

Employee Engagement: A New Strategic Tool for Corporate Success

Dr. L. Renuka,

Assistant Professor,
Institute of Management, GITAM (Deemed to
be University), Visakhapatnam, India.

Dr. V. Krishna Mohan,

Professor,
Department of Commerce & Management
Studies (DCMS), Andhra University,
Visakhapatnam, India.

ABSTRACT

In the last decade employee engagement has become a burning topic both in academics and practice. As the market is becoming more dynamic and the customer more complex to understand, corporate world is researching to find new ways to assure success in the long run by focussing more on understanding the customer. They found that internal customers are playing a vital role in reaching the expectations of external customers. Employers understood that their internal culture is reflecting on customers through the contact points, employees. Employees often reflect this when they are completely engaged to their jobs, and companies they are working for. At this juncture employee engagement comes into picture. Employee engagement is defined as an Individual's degree of positive or negative emotional attachment to their organisation, their job, and their colleagues. It is the application of body, mind and soul of the employee for the development and success of an organisation.

Traditionally all the companies depend on financial performance as profit, ROI as a measure of their performance and success. Many researches however focused on human element in the measurement of success and performance. They found a positive relation between employees' attitudes, abilities and the overall performance. During the last decade a precise relation is established with the employee element to the corporate success. Research on employee engagement found that it is essential in the success of business enterprise along with financial figures as ROI and Net profit. This paper focuses on the role of employee engagement as a major determinant in the success of Indian incorporation.

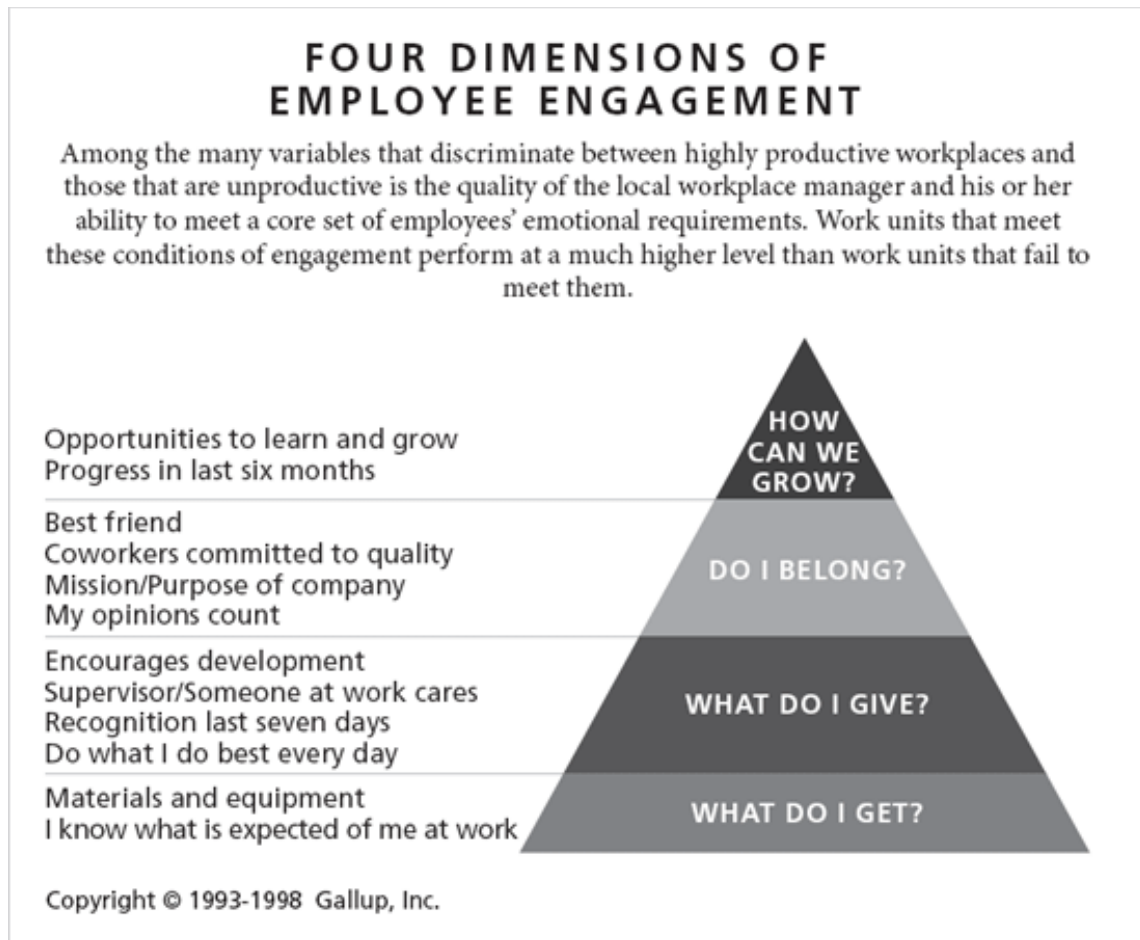
Keywords: employee engagement, OCB, engaged culture, drivers of employee engagement, ten Cs of employee engagement.

