

Employee Engagement: A Key factor for Performance Improvement

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Abstract

Employee Engagement is the latest buzzword in most of the organizations. Though it is not a new concept its responses have not been overwhelming. Employee Engagement is at its peak when both the employer and employees are satisfied with their work environment and the organizational benefits. They tend to be better workers and show interest in their jobs. It is a mutual beneficial relationship. The employees are emotionally attached to their organization and highly involved in their job with a great enthusiasm. It is built on concepts such as job satisfaction, employee commitment and organizational behaviour. This article limits itself to discuss only the basic concepts on Employee Engagement based on recent literatures. It explains about employee engagement, its importance and its impacts. Finally it suggests ways to improve employee engagement. It also tries to highlight that the organization as a whole benefits from employees that are committed, loyal, productive, and engaged on organization's needs.

Key words: Employee Engagement, Commitment, Job Satisfaction, Retention, Performance.

Introduction

Employee Engagement is defined as the extent to which employees are committed to their organization. Human Resources Departments are striving hard to keep their

organizations ahead of their competitors. Employers now realize that by focusing on employee engagement, they can create more efficient and productive workforce.

Research shows that the employees with the highest levels of commitment perform 20% better and are 85% less likely to leave the organization, which indicates that engagement is linked to organizational performance. Since there is a need for talent markets are throwing up more opportunities to people looking for change. In order to retain key people and their talent from the tough market competition, HR together with operations must re-work on Employee Engagement policies, performance management and hiring strategies. With competitions on the increase day by day organizations are striving for optimum performance to remain on the top. They seem to be grappling with many challenges to stay ahead of others in the market. In order to achieve these organizations need to be more efficient and productive. They need to focus more on employees and find out ways to keep them engaged. Keeping the employees engaged in the right way not only keeps the employees satisfied but also motivates them to perform better and be more productive for themselves and for the organization.

The concept of employee engagement, despite receiving the increased attention lately (e.g. Pati & Kumar, 2010; 2011a; Joshi & Sodhi, 2011) continues to remain as “one of the greatest challenges” facing organizations. When employees join an organization, they're usually enthusiastic, committed, and ready to be advocates for their new employer. In other words they are highly engaged. This number keeps reducing as the year increases. This article focusses on the basic concepts on employee engagement. It highlights the factors that lead to Employee Engagement and concludes by suggesting strategies to the companies to keep employees engaged in their jobs. If employees are well engaged then the organizational performance also increases. If the organization cares for and values the employees and they in turn also show more interest in their work then there is a mutual benefit for both the employees and the organization.

Employee Engagement -Definitions

Employee Engagement is the level of commitment and involvement an employee has towards his work and the organization. This greatly influences their willingness to learn & perform at work. Employee Engagement has a direct impact on the employee's productivity. Understandably, the most productive employees are those that are not only committed and loyal, but also those whose outputs are healthy and gratifying both for themselves as well as for the organization they work for. In general, the organization as a whole benefits from employees that are committed, loyal, productive, and engaged. Employee Engagement is the result of two-way relationship between employer and employees there by stating that there needs to be involvement from both sides. Though many organizations have identified the relationship between engagement and productivity and are already taking the right measures to address the problem there still remains a large proportion that is yet to understand the extent of this challenge.

In terms of Kahn's (1990) definition of engagement, employees feel obliged to bring themselves more deeply into their role performances as repayment for the

resources they receive from their organization. Although neither Kahn (1990) nor May et al (2004) included outcomes in their studies, Kahn (1992) proposed that high levels of engagement lead to both positive outcomes for individuals, (eg quality of people's work and their own experiences of doing that work), as well as positive organizational-level outcomes (eg the growth and productivity of organizations)

Robinson et al. (2004) define Employee Engagement as "a positive attitude held by the employee towards the organization and its value." An engaged employee is aware of business context and works with colleagues to improve performance within the job for the benefit of the organization. The organization must work to develop and nurture engagement, which requires a two-way relationship between employer and employee.

Gallup organization defines Employee Engagement as the involvement with and enthusiasm for work. Gallup as cited by Dernovsek (2008) likens Employee Engagement to a positive employees' emotional attachment and employees' commitment. It is about passion and commitment-the willingness to invest oneself and expand one's discretionary effort to help the employer succeed, which is beyond simple satisfaction with the employment arrangement or basic loyalty to the employer (Blessing White, 2008; Erickson, 2005; Macey and Schneider, 2008). Therefore, the full engagement equation is obtained by aligning maximum job satisfaction and maximum job contribution proactively seeking opportunities to contribute one's best and going extra mile beyond employment contract. Employees want to work in the organizations in which they find meaning at work.

