Employee Engagement: A Driver of Organizational Effectiveness

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Abstract

Employee engagement has emerged as a popular organizational concept in recent years. It is the level of commitment and involvement of an employee towards the organization and its values. An engaged employee is aware of business context, and works with colleagues to improve performance within the job for the benefit of the organization. Employee engagement develops positive attitude among the employees towards the organization. This paper focuses on various factors which lead to employee engagement and what should company do to make the employees engaged. Proper attention on engagement strategies will increase the organizational effectiveness in terms of higher productivity, profits, quality, customer satisfaction, employee retention and increased adaptability.

1. Introduction

Today, society and business are witnessing unprecedented change in terms of the global nature of work and the diversity of the workforce. Organizations in the world are moving forward into a boundary-less environment. Having the right talent in pivotal roles at the right time is of strategic importance, making a difference to revenues, innovation and organisation effectiveness (Ashton and Morton, 2005). The ability to attract, engage, develop and retain talent will become increasingly important for gaining competitive advantage. Thus companies are competing for talent people who are having high performance and high competence in workplace (Berger and Berger, 2004). Organisations need employees who are flexible, innovative, willing to contribute and go 'above and beyond the letter' of their formal job descriptions or contracts of employment (Hartley, et al., 1995). In the new economy, competition is global, capital is abundant, ideas are developed quickly and cheaply, and people are willing to change jobs often. The organisations, which are not able to provide a good treatment for their employees, will loose their talented people. In this situation engaged employees may be a key to competitive advantage. Because, engaged employees have high levels of energy, are enthusiastic about their work and they are often fully immersed in their job so that time flies (Macey and Schneider, 2008; May et al., 2004). Organisations that understand the conditions that enhance employee engagement will have accomplished something that competitors will find very difficult to imitate. To the extent that employees are likely to be faced more frequently with unanticipated and ambiguous decision-making situations, organizations must increasingly count on employees to act in ways that are consistent with organizational objectives. In addition, many employees are looking for environments where they can be engaged and feel that they are contributing in a positive way to something larger than themselves.

Employee engagement has emerged as a popular organizational concept in recent years, particularly among practitioner audiences (Saks, 2006; Bakker and Schaufeli, 2008). This is seemingly as attractive for organizations as it is for the professional societies and consulting groups. The outcomes of employee engagement are advocated to be exactly what most organizations are seeking: employees who are more productive in which they can work over the target within working time, profitable in which they spend the financial usage of company efficiently, safer, healthier, less likely to turnover, less likely to be absent, and more willing to engage in discretionary efforts (Buchanan, 2004; Fleming and Asplund, 2007; Wagner and Harter, 2006). It is not surprising that corporate executives are consistently ranking the development of an engaged workforce as an organizational priority (Ketter, 2008). Further, employee engagement can be a deciding factor for organizational effectiveness. 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. Thus, to gain a competitive edge, organizations are turning to HR to set the agenda for employee engagement and commitment.

2. Employee Engagement: Literature Review

Employee engagement is a complex, broad construct that subsumes many well researched ideas such as commitment, satisfaction, loyalty and extra role behavior. An engaged employee extends themselves to meet the organization's needs, takes initiative, reinforces and supports the organization's culture and values, stays focused and vigilant, and believes he/she can make a difference (Macey, 2006). In practice, organizations typically define engagement as being a part of the organization, having pride and loyalty in the company, being committed, and going "above and beyond the call of duty". Kahn (1990) defined employee engagement as 'the harnessing of organization members' selves to their work roles. In engagement, people employ and express themselves physically, cognitively, and emotionally during role performances. The cognitive aspect of employee engagement concerns employees' beliefs about the organisation, its leaders and working conditions. The emotional aspect concerns how employees feel about each of those three factors and whether they have positive or negative attitudes toward the organisation and its leaders. The physical aspect of employee engagement concerns the physical energies exerted by individuals to accomplish their roles. Thus, according to Kahn (1990), engagement means to be psychologically as well as physically present when occupying and performing an organisational role. Engaged employees work with passion and feel a profound connection to their company. They drive innovation and move the organization forward (Gallup, 2004). In contrast to this, not-engaged employees are sleepwalking through their workday, putting time—but not energy or passion—into their work. They don't have productive relationships with their managers or with their coworkers. Actively disengaged employees aren't just unhappy at work; they are busy acting out their unhappiness. Every day, these workers undermine what their engaged coworkers accomplish.