INTRODUCTION:

As the market is becoming more dynamic and the customer more complex to understand, corporate world is researching to find new ways to assure the success in the long run by focussing more on understanding the customer. They found that internal customers are playing a vital role in reaching the expectations of external customers. Employers understood that their internal culture is reflecting on customers through the contact points, employees. Employees often reflect this when they are completely engaged to their jobs, and companies they are working for. At this juncture employee engagement comes into picture. According to Scarlett Surveys, "Employee Engagement is a measurable degree of an employee's positive or negative emotional attachment to their job, colleagues and organization that profoundly influences their willingness to learn and perform at work". Thus employee engagement is distinctively different from employee satisfaction, motivation and organisational culture. In simple words Employee Engagement is employees' ability and willingness to contribute to organizational success, especially their willingness to give "discretionary effort," going beyond what is typically required in their position to make the organization successful. Employee Engagement is an essential element of organizational health and is the goal of strategic initiatives designed to improve employee attitudes and

retention through leadership, co-workers, job/career satisfaction, and a high performing organization. Higher levels of employee engagement are linked to employee commitment, a high performing workforce, satisfied and loyal customers, and a productive and profitable organization.

Engagement can affect employees' attitudes, absence and turnover levels and various studies have demonstrated links with productivity, increasingly pointing to a high correlation with individual, group and organisational performance and success is measured through the quality of customer experience and customer loyalty.



Source: Gallup well being.com

REVIEW OF LITERATURE:

Goffman (1961) through his study proposed that employee's attachment and detachment to their roles is not the same and varies according to many a factor.

Kahn (1990) through his research on employee engagement found that employees feel obliged to bring themselves more deeply into their role performances as repayment for the resources they receive from their organisation. When the organisation fails to provide these resources, individuals are more likely to withdraw and disengage themselves from their roles.

Maslach et al(2001) ,argued that job engagement is associated with a sustainable workload, feelings of choice and control, appropriate recognition and reward, a supportive work community, fairness and justice, and meaningful and valued work.

Harter, Schmidt and Hayes (2002) define employee engagement as "the individual's involvement and satisfaction with as well as enthusiasm for work."

Holbeche and Springett (2003), found that people's perceptions of 'meaning' with regard to the workplace are clearly linked to their levels of engagement and, ultimately, their performance. They concluded that employees actively seek meaning through their work and unless organisations try to provide a sense of meaning, employees are likely to quit.

May et al (2004) empirically tested Khan Model and found that meaningfulness, safety, and availability were significantly related to engagement.

Frank et al(2004) suggested that it is the amounts of optional endeavour demonstrated by employees in a particular profession.

Wellins and Concelman (2004) call employee engagement as “the illusive force that motivates employees to higher levels of performance.”

Robinson, Perryman and Hayday (2004) define engagement as “a positive attitude held by the employee towards the organization and its values.”

Baumruk(2004), Richman(2006) and Shaw(2005) defined employee engagement as emotional and intellectual commitment to the organization.

Meere (2005) described three levels of engagement through his study as Engaged - employees who work with passion and feel a profound connection to their organization , Not engaged – employees who attend and participate at work but are time serving and put no passion or energy into their work; and Disengaged – employees who are unhappy at work and who act out their Unhappiness at work.

Lucey, Bateman and Hines (2005) interpret the Gallup Engagement Index as measuring "how each individual employee connects with your company and how each individual employee connects with your customers".

DDI (2005) defines Employee Engagement as “The extent to which people value, enjoy and believe in what they do.”

Fleming, Coffman and Harter (2005) (Gallup Organization researchers) used the term committed employees as a synonym for engaged employees.

