

## A STUDY OF THE FACTORS AFFECTING EMPLOYