio, the Internet	• Highly sophisticated media and computer environment • Social media • Economic recession • Digitalization
<i>Organizational roles</i>	Top managers, close to retirement	Senior and middle managers	Young employees and junior managers	Prospect workers
<i>Main work related features and drivers</i>	• Hard workers • Long employer relationships • Respectful of hierarchy and power • Social values • Optimistic • Status matters • Work flexibility	• Work and life balance awareness • Responsible • Formal contexts • Goal orientated • Fast trackers • Cynical attitude • They live to work (workaholics) • Individualistic	• Low power distance attitude • Work flexibility • Fun, autonomy and meaningful purpose • Personal development • Short term and fast achievers • Work and life balance • They work to live	• Entrepreneurial spirit • Networked • Idealistic • ...

They multitask and have a low power distance attitude. Proserpio and Gioia (2007), focusing more on the technological side, describe them as the Virtual Generation, familiar with virtual technologies and therefore characterized by a virtual cognitive, learning and communication style, needing an aligned teaching pedagogy and way of interacting: non-linear, virtual, autonomous, networked and conceiving learning as fun. This generation wants mentoring (Dolezalek 2007; Kehrli and Sopp 2006; Orrell 2009).

Generation Z, born after 2000, is growing up rapidly. While we do not know much about Gen Z yet, we know a great deal about the environment they are growing up in. Gen Z will grow up in a highly sophisticated social media and computer environment and will be more Internet savvy and expert than Gen Yers. They are fully interconnected and engaged in social media.

To sum up, the main challenges that organizations face today due to employee demographic trends include:

Ageing in the workforce

An aging population is surely a positive thing but forces dramatic changes in organizational structures and individual lives. 'Age' usually means experience at work and is related to high skills and competences, but managing older employees also implies better understanding their expectations and the way to engage and motivate them (Kulik et al. 2014).

Some relevant management topics relate to motivation drivers and behaviours, such as the different meanings of career—older workers have usually reached their top career levels—their need for flexibility as they have different interests outside of work, but also work rhythms that have to be considered and designed in accordance with age issues.

Continuous learning becomes a relevant topic given the importance of keeping their skills and competences updated along their entire working lives. Moreover, in recent years, the problem of old-worker age discrimination—so called 'ageism'—is becoming relevant for organizations that have to manage the relationships between old and young employees (McVittie et al. 2003).

This leads to questions such as *how should older workers be managed? How can their motivation be maintained? How can their continuous learning be supported? How should their longer career paths be managed? How can young workers be helped to fairly appreciate older workers and, of course, vice versa?*

Skill shortage and workforce reduction

In the long run, the western population will decrease, and this will make it increasingly difficult to find new workers able to bring new skills and perspectives to organizations. Western economies will also increasingly make recourse to foreign workers, which entails governance systems for a multicultural and multi-ethnic work environment.

This in turn leads to questions such as *how can tomorrow's talent be attracted and retained? How can workers from different cultures be integrated?*

Intergeneration management

An aging population and a longer working life imply the need to manage intergenerational issues (Brooke and Taylor 2005). Indeed, managing a diverse workforce by age entails grasping the specificities of each generation (e.g., motivation, lifecycles and professional values). Even more important, however, will be the ability to design managerial systems and mechanisms that enable the generations to coexist, without discrimination from different sides. Consider, for example, the diverse reward systems and values that the different generations distinguish as levers, such as career development and remuneration. Another important difference, for example, is linked to the role of technology in interpersonal relationships. Finally, again by way of example, consider the different expectations of the relationship between managers and employees that characterize the generations.

For GenYers, the sources of legitimising authority are completely different from those of baby boomers, even if often their managers belong to these generations. Moreover, there is growing concern about the challenges for both older workers and organizations related to the ageist mindset, myths and misinformation in relation to this cohort of workers (Vasconcelos 2015).

This leads to asking *how can the different generations of workers be integrated? How can the different generational needs be harnessed? How can equity and diversity be simultaneously managed?*

2.3 The Organization Side: Trends and Challenges

In the 21st century, organizations have undergone a level of radical and global change that has rarely been seen before. Organizations are subject to a variety of constantly changing internal and external influences including firm strategies, technology and digital development, environmental uncertainty and complexity. Due to unpredictable changes in the environment, continuous organizational changes and improvement processes have become everyday issues for many organizations. In response to the growing relevance of these factors and to face the economic crisis, organizations are looking for structural solutions that enable enhancing both efficiency and innovation in an apparently paradoxical tension. To respond to this tension, new organizational forms and managerial philosophies have been studied and adopted, such as the so-called horizontal organization, the network organization, the virtual organization, the boundaryless organization and the lean structure (Sanchez and Mahoney 1996; Markus and Agres 2000; Ashkenas et al. 2002; Harris and Raviv 2002; Kulik et al. 2014).

The most widespread trends in facing the growing complexity and unpredictability of the organizational environment include exploiting opportunities from digital technology development, enhancing the organization's flexibility and resilience, and controlling organizational costs. While there is no universally best organizational solution in the absolute, some trends in organization design can be identified and include delayering, multidimensionality, horizontal integration and

knowledge diffusion, outsourcing and networking (Nikolenko and Kleiner 1996; Child and McGrath 2001; Kantur and İşeri-Say 2012; Pache and Santos 2013). Each of these trends implies new organizational forms and change processes entailing specific people management challenges.

2.3.1 Delayering: Flat Organization and People Empowerment

There is a tendency towards delayering organizations by removing managerial levels and giving more responsibility to teams and employees in managing and coordinating their work. Hierarchical levels are eliminated to enable making decisions faster and closer to the bottom-line. Information technology enables better communications and greater span of control towards 'flatter' organizations where autonomy and responsibility are present at lower levels. By using a downsizing strategy, costs are significantly reduced, since fewer workers are employed per unit of output to some previous level of employment (Child and McGrath 2001).

As for the micro-level design, these trends imply job enlargement and enrichment. In flat organizations, people are more empowered. This means they have more discretionary power to find work solutions, their behaviours are not prescribed and personal involvement is greater than before. On the other hand, they need to take charge of more activities and responsibilities, they need to coordinate each other directly without supervisor mediations in a horizontal context where the traditional vertical career development paths decrease (Baruch 2006).

2.3.2 Multidimensionality: Hybrid Organization and People Conflict

As the business environment becomes more complex, more competitive and less predictable, survival requires performing at a higher level with a broader range of capabilities. Building multiple capabilities and achieving excellence across multiple areas requires transitioning from a one-dimensional focus towards design solutions that allow a simultaneous focus on two or more dimensions. These dimensions may not always be consistent and include social and business aims (social organization), planning and innovation (project-based organization), service orientation and technical excellence (matrix organization). More and more organizations are turning to a hybrid approach (e.g., Battilana et al. 2012; Imperatori and Ruta 2015).

Multidimensionality at the micro level implies enhancing the complex interdependencies among jobs. At the individual level, diverse and multiple orientations imply as many interpersonal and inter-unit conflicts due to the physiologically different cognitive orientations, the ambiguous organizational forms and the

non-univocal hierarchy direction, which together imply the continuous need to personally negotiate and cope with a conflict organizational environment (Pache and Santos 2013).

2.3.3 Lateral Coordination: Team-Based Organization, Networks and Relational Competences

A lateral orientation and integrative mechanisms (Mintzberg 1979; Galbraith 1994) will upgrade and to a certain extent replace the traditional hierarchical approach. Traditional vertical organizational mechanisms, such as hierarchy and rules, are more often replaced by organizational models with the capacity to integrate a larger number of teams, projects or processes. Teams have become the main building blocks of organizations, present in various structural forms and transforming work design practices that are becoming more collective.

Teamwork has been widely studied. Many positive outcomes are associated with teamwork for both organizations and employees, including innovation and personal fulfilment, even if implying specific mind-sets and cognitive and emotional skills that need to be developed and sustained to cope with the growing relational and emotional challenges (Van Knippenberg et al. 2004).

2.3.4 Open Boundaries: Networked Organizations and Smart Workers

Reinforcing and redesigning ties with other organizations becomes more critical as a way of reducing environmental uncertainty, dealing with resource scarcity and activating successful open innovation processes (Chesbrough et al. 2006).

Strategic alliances, partnerships and networking are more common with an emphasis on developing long-term relations with external stakeholders, such as suppliers, partners and customers, while coordinating and sharing information along the value chain is recognized as an important practice. Furthermore, internet technology plays a critical role in increasing the possibility of coordinating within networks and enables virtual ways of conducting business through the formation of multi-firm collaborative networks (Miles et al. 2006) and communities of practice (Snow et al. 2009).

Moreover, digital technology is also changing the way ‘internal stakeholders’ (i.e., employees) work. The organization becomes a network, since employees can also work outside the company’s boundaries, rendering the concept of organizational boundaries very labile. Smart working, virtual workers, e-workers and nomad workers are some of the modern labels used to identify a new trend that is also dramatically affecting organizational design (Imperatori and De Marco 2009).

A networked and open organization needs people who are not only able to sustain trustworthy relationships outside the company but who also invest in their personal networks and activate new ways of working both within and outside the organization.

2.3.5 Ambiguity and Flexibility: Stress and Job Crafting

Organizations are changing more frequently, faster and more significantly than in the past. This implies greater flexibility, less formalization, fewer rules and prescribed roles in a wide range of organizational units. Organizational ambiguity stimulates creativity, autonomy and responsibility, but at the same time, organizations need to be able to maintain their basic identity (Bissola and Imperatori 2011).