Gallup's Human Sigma website (2005) links employee engagement to the concept of customer engagement, which has the dimensions of confidence, integrity, pride and passion.

Various consultancy firms undertook research on employee engagement and came up with different conclusions. Saks (2006) states employee engagement is an approach for employees to pay back through their level of engagement to their organization success.

According to Richman (2006), when employees are open and without any organizational pressure render their service voluntarily in terms of extra time and put extra effort and energy into their job is called engagement.

BASIC ASSUMPTIONS:

1. Employee’s contribution is vital in any company’s success.
2. Employees bring their attitudes, abilities, perceptions and expectations along with them to the work.
3. An engaged employee is essential for the company’s long- term prospects.
4. Employee engagement is a strategy built on the basis that committed employee brings more success than a satisfied employee.

OBJECTIVES:

1. To study the nature and dynamics of employee engagement.
2. To study the drivers of employee engagement.
3. To analyse the process of building employee engagement culture.
4. To examine the impact of employee engagement as a strategic tool on company’s success.
5. To examine the issues in the measurement of employee engagement and the construction of employee engagement Index.
6. To review the principles of employee engagement.
7. To analyse the impact of employee engagement on organisational citizenship behaviour.

RESEARCH METHODOLOGY:

For this exploratory - based research, vast secondary sources are employed in the data collection as working papers, journals, web net search engines and text books.

Drivers of Employee Engagement:

In India the demographics of work force is changing rapidly and the new ‘Gen Y’ is increasing in its proportion. They come to organizations with different sets of abilities, perceptions and expectations than their parents. Raised during an era of rapid technological change and information dissemination at a click away they respond best to work and work place that is more meaningful that allows them to learn cutting-edge skills, and lets them find their own ways of accomplishing tasks.

For this younger work force corporate need to engage them by using right motivational rewards. These rewards

fall into two types, external and internal. External rewards include all tangible rewards given to employees by their superiors in the form of pay rises, bonuses, and other benefits. These are external in nature because they fall outside their work and largely depend upon external factors.

In the yesteryears organisations mostly depended on external rewards as they are easily identifiable and played a significant role especially when the work is more routine and highly bureaucratic. When employees are more prone to complying with complex rules and regulations these rewards played a vital role. Thanks to the dynamic environment, the golden days have come which offer dynamic work environment to meet the expectations of ‘Gen Y’ work force. To meet this organisations are concentrating more on psychological factors rather external rewards. In today’s competitive world the definition of work is being changed. It encompasses the new activities such as self-directing, innovative, problem solving and self-sufficiency to meet the ever-changing customer needs. In this way new ‘gen Y’ is adding value to their organisations in reaching their goals. Based on this corporate India has identified four types of intrinsic rewards as sense of meaningfulness, sense of choice, sense of competence and sense of progress.

Sense of Meaningfulness: This intrinsic reward encourages employees to understand the purpose of doing a specific task. It makes employees to realise that they are really contributing some value to their organisations in the fulfilment of the basic purpose.

Sense of Choice: This as a reward encourages employees to choose the appropriate way of doing the task by selecting different types of activities and actions depending upon their experience, expertise and the risk perception.

Sense of Competence: This allows the employees to assess their contribution through their activities to the organisations. Employees from time -to -time measure their competence in the finishing of the task efficiently and effectively. Their contribution of work can be assessed in terms of its quality through this reward.

Sense of Progress: Employees are allowed to assess the piece of work done in the process of fulfilling the purpose. They measure the progress of their work from time- to- time in the way of reaching goals.

Intrinsic rewards create a strong win-win situation for both organisations and employees. They act as strong motivation and retention strategy to retain employees with right self-management and energized but not the employees who can’t afford to leave. They in turn reduce the burnout.