Most often employee engagement has been defined as emotional and intellectual commitment to the organisation (Baumruk, 2004; Richman, 2006; and Shaw, 2005) or the amount of discretionary effort exhibited by employees in their job (Frank et al. 2004). Development Dimensions International (DDI, 2005) defined engagement "The extent to which people value, enjoy, and believe in what they do". It also states that its measure is similar to employee satisfaction and loyalty. A leader, according to DDI, must do five things to create a highly engaged workforce. They are: align efforts with strategy; empower people; promote and encourage teamwork and collaboration; help people grow and develop; and provide support and recognition where appropriate. Robinson et al. (2004) defined engagement similar to the established constructs such as 'organisational commitment' and 'organisational citizenship behaviour' (OCB). It is a positive attitude held by the employee towards the organization and its values. An engaged employee is aware of the business context and works with colleagues to improve performance within the job for the benefit of the organization. According to Maslach et al. (2001), six areas of work-life lead to either burnout or engagement: workload, control, rewards and recognition, community and social support, perceived fairness and values. They argue 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. Like burnout, engagement is expected to mediate the link between these six work-life factors and various work outcomes.

Corporate leadership Council (2004) defined employee engagement as "the extent to which employees commit to something or someone in their organization, how hard they work and how long they stay as a result of that commitment". It is a desirable condition, where an organizational connotes involvement, commitment, passion, enthusiasm, focused effort, and energy among employees. So it has both attitudinal and behavioral components (Erickson, 2005). Engagement is the measure of an employee's emotional and intellectual commitment to their organization and its success. It is an outcome of employees' organizational experiences that are characterized by behaviors that are grouped in to three categories: say, stay and strive (Hewitt, 2005). For Seijts and Crim (2006), employee engagement means a person who is fully involved in, and enthusiastic about, his or her work. Engaged employees care about the future of the company and are willing to invest the discretionary effort to see that the organization succeeds. Brown (2006) viewed engagement as a progressive combination of satisfaction, motivation, commitment and advocacy resulting from employees' movement up the engagement pyramid.

Employee engagement can be considered as cognitive, emotional and behavioral. Cognitive engagement refers to employees' beliefs about the company, its leaders and the workplace culture. The emotional aspect is how employees feel about the company, the leaders and their colleagues. The behavioral factor is the value added component reflected in the amount of effort employees put into their work (Lockwood, 2007). Mone and London (2010) defined employee engagement is "a condition of employee who feels involved, committed, passionate, and empowered and demonstrates those feelings in work behavior". It is thus the level of commitment and involvement an employee has towards their organization and its values. The organization must work to develop and nurture engagement, which requires a two-way relationship between employer and employee. Thus, employee engagement is a barometer that determines the association of a person with the organization.

3. Objectives

The objectives of this study are:

- To study the various factors influencing employee engagement.
- To examine the impact of employee engagement on organizational effectiveness
- To propose an engagement model based on exclusive literature review.

4. Factors Influencing Employee Engagement

There are some critical factors which lead to employee engagement. These factors are common to all organisations, regardless of sector. These factors create a feeling of valued and involved among the employees. But the components of feeling valued and involved, and the relative strength of each factor are likely to vary depending on the organisation. The factors which influence employee engagement are;

- *Recruitment*: The recruitment and selection process involves identifying potential employees, making offers of employment to them and trying to persuade them to accept those offers. The messages organization conveys while seeking to attract job applicants also can influence future employees' engagement and commitment. While recruiting employees for desirable jobs, organisations enhance their engagement (by maximizing the person-job fit) and commitment (by providing growth and advancement opportunities to employees in return for their loyalty). To enhance engagement organisations identify those candidates who are best-suited to the job and to organization's culture.

