



## EMPLOYEE ENGAGEMENT IN CORPORATE ORGANISATIONS

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**Abstract:** Employee engagement is a vast construct that touches almost all parts of human resource management. If every part of human resource is not addressed in appropriate manner, employees fail to fully engage themselves in their job in the response to such kind of mismanagement. The construct employee engagement is built on the foundation of earlier concepts like jobs satisfaction, employee commitment and organizational citizenship behaviour. Though it is related to and encompasses these concepts, employee's engagement is broader in scope. Employee engagement is stronger predictor of positive organizational performance clearly showing the two way relationship between employer and employee compared to three earlier construct: Job satisfaction, employee commitment and organizational citizenship behaviour. Engaged employees are emotionally attached to their organization and highly involved in their job with a great enthusiasm for the success of their employer, going extra mile beyond the employment contractual agreement. It also helps in increasing the employee's passion and energy to give their best to the organisation.

**Keywords:** Employee engagement, Job satisfaction, Employee commitment.

### Introduction:

*“Building a visionary company requires 1% vision and 99% alignment. (Collins & Porras 1996 HBR)*

Without a sound and effective corporate system we cannot have a healthy economy. The corporate system should not only be hassle free but it should also be able to meet new challenges posed by the technology and any other external and internal factors in the country's business environment. For the past two decades India's corporate organisations has several outstanding achievements to its credit. The most striking is its extensive reach. It is no longer confined to only metropolitans or cosmopolitans in India. In fact, Indian corporate system has reached even to the remote corners of

the country and world. This is one of the main reasons of India's growth process.

The term “employee engagement” means different things to different organizations. Some equate it with job satisfaction, which unfortunately can reflect a transactional relationship that is only as good as the organization's last round of perks or bonuses. Others measure engagement by gauging employees' emotional commitment to their organization. Although commitment is an important ingredient, it is only one piece of the engagement equation. While organizations are keen to maximize the contribution of each individual toward corporate imperatives and metrics, individual employees need to find purpose and satisfaction in their work. Consequently, Blessing White's engagement model focuses on individuals':

- Contribution to the company's success, and
- Personal satisfaction in their role.

We believe that aligning employees' values, goals, and aspirations with those of the organization is the best method for achieving the sustainable employee engagement required for an organization to thrive. Full engagement represents an alignment of maximum job satisfaction ("I like my work and do it well") with maximum job contribution ("I help achieve the goals of my organization"). Engaged employees are not just committed. They are not just passionate or proud. They have a line-of-sight on their own future and on the organization's mission and goals. They are **enthused and in gear**, using their talents and discretionary effort to make a difference in their employer's quest for sustainable.

To understand and effectively manage human resources amid the challenges posed by today's corporate environment it is essential to study the perspective evolved from the early approach to scientific management. Frederick Taylor known as the father of scientific management, suggested that it was management's responsibility to develop, the best way to perform the job and then it was the employee's responsibility to perform the job in that best way. Taylor taught managers how to hire individuals best suited for work. He observed workers performance to determine how the job could be performed most efficiently, but in this approach individual workers were allowed no discretion and no autonomy.

The Hawthorne studies gave an insight to a new era of managing human resource by Elton Mayo who ultimately brought to light the Human element of managing human resources. Elton Mayo discovered the importance of the person in the workplace. The study highlighted the improved productivity gained

by paying attention to workers and significant role social relationship played in workplace. Human Resources Management has played a vital role in shaping up organizations. More so in service organizations HR plays a pivotal role in retaining customer satisfaction and profit making. Employee engagement is about what the employees think rationally about their employers, what they feel about them, their emotional connection, as well as what they do and say as a result in relation to their co-employees and their customers.

### Objective of the Study

- To study various organizations doing engagement surveys, to study the engagement levels of employees.
- To understand how organizations benefit with the employee engagement practices.

### Literature Review

"An organisations financial performance is increasingly contingent on generating returns on intangible factors of production. Therefore, organisations must apply the knowledge worker's expertise in ways that serve a defined corporate strategy to achieve a return on that worker. It follows that organisations must both empower the knowledge worker and measure their performance in relation to strategy." The quote is from Competency based HRM by Ganesh Shermon.