On the individual side, people need to develop personal resources to continually enhance their capabilities, skills and knowledge to face organizational ambiguity and perpetual changes. This entails a high level of stress and work-related diseases and advocates the need to activate constant sense-making to face uncertainty and positively balance work and life issues (Grawitch et al. 2010).

However, the lower formalization and frequent changes point towards increasing employee autonomy that could enact job crafting behaviours, that are intentionally changing the boundaries and conditions of job tasks, relationships and the meaning of the job, accordingly with employee's preferences and needs (Wrzesniewski and Dutton 2001). Research confirms that job-crafting behaviours lead to many positive consequences, such as job satisfaction and work engagement (Berg et al. 2010).

2.4 The Employee-Organization Relationship: Trends and Challenges

In recent years, there has been a substantial shift in the employee-employer relationship. With increasingly competitive markets, globalization, a volatile economic climate and demands for constant change, organizations face significant challenges. Organizations want their employees to put in extra efforts and generate innovative ideas while simultaneously pursuing efficiency and increasing demand for work flexibility (Lepak and Snell 2002). On the other side, employees seek job security and stability while others pursue careers in different organizations with the expectation that they will commit in the short-term and move on from jobs that are not satisfying or simply use the experience gained in one role as a stepping stone to another in a boundary-less career path (Arthur et al. 2005).

2.5 Formal and Psychological Contract

The work relationship between the individual and the enterprise constitutes a social exchange and results in a complex contract. Complex in that it is defined by a formal and codified employment contract as well as a psychological contract that refers to the employee's unwritten set of expectations of the employment relation (Rousseau 1989).

Formal labour contracts are in fact incomplete, in the sense that they make reference to other contracts for the complete definition of the contents of the exchange relation due to the uncertainty and unpredictability of the context and the actors' bounded rationality. For this reason, a formal employment contract is completed with a subjective agreement, the so-called psychological contract, which comprises the employee's perception of the mutual obligations that exist in the exchange with his/her employer sustained through the norm of reciprocity. This includes informal arrangements, mutual beliefs, common ground and perceptions (Rousseau 2005). Studies show that:

- The psychological contract as *perceived by the worker is of an idiosyncratic nature*. The worker's expectations with respect to mutual obligations are not necessarily shared by the organization's agents (Lucero and Allen 1994).
- The psychological contract is based on the *perception of a promise*. A promise is a communication of future intent (Rousseau 1989) and can take numerous forms: through a written document, but also as a result of a verbal discussion or as the outcome of the management practices and policies regarding the relation between the worker and the specific organization (Rousseau and McLean Parks 1993; Shore and Terick 1994).
- The psychological contract is '*formed*' by the worker. The organization contributes to enacting the worker's perception through the organizational agents (i.e., intermediaries of the relation), but the psychological meaning is enacted by the employee. For this reason, the psychological contract is considered a 'one-way contract'.
- Contracts *evolve and change over time*, and perceived violations induce reactions from workers. Examples of breaches of contract concern the worker's (perceived) lack of compliance with obligations, development prospects, job security and career paths (Rousseau 1995; Morrison and Robinson 1997; Schein 1980).

In light of the subjective nature of psychological contracts, researchers have attempted to categorize the elements (e.g., job security, interesting work, career prospects, pay, training and developmental opportunities, job autonomy) in terms of two underlying dimensions: transactional and relational. The distinction between the two draws on the legal work of MacNeil (1974, 1980) in parallel with Blau's (1964) distinction between economic and social exchanges.

Psychological contracts that are predominantly transactional (or economic) are explicit and formalized contracts implying a specific and quantifiable exchange

between the parties in a defined period of time and wherein the monetary aspect is predominant. The perceived employment terms are foreseen as calculative and instrumental with limited reciprocity, focusing on beliefs about remuneration (Herriot and Pemberton 1996). For such contracts, the affected employees will concentrate on distributive outcomes, there being limited identification and integration with the organization (Millward and Brewerton 1999). Thus, loyalty and commitment are unlikely to be an integral part of the transactional psychological contract where the subjective aspect is minimal and the formal contract tends to perfectly overlap with the psychological contract.

In contrast, relational contracts presuppose an agreement with more blurred boundaries that develop over an undefined timeframe and wherein the monetary aspect is sustained by other socio-emotional dimensions, such as loyalty and support. The subjective components in these types of contracts are certainly greater and more open to interpretation by reason of their incomplete formalization. Relational contracts are based on values, such as trust and medium- to long-term involvement. Conversely, transactional contracts emphasize the monetary aspects and remuneration (Rousseau 1995). In relational contracts, greater weight is given to forms of relational and procedural justice (Thibaut and Walker 1975), while attention to only distributive and retributive justice (Adams 1965) is predominant in transactional contracts. This implies that in relational contracts, greater attention is paid to allocating rewards and resources over the longer term (i.e., procedural justice) while in transactional contracts more emphasis is placed on immediate rewards (distributive justice). Processes through which equity and fairness are affirmed are important in maintaining a relational contract, with the nature of beliefs becoming more pronounced as they are assessed over time (Herriot and Pemberton 1996). Consequently, a relational psychological contract is characterized by employees trusting their employers, high affective commitment, high integration and identification with the organization, contribution and long-term commitment (Rousseau 1995).