- *Job Designing*: Job characteristics encompassing challenge, variety and autonomy are more likely to provide psychological meaningfulness, and a condition for employee engagement. Job becomes meaningful and attractive to employee as it provides him variety and challenge, thereby affecting his level of engagement.

- *Career Development Opportunities*: Organizations with high levels of engagement provide employees with opportunities to develop their abilities, learn new skills, acquire new knowledge and realize their potential. When companies plan for the career paths of their employees and invest in them in this way

their people invest in them. Career development influences engagement for employees and retaining the most talented employees and providing opportunities for personal development.

- *Leadership*: Employees need to feel that the core values for which their companies stand are unambiguous and clear. Successful organizations show respect for each employee's qualities and contribution regardless of their job level. A company's ethical standards also lead to engagement of an individual.

- *Empowerment*: Employees want to be involved in decisions that affect their work. The leaders of high engagement workplaces create a trustful and challenging environment, in which employees are encouraged to give input and innovative ideas to move the organization forward.

- *Equal Opportunities and Fair Treatment*: The employee engagement levels would be high if their superiors provide equal opportunities for growth and advancement to all the employees. Employees feel that they are not discriminated in any aspects within the organisation.

- *Training and Development*: Redundancy of skills has been cited as one of the reasons for employee turnover, thereby indicating the necessity for training, re-training and multi-skill training. It is another important area which contributes to employee engagement. Learning new skills may trigger renewed interest in such aspects of the job which had not been meaningful earlier. Through training, you help new and current employees acquire the knowledge and skills they need to perform their jobs. And employees who enhance their skills through training are more likely to engage fully in their work, because they derive satisfaction from mastering new tasks. Training also enhances employees' value to your company as well as their own employability in the job market.

- *Performance Management*: Performance management processes provide conditions for employee engagement. Performance management encourages managers to have a focus on roles and responsibilities of employees and to include them in the goal-setting process. It promotes acceptance of challenging objectives, and also recognizes and encourages contributions that exceed expectations. It creates of a feeling of being valuable to the organisation which in turn helps in engaging the employee.

- *Compensation*: Compensation is said to have a major influence on the employees' conceptions of their employment relationship. Compensation consists of financial elements (pay and benefits) but may also include nonfinancial elements or perks, such as on-site day care, employee assistance programs, subsidized cafeterias, travel discounts, company picnics and so on. The organisation should have a proper compensation management system so that the employees are motivated to work in the organization.

- *Health and Safety*: Research indicates that the engagement levels are low if the employee does not feel secure while working. Therefore every organization should adopt appropriate methods and systems for the health and safety of their employees.

- *Job Satisfaction*: Only a satisfied employee can become an engaged employee. Therefore it is very essential for an organization to see to it that the job given to the employee matches his career goals which will make him enjoy his work and he would ultimately be satisfied with his job.

- *Communication*: The organisation should follow the open door policy. There should be both upward and downward communication with the use of appropriate communication channels in the organization. If the employee is given a say in the decision making and has the right to be heard by his boss than the engagement levels are likely to be high.

- *Family Friendliness*: A person's family life influences his wok life. When an employee realizes that the organization is considering his family's benefits also, he will have an emotional attachment with the organization which leads to engagement.

5. Outcomes of Employee Engagement

Employee engagement is a critical ingredient of individual and organizational success. There is a general belief that there is a connection between employee engagement as an individual level construct and business results. Employee engagement predicts employee outcomes, organizational success, and financial

performance (Bates 2004; Baumruk 2004; Harter et al. 2002; Richman 2006). The impact of engagement (or disengagement) can manifest itself through productivity and organisational performance, outcomes for customers of the organisation, employee retention rates, organisational culture, and advocacy of the organisation and its external image. A highly engaged employee will consistently deliver beyond expectations (Harter, Schmidt and Hayes, 2002). Employee engagement is a key business driver for organizational success. High levels of employee engagement with in a company promote retention of talent, foster customer loyalty and improve organizational performance. It is also a key link to customer satisfaction, company reputation and overall stakeholder value (Lockwood, 2007). It has a statistical relationship with productivity, profitability, employee retention, safety, and customer satisfaction (Buckingham & Coffman, 1999; Coffman & Gonzalez- Molina, 2002). Kahn (1992) proposed that high levels of engagement lead to both positive outcomes for individuals, (e.g. quality of people's work and their own experiences of doing that work), as well as positive organisational-level outcomes (e.g. the growth and productivity of organisations). Engagement has not only been found to impact important work outcomes, but it has also been found to be more associated with health issues, such as depressive symptoms and physical problems, which may affect employee well-being (Hallberg & Schaufeli, 2006). The Gallup Organisation (2004) found critical links between employee engagement, customer loyalty, business growth and profitability. It also acts as a catalyst towards the retention of staff. Greenberg (2004) says that employee engagement is critical to any organization that seeks not only to retain valued employees, but also increase its levels of performance. Hewitt Associates LLC, (2005) established a conclusive relationship between engagement and profitability through higher productivity, sales, customer satisfaction, and employee retention. Engaged employees not only contribute more but also are more loyal and therefore less likely to voluntarily leave the organization. The various factors and outcomes of employee engagement have clearly depicted in the model (Fig 1).

6. Conclusion

Employee Engagement is a positive attitude held by the employees towards the organization and its values. It is rapidly gaining popularity and importance in the workplace and impacts organizations in many ways. An organization should thus recognize employees, more than any other variable, as powerful contributors to its competitive position. Engaged employees can help your organization achieve its mission, execute its strategy and generate important business results. Therefore employee engagement should be a continuous process of learning, improvement, measurement and action. This paper provides some noteworthy implications for practitioners. It focuses on the various factors which influence employee engagement. It has been observed that organisations with higher levels of employee engagement outperform their competitors in terms of profitability. Engaged employees give their companies crucial competitive advantages—including higher productivity, customer satisfaction and lower employee turnover. The relationship between employee engagement and organizational outcomes would be stronger if better measures were used. Thus, organisations need to better understand how different employees are affected by different factors of engagement and focus on those in order to achieve the strategic outcomes as well as to improve overall effectiveness.

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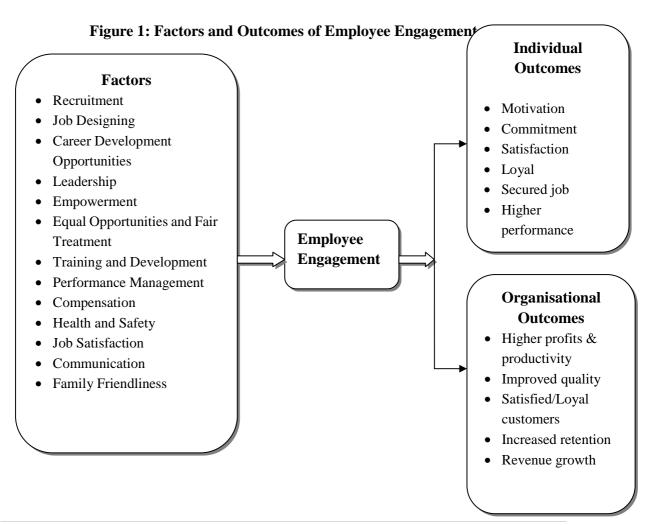
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Figure 1: Factors and Outcomes of Employee Engagement