"Given the need for retention the career planning efforts need to shift from planning the career to understanding the career aspirations and facilitating the management of these aspirations by Career Compensatory Interventions"; is suggested by HR Consultants Udai Pareek and T.V. Rao.

The employee's positive emotional attachment to the organization: An employee who is affectively

committed strongly identifies with the goals of the organization and desires to remain a part of the organization. Meyer & Allen (1990). The relationship exists because it is pleasurable. Employees are involved in occupational activities that they enjoy and that they are able to effectively pursue unfettered by unnecessary organisational constraints. O'Malley (2000). Employee/organizational communications refer to communications and interactions among employees or members of an organization (Prof. Berger, 2008)

Organizational Citizenship Behaviour (OCB) literature – this predates employee engagement, but is highly relevant to it. These behaviours include voluntarily helping of others, such as assisting those who have fallen behind in their work, and identifying and stopping work related problems in the first place. As these types of behaviour are not normally part of the reward system, absence of such behaviours is therefore not punishable by the organization but performance of them should lead to effective running of it.

Over 30 different forms of OCBs have been identified and defined and these have been classified by Podsakoff et al. (2000) in Barkworth's paper into seven themes:

- § **Helping behavior** – voluntarily helping others
- § **Sportsmanship** – being able to carry on with a positive attitude in the face of adversity and being willing to set aside personal interests for the good of the group
- § **Organizational loyalty** – promoting the organization to the outside world, and staying committed to it, even when doing so could involve a personal sacrifice
- § **Organizational compliance** – following organizational rules even when not being monitored
- § **Individual initiative** – demonstrating performance over and above what is expected
- § **Civic virtue** – macro-level interest in the organization as a whole, such as a loyal citizen would display towards their country
- § **Self-development** – voluntarily improving one's own knowledge, skills and abilities in such a way as to be helpful to the organization.
- § The CIPD Annual Survey report (2006c) defines engagement in terms of three dimensions of employee engagement:
- § **Emotional engagement** – being very involved emotionally in one's work;
- § **Cognitive engagement** – focusing very hard whilst at work; and
- § **Physical engagement** – being willing to 'go the extra mile' for your employer
- § Some authors discuss the varying degrees of engagement employees can experience. Meere (2005) describes three levels of engagement:
- § **Engaged – employees-** who work with passion and feel a profound connection to their organization. They drive innovation and move the organization forward;
- § **Not engaged** – employees who attend and participate at work but are timeserving 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. According to Meere (2005), these employees undermine the work of their engaged colleagues on a daily basis.

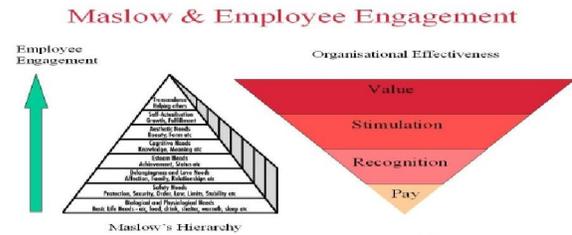
Conceptual Model of Employee engagement focuses on, various aspects of Employee engagement that is generally viewed as a matter of discretion. In other words, when employees have choices, they will act in a way that furthers their organization's interests. Engaged employees feel a strong emotional bond to the organization that employs them. This benchmarking survey is designed to examine activities to drive employee engagement programs, whether formal or ad hoc, and their impact on the organization. Executives across all industries can use this study to gauge the effectiveness of their program.

The employee engagement model emphasis the equal levels of trust, motivation, loyalty and commitment to work in the organisations.



Any organisation looking to engage its people should prioritise its response in the reverse order to Maslow's hierarchy. This is why the concept of valuing people is so important: it creates the mindset to do just that, in a way that nothing else

does! And it is particularly relevant in these difficult times.



Managers create an environment that maximize the performance of employees and provide employees with a passion to work (Baumruk, Gorman, Gorman & Ingham, 2006 Lockwood, 2006), thereby influencing the level of employee engagement of the employee. Opportunities for growth also enhance the level of engagement of the employees. Employees tend to stay with organizations, which are “talent friendly” and progressive (Towers, 2006). Seijts and Crim while summarizing the existing literature on how leaders can ‘engage employees’ heads, hearts, and hands’ identified ten factors, named the ‘Ten C’s of Engagement’ – steps that the management may take to enhance the level of engagement of the employees. These may be enumerated as follows:

1. Connect: the extent to which management convey that it cares for and values the employees.
2. Career: the extent to which the management provides to the workers work that is ‘challenging and meaningful’ and fostering one’s career growth.
3. Clarity: the extent to which the goals, rules and the organizational operations are transparent and understood by the employee.
4. Convey: the extent to which the management communicates goals and provides feedback.
5. Congratulate: the extent to which good performance brings praise and recognition.

6. Contribute: the extent to which one's contribution to the 'success and future' of the company is understood.

7. Control: the extent to which the management allows the worker to participate in decision making and drive initiatives.

8. Collaborate: the extent to which the organization upholds team work over pursuance of Self interests.

9. Credibility: the extent to which the management demonstrates transparency and high ethical standards.

10. Confidence: the extent to which the organization demonstrates high ethical and performance standards, creating a sense of positive identification among the employees.

Thus the ten factors are significant predictors for employee engagement, i.e., perceived status of the organization on these factors would determine the extent to which the employees of the organization feel engaged.

### **Research Methodology**

The study is mainly based on secondary data collected through newspapers such as Financial Express, Economic Times, People Matter, SHRM Review, HR Journals like HRM Review, Business India, India Today, etc. Internet search through Proquest, CLC, SHRM, EBSCO and online journals and books.

### **Current Scenario in Corporate Organisations**

Employee engagement is a key business driver for organizational success. High levels of engagement in domestic and global firms promote retention of talent, foster customer loyalty and improve organizational performance and stakeholder value. A complex concept, engagement is influenced by

many factors--from workplace culture, organizational communication and managerial styles to trust and respect, leadership and company reputation. For today's different generations, access to training and career opportunities, work/life balance and empowerment to make decisions are important. Thus, to foster a culture of engagement, HR leads the way to design measure and evaluate proactive workplace policies and practices that help attract and retain talent with skills and competencies necessary for growth and sustainability.

Recent research by groups like The Conference Board, Gallup, PwC and Blessing White establish engagement scores as the key measure for determining organizational success. We are told that companies with the highest engagement scores are more profitable, offer better returns to shareholders, suffer less turnover, theft, absenteeism and accidents, are more productive, and have higher levels of customer satisfaction. In one statistic, it was said that the lack of engaged workers costs US companies more than \$350 billion annually.

### **Blessing White's Engagement Report:**

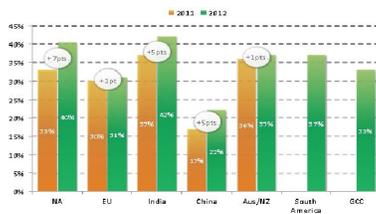
In 2012 we witnessed some fairly significant shifts in overall engagement levels within three regions of the study, with North America, India and China all seeing sizeable gains. While no region saw a decrease, Europe and Australia/NZ were essentially flat.

Shifts aside, China remains the region with the lowest levels of engagement and India the highest – a long-standing conclusion that highlights the cultural differences between these two countries and dispels the usefulness of the BRICS1 nomenclature in developing human capital strategies.

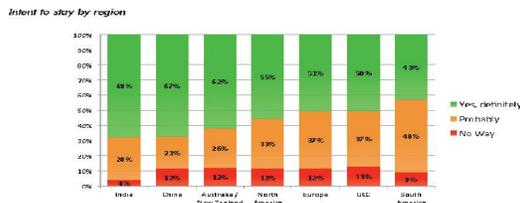
In South America and the GCC – two regions are not include in previous studies –first benchmark would indicate:

- § A level of engagement of 37% (similar to Australia) for South America (predominantly Brazil);
- § A level of engagement of 33% for the GCC.

**Engagement levels by region - 2011 vs. 2012**



When looking at **intent to stay across regions**, the dynamics of engagement and economic opportunity start to emerge. While China has relatively low levels of engagement, intent to stay is high. Conversely; in South America we observe a high level of expected mobility and a very large percentage of employees hedging their bets.



A study done by PB COFFMAN : Objectives of the We Connect Study at Abbott

- § Assess the employee experience of engagement and its impact on critical business outcomes
- § Ascertain the perception and progress made on the organizational aspects impacting employee experience of

engagement as identified from the previous wave of the study

- § Offer inputs for furthering a culture of engagement through customized & organization specific intervention

The understanding of the context of the study at ABBOTT was to; a drive to align employees to the change and enhancement of performance was initiated, all marketing related policies were revisited so as to align the businesses to the Abbott globally in the last quarter of 2012. The transition process coupled with market slowdown had an impact on business.

	Abbott Corporate Overall	Medical Service
<b>ENGAGEMENT INDEX</b>	<b>3.79</b>	<b>4.09•</b>
Grown More	3.55	4.00•
Strongest Team	4.02	4.08
See my Value	4.01	4.23•
Best Manager	3.57	4.25•
Coaching to Strengths	3.51	3.92•
Recognition	3.69	4.00•
Talents Utilized	3.46	3.62
Manager Knows Me	3.83	4.08•
Knows Outcomes	4.46	4.62

Source: PB COFFMAN @2013 People in Business India Pvt. Ltd. Report of ABBOTT Health Care

The Findings from above table is that: Engagement Index of the Abbott Corporate Overall as seen in the above findings is less than the Engagement Index of the Abbott Medical Services.

It is significant that the Best Manager score is higher in Medical Services than the Abbott Corporate Overall score, which means that leadership plays a very important role in engaging the employees.

The other findings state that:

- § High degree of optimism around the survey process with better than global participation average
- § A workplace which is acting in line with organizational goals a moderate strength that needs to be leveraged
- § World class engagement of employees, needs to be percolated to levels below
- § Clarity on outcomes, One's alignment to larger purpose & Teaming are workplace anchors
- § Offering consistent employee experience across hierarchy and tenure
- § Weakening perception on inspiration from organizational leadership requires focus
- § Opportunity to strengthen managerial capability
- § Enabling a culture of empowerment and involvement where employees see themselves as a part of decisions and are motivated to act
- § Removing organizational barriers to effective execution such as system bureaucracy, effective flow of company information and fair and meritocratic performance management process
- § Enabling a culture of empowerment and involvement where employees see themselves as a part of decisions and are motivated to act

Employee Perception on Outcome of Organizational Actions across the Medical Services Functions:

	Abbott Corporate Overall	Medical Service	
		2013	2011
Overall Satisfaction	3.70	3.54	4.12
Confidence in Leadership	3.80	3.77	4.31
Loyalty	3.49	3.38	-

The findings of the Engagement survey study at Abbott Healthcare was as follows:

- § From the above table it is seen that the Overall satisfaction of Abbott Corporate Overall is 3.70 averages of responses and Medical Services in the year 2011 is 4.12 which is higher than the year 2013 score which is 3.54.
- § The confidence in Leadership of Abbott Corporate Overall is 3.80 average which is more than the average of 2014 average of 3.77 of the Medical Services business , but less than the average of 4.13 for the year 2011 in Medical services.
- § The loyalty factor of the Abbott Corporate Overall is 3.49 averages which is less than 3.38 of Medical Services for the year 2013.

Thus it is concluded that:

- § High degree of optimism around the survey process with better than global participation average
- § A workplace which is acting in line with organizational goals a moderate strength that needs to be leveraged
- § World class engagement of Band 5 employees, needs to be percolated to levels below

- § Clarity on outcomes, One's alignment to larger purpose & Teaming are workplace anchors
- § Offering consistent employee experience across hierarchy and tenure
- § Weakening perception on inspiration from organizational leadership requires focus
- § Opportunity to strengthen managerial capability
- § Enabling a culture of empowerment and involvement where employees see themselves as a part of decisions and are motivated to act
- § Removing organizational barriers to effective execution such as system bureaucracy, effective flow of company information and fair and meritocratic performance management process.