Research has empirically shown that different types of psychological contracts correspond to different individual behaviours in organizations. In particular, in the presence of relational contracts, individuals are likely to enact so-called "extra-role" behaviours, i.e., not rigidly prescribed but supporting and sustaining the organization or supporting colleagues (for example, altruistic behaviour). Instead, in predominantly relational transactions, the behaviour of individuals is more likely to overlap with those formally foreseen in the contract. In addition, in transactional relationships, identification with the organization decreases while the commitment characterizing the work relation increases, moving from a strictly transactional nature to a more relational exchange (Rousseau 1990; McLean Parks and Kidder 1994; Van Dyne et al. 1995).

Drawing on this, Rousseau (1995) argues that a permanent employee is more likely to have a psychological contract of a relational type with the employer while a temporary worker is more likely to have a psychological contract of a transactional type.

2.5.1 *Changing Employment Relationships*

The contents, forms of contracts, expectations and meanings of the work relationship are changing, and as a result, the parties often struggle to find a balance. The main trends in the employment relationships can be summarized as follows.

- *Short-term orientation.* In recent years, many companies have moved towards a progressive “marketization” of the employment contract or to more transactional forms than in the past. Organisations send numerous signals to workers in this sense. Businesses increasingly use and require more flexible forms of contracts or so-called spot contracts that reduce the time horizon of the working relationship. More ‘transactional’ definitions of the working relationship recognize the fact that the organization is no longer able to offer and guarantee job security in the long term in its internal labour market, but only employability on the external labour market, which is a consideration that can increase the probability of the worker’s employment in the long term (Gianecchini et al. 2008).
- *Psychological contract violations.* In parallel, situations of crises and corporate restructuring have intensified and together with the mass exodus of the workforce have led to changes in contractual arrangements that perhaps initially were perceived as relational. This in turn has not only led to changes in the prevailing nature of labour relations, but in some cases, violations of the psychological contract with even more serious consequences in terms of the perceived justice of workers who feel betrayed by their organizations (Alcover et al. 2016).
- *Work professionalization and self-employment.* Also increasingly evident in relation to work content is work professionalization: workers are required to perform with greater autonomy and risk-taking behaviours, proactivity and entrepreneurship and all this reduces the asymmetries of power in the employment relationship. Thus, even when the contractual institution adopted remains stable, the link between the individual and the enterprise is becoming looser, since involvement and identification with the company decreases, the time horizon—at least in practice—shortens and the emotional and social component of the relationship weakens (Douglas and Shepherd 2002).

2.6 Managerial Challenges and People Disengagement

To redefine the relationship with their employees, organizations need to understand all the summarized changes and be aware of the signals they send.

On one hand, organizations demand ever more motivated and engaged human resources willing to make extra efforts. On the other, they offer less security, a shorter time horizon, uncertain career prospects and a problematic organizational climate.

The growing organizational complexity, perceived employment insecurity as well as new job features and arrangements that demand more efforts and autonomy are challenging employee competences and emotions.

Organizations are experiencing a gradual transformation of governing work transactions towards a market approach, which is also evidenced by the growing interest of workers in base salaries, as both an attraction and retention lever, as is clear from some global surveys (e.g., Global Workforce Study, Towers Watson 2014). The transactional nature of contracts is certainly not a prerequisite for the high engagement of employees in their organizations.

Finally, middle managers are 'squeezed in the middle'. They are in the middle of the organization-employee relationship that needs to be reframed. Nevertheless, they often lack the behavioural and relational competences to effectively manage their crucial roles in difficult and unpredictable organizations. They grew up in a completely different (and even easier) context, where the essential managerial functions to succeed were about planning, controlling and organizing resources and where their authority was legitimized by their status and position. Today, managers need to be more aware of the employees' needs, motivation drivers, expectation and emotions, because they need to activate their energy despite uncertainty, growing responsibility, time pressure, diversity and ambiguity. The managerial function therefore needs to change: the human and relational sides of management behaviours are now compulsory to manage growing organizational complexity and help employees enact sense-making. This is a big challenge, but it is also a big chance.

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Drivers and Organizational Practices to Sustain
Employee Passion and Performance

Imperatori, B.

2017, IX, 113 p. 1 illus., Softcover

ISBN: 978-3-319-51885-5