Other Drivers of Employee Engagement:

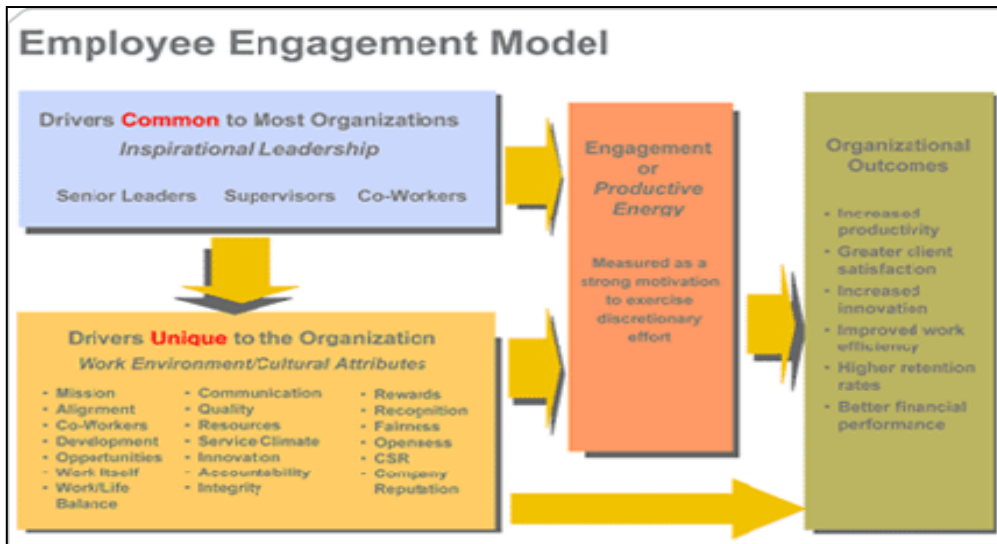
- Employee perceptions of job importance
- Employee clarity of job expectations
- Career advancement opportunities
- Regular feedback and dialogue with superiors
- Quality of working relations with peers
- Perceptions of ethos and values of organisation.
- Effective internal employee communication.



Source: Talent creepers research

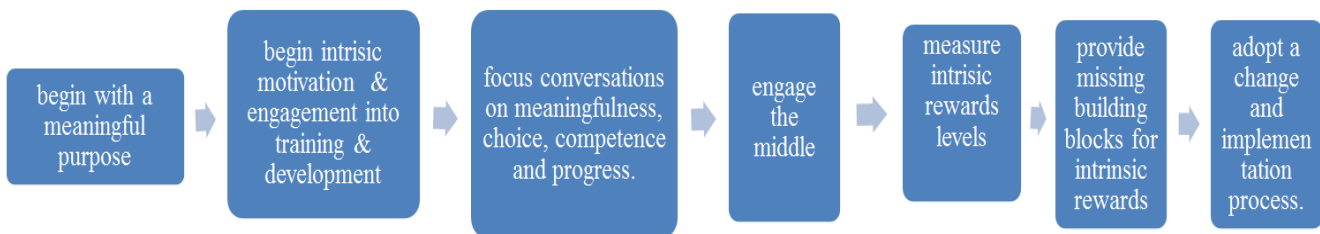
Employee Engagement Model:

This model discusses the elements in the process of employee engagement and the output of the employee engagement.



Process of Building Engaged Culture:

The following are the steps involved in building an engaged culture.



Measuring employee engagement:

Employee engagement can be measured by asking for employee opinions and feedback in multiple ways. Standardized engagement metrics can be derived from employee opinion surveys. These can be used in conjunction with formal and informal meetings, employee focus groups, and manager/supervisor interviews, along with performance measures to continually assess progress toward employee engagement. One of the instruments that come to help in measuring engagement is GALLUP Employee Engagement Index.

GALLUP Employee Engagement Index:

employee engagement index is based on a survey questionnaire that assesses the employee’s effort and enthusiasm at work and can vary from organization to organization. There are 6 important engagement components that determine a substantive Employee Engagement Index:

Components of Employee Engagement:



Gallup Employee Engagement index is based on the survey findings of employee response on a 12 actionable questions and accordingly divided employees into highly engaged, not engaged and actively disengaged.

The twelve questions that comprise the Gallup Q12 are:

1. Do you know what is expected of you at work?
2. Do you have the materials and equipment to do your work right?
3. At work, do you have the opportunity to do what you do best every day?
4. In the last seven days, have you received recognition or praise for doing good work?
5. Does your supervisor, or someone at work, seem to care about you as a person?
6. Is there someone at work who encourages your development?
7. At work, do your opinions seem to count?
8. Does the mission/purpose of your company make you feel your job is important?
9. Are your associates (fellow employees) committed to doing quality work?
10. Do you have a best friend at work?
11. In the last six months, has someone at work talked to you about your progress?
12. In the last year, have you had opportunities to learn and grow?

Principles of Employee Engagement:

The following are principles that are commonly employed in employee engagement process:

- Employee engagement is a human endeavour.
- Employee engagement must create results that matter
- Employee engagement is a connection.
- Employee engagement is fuelled by energy.
- Employee engagement is more encompassing than employee motivation.
- Employee engagement is more specific.
- Employee engagement requires intentional disengagement.
- Employee engagement makes a difference.
- Employee engagement is vital in talent management.
- Employee engagement is evergreen concept.

Essentials of Employee Engagement-Ten Cs of Employee Engagement:

Connect: The top management of an enterprise must show that they respect employees in action. This proves that employees are well taken care by the employer and this boosts their trust on employer. These kinds of gestures make employees to connect with the employer, work and employment engagement at faster pace.

Career: Employers should provide a challenging and meaningful work to employees. The new Gen y is trying to prove by unleashing their potential at the work place. So it is needed that the management should provide a dynamic work culture that paves for career advancement too. This kind of work culture thus makes more easy for employees to engage in their work.

Clarity: Management must communicate clearly the role of employees in reaching organisation goals. It should also communicate what is being expected of the employees and the ways to reach these expectations by the employees. The success of any organisation depends on how well employees understand their roles deliver them effectively. Thus it plays an essential element in employee engagement philosophy.

Convey: Management must convey the feedback on the performance of employees along with their expected roles. This dramatically improves the perception and realisation of employee's contribution in goal achievement.

Congratulate: A small recognition and appreciation by the top management creates big wonders. Most of the employees feel that they are conveyed of their poor performance and negative feedback but not the positive feedback. If the management also conveys the exceptional performance , recognises and rewards the same the employees are more satisfied and connect themselves with the organisation.

Contribute: Employees would like to know how their work is being contributed to organisation's goal achievement. If top management provides an answer to this definitely it leads to more commitment from employees.

Control: Successful leaders are expected to be more flexible and attuned to the needs of both employees and organisation. They should allow employees to exercise control over their work flows and pace of working. This greatly contributes to employee engagement process.

Collaborate: Successful organisations create team building culture by imparting trust and collaboration into them. These teams then, with trust and collaboration work together to foster the goal achievement. Thus this ensures the employee engagement.

Credibility: Management must ensure that they keep up the spirit of employees high by making the

organisation more accountable and with high ethical standards. This make the employees feel proud to be with the company and increase their association ship with the company.

Confidence: The leader must entrust that the company is an epitome of high ethical and performance standards. This would ultimately increase the confidence of employees in the organisation. Organisations which fail in this element cannot successfully create and maintain total employee engagement at the work place.

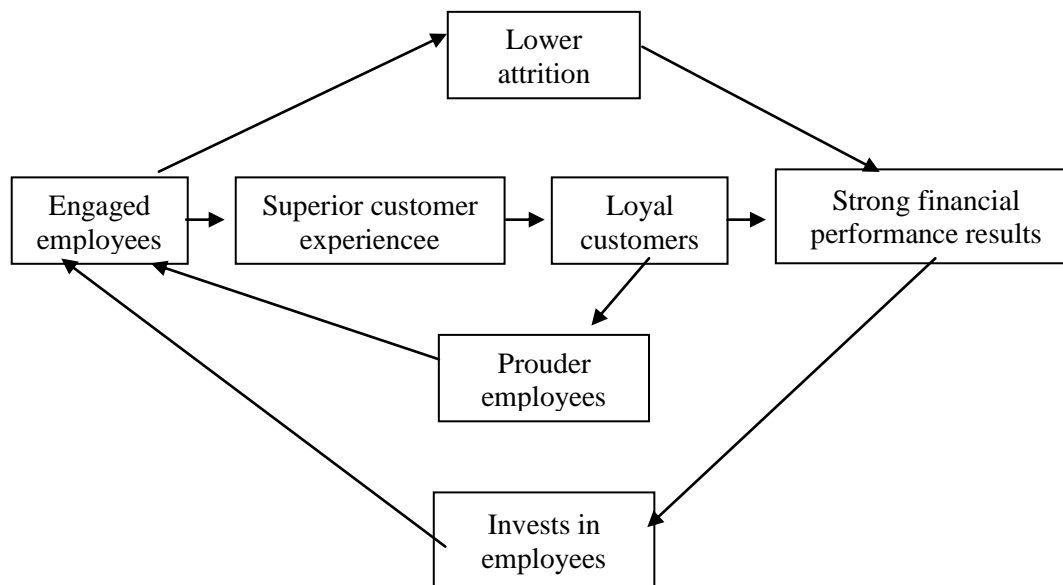
Employee Engagement and Organisational Citizenship Behaviour:

OCB links very strongly to employee engagement as it focuses on securing commitment and involvement which lies outside contractual parameters – often referred to as the individual ‘going the extra mile.’ It appears that engagement, although sharing strong characteristics with each of these two concepts is about more than commitment and/or OCB on their own. Rafferty et al (2005) draw the distinction on the basis that engagement is a two-way mutual process between the employee and the organisation. Sharpley (2006) (as cited in Harrad 2006) also points out that it is important to distinguish between motivation and engagement, as it is possible to be motivated in one’s job without necessarily feeling an attachment to the organisation. In Sharpley’s (2006) (as cited in Harrad 2006) definition of engagement there must be a mutual feeling of support between the employee and the organisation.

Both the terms are similar in nature but employee engagement is more encompassing than OCB as it says going for extra miles.

Outcome of Employee Engagement:

employee engagement results in higher commitment amongst the employees which leads to superior customer service which in turn results in higher profits, prouder workforce and the cycle repeats.



CONCLUSION:

Employee engagement is a continuous activity that needs to be monitored by both employers and employees. Engagement is basically driven by two way process between employer and employee. Engagement is wider in encompassing activities than employee satisfaction, motivation and OCB. By doing a study on engagement this paper comes to a conclusion that employee engagement is essential and even a cutting-edge for corporate success. The success of engagement process largely depends upon the commitment of both the top management and employees.

REFERENCES:

Baumruk, R. (2004). The missing link: the role of employee engagement in business success, *Workspan*, Vol 47, pp48-52.
Crim, Dan and Seijts, H. Gerrard (2006): What engages employees the most or, The ten C’s of employee engagement, *Ivey Business Journal*, March/April
Fleming, J.H., & Asplund, J. (2007). *Human sigma*. New York: Gallup press.
Goffman, E. (1961). *Encounters: Two Studies in the Sociology of Interaction*. Indianapolis, Bobbs-Merrill Co.

- in Ferguson, A. (2007). *Employee engagement: Does it exist, and if so, how does it relate to performance, other constructs and individual differences?* [online] Available at: <http://www.lifethatworks.com/Employee-Engagement.prn.pdf>
- Harter, J.K., Schmidt, F.L. and Hayes, T.L. (2002). Business-unit level relationship between employee satisfaction, employee engagement, and business outcomes: a meta-analysis, *Journal of Applied Psychology*, Vol 87, pp268-79.
- Holbeche, L. and Springett, N. (2003). *In Search of Meaning in the Workplace*. Horsham, Roffey Park.
- Kahn, W. A. (1990). Psychological conditions of personal engagement and disengagement at work. *Academy of Management Journal*, 33 (4), 692-724.
- Little, Beverly and Little, Philip (2006). Employee engagement: Conceptual issues, *Journal of Organizational Culture, Communication and Conflict*, Vol 10, No 1, pp 111-120
- Maslach, C. Schaufelli, W.B. and Leiter, M.P. (2001). Job burnout, *Annual Review of Psychology*, Vol 52, pp397-422.
- May, D.R. Gilson, R.L. and Harter, L.M. (2004). The psychological conditions of meaningfulness, safety and availability and the engagement of the human spirit at work, *Journal of Occupational and Organisational Psychology*, Vol 77, pp11-37.
- Peterson, J. Suzanne and Luthans, Fred (2002). Implications for managerial effectiveness and development, *Journal of Management Development*, Vol 21, No 5, pp 376-387
- Richman, A. (2006). Everyone wants an engaged workforce how can you create it?, *Workspan*, Vol 49, pp36-39.
- Sacks, M. Allen (2006). Antecedents and consequence of employee engagement, *Journal of Managerial Psychology*, Vol 21, No 7, pp 606-619
- Shaw, K. (2005). An Engagement strategy process for communicators, *Strategic Communication Management*, Vol 9, No 3, pp26-29.
- Truss, C., Soane, E., Edwards, C., Wisdom, K., Croll, A. and Burnett, J. (2006). *Working Life: Employee Attitudes and Engagement*, London: CIPD.