#### **Study of Employee Engagement by Gallop Survey:**

Gallup Consulting, a global consultancy specializing in employee and customer management, has conferred Indian Hotels Company Limited with the 2012 Gallup Great Workplace Award for the third year in a row. Indian Hotels Company Limited, which operates Taj Group of Hotels, was chosen for this coveted award for inculcating high levels of employee engagement, which forms central theme of the company's business strategy.

Indian Hotels Company is amongst the 27 distinguished global organizations whose employee engagement results demonstrate they have the most productive and engaged workforces in the world. John Fleming, Principal and Chief Scientist - Customer Engagement and Human Sigma for

Gallup Consulting, said, "The fact that employee engagement is deeply engrained in the culture of Indian Hotels has led to it winning the Gallup Great Workplace Award in succession. It is in the top 5% of organizations in India on employee engagement."

Commenting on the award, "The Company is extremely proud to have won the coveted Gallup Great Workplace Award for the third time which further strengthens our commitment of creating newer benchmarks in the service delivery. This award recognizes our strength in hiring, training and incentive systems have combined to create an organizational culture in which employees are willing to go that extra mile for the guests."

Harvard Business School had also recognized the robust organizational culture of the Taj and the contribution of its employees who risked their lives for the call of duty during the terrorist attacks. In its case study -- The Ordinary Heroes of the Taj - Harvard Business School highlights Taj Group's extraordinary customer-centricity that turned ordinary employees into a band of heroes.

The Gallup Great Workplace Award is based on multiple criteria, including overall engagement levels and evidence of engagement impact on key business metrics. Gallup compares applicants' results across its renowned workplace research database composed of millions of work teams in more than 170 countries. A panel of workplace experts reviews each organization's impact portfolio, which includes quantitative and qualitative components.

Gallup has studied human nature and behavior for more than 75 years. Gallup's reputation for delivering relevant, timely, and visionary research on what people around the world think and feel is the cornerstone of the organization. Gallup employs

many of the world's leading scientists in management, economics, psychology, and sociology, and our consultants assist leaders in identifying and monitoring behavioral economic indicators worldwide. Gallup consultants also help organizations boost organic growth by increasing customer engagement and maximizing employee productivity through measurement tools, coursework, and strategic advisory services. Gallup's 2,000 professionals deliver services at client organizations, through the Web, at Gallup University's campuses, and in 40 offices around the world.

### Conclusion

Most organizations have today realized that a satisfied employee is not necessarily the best employee in terms of loyalty and productivity. It is only an Engaged Employee who is intellectually and emotionally bound with the organization who feels passionate about its goals and is committed towards its values thus he goes the extra mile beyond the basic job.

The study indicates that employee engagement is closely linked with organizational performance outcomes. Companies with engaged employees have higher employee retention as a result of reduced turnover and reduced intention to leave the company, productivity, profitability, growth and customer satisfaction. On the other hand, companies with disengaged employees suffer from waste of effort and bleed talent, earn less commitment from the employees, face increased absenteeism and have less customer orientation, less productivity, and reduced operating margins and net profit margins. Most researches emphasize merely the importance and positive impacts of employee engagement on the business outcomes, failing to provide the cost-benefit analysis for engagement decisions. As any other management

decisions, engagement decision should be evaluated in terms of both its benefits and its associated costs, without giving greater emphasis to neither of the two, not to bias the decision makers. Thus there is a need to study the cost aspect of engagement decisions. The remarkable fact is, the findings of today's researches, can be used as corner stone for the building of complete essence to the construct. Furthermore, much of the works related to "employee engagement" construct is attributed to survey houses and consultancies. Therefore, there is a need for academia to investigate this new construct and come up with a clear definition and dimensions that will be used for measuring employee engagement justifying the importance of engagement concept.

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