Penna (2007) researchers have also come up with a new model they called "Hierarchy of engagement" which resembles Maslow's need hierarchy model. We all know that in the bottom line pay and benefits are basic needs of working. Once an employee satisfies these needs, then the employee looks to development opportunities, the possibility for promotion and then leadership style will be introduced to the mix in the model. Finally, when all the lower level aspirations have been satisfied the employee looks to an alignment of value-meaning a shared sense of meaning at work.

Furthermore, Fernandez (2007) shows the distinction between job satisfaction, the well-known construct in management, and engagement contending that employee satisfaction is not the same as Employee Engagement and since managers cannot rely on employee satisfaction to help retain the best and the brightest, Employee Engagement becomes a critical concept. Other researchers take job satisfaction as apart of engagement, but it can merely reflect a superficial, transactional relationship that is only as good as the organization's last round of perks and bonuses; Engagement is about passion and commitment-the willingness to invest oneself and expand one's discretionary effort to help the employer succeed, which is beyond simple satisfaction with the employment arrangement or basic loyalty to the employer

(Blessing White, 2008; Erickson, 2005; Macey and Schneider, 2008).

Stephen Young, the executive director of Towers Perrin, also distinguishes between job satisfaction and engagement contending that only engagement (not satisfaction) is the strongest predictor of organizational performance (Human Resources, 2007).

"The challenge today is not just retaining talented people, but fully engaging them, capturing their minds and hearts at each stage of their work lives."

Rothbard (2001, p. 656) also defines engagement as psychological presence but goes further to state that it involves two critical components: attention and absorption. Attention refers to “cognitive availability and the amount of time one spends thinking about a role” while absorption “means being engrossed in a role and refers to the intensity of one’s focus on a role.”

Factors influencing Employee Engagement

“The challenge today is not just retaining talented people, but fully engaging them, capturing their minds and hearts at each stage of their work lives.” Employee Engagement has emerged as a critical driver of business success in today’s competitive marketplace. Further, Employee Engagement can be a deciding factor in organizational success. Not only does engagement have the potential to significantly affect employee retention, productivity and loyalty, it is also a key link to customer satisfaction, company reputation and overall stakeholder value.

Various researches on Employee Engagement have shown that 5 % higher Employee Engagement is associated with 1.5% lower employee turnover and 2.5% higher productivity.

The Blessing White (2010) study conducted a survey and found that almost two third’s (60%) of the surveyed employees want more opportunities to grow forward to remain satisfied in their jobs. It is very important that there is a strong bond between the manager and the employees.

Development Dimensions International (DDI, 2005) states that a manager must do few things to create a highly engaged workforce. Organization’s strategies should be aligned with employee’s hard work. When Employee Engagement are realised then attrition rates are reduced. Engaged employees are 50% more productive than employees who are not engaged. The key drivers of Employee Engagement identified include communication, opportunities for employees to feed their views upwards and thinking that their managers are committed to the organization. Whilst key drivers of engagement have been identified it is also clear that ‘one size does not fit all’.

Suggestions to Improve Employee Engagement

Organizations should build a proper strategy, set goals and share their vision. Once the organization understands the employee engagement, it needs to be made a strategic function. Clear expectations and regular communication are the pillars to proper engagement. Employees need to be empowered. HR should conduct proper Exit Interviews. When people leave it's important to try and figure out the reason as to why they are leaving. This will help avoid more team members from jumping ships. Exit interviews can be tough to get to know the truth and it is critical at that point to ask how they can be helped.

As a part of best practices organizations can involve the sustained use of incentives, rewards and recognition programmes. Such programmes assist individuals to commit to improvement objectives publicly and measure their progress in real-time. The fact is that when such commitments are publicly visible in and around their environment, a much higher percentage of individuals are motivated to act and hence the all-round improvement in performance is significantly greater.

Conclusion

Research on Employee Engagement is still at its infancy. However it shows that the higher the Employee Engagement the better is the employee productivity and retention. Employee Engagement clearly reflects the two-way exchange of effort between employees and employers, and it clearly indicates that Employee Engagement is closely linked with organizational performance. While there is no single method that can be adopted for employee engagement, every organization must review from time to time of the various strategies that best suits them.

All core business measures—profitability, productivity, customer satisfaction, quality, retention, and sales—are significantly higher at organization where there is a concentration of engaged employees. Organizations 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 face increased absenteeism and have less productivity.

Finally, to conclude as any other management decisions, engagement decision should also be evaluated. In order to derive the best output of the “employee engagement” employees should be well taken care, ensure are given appropriate guidance, encourage and reward them for their performance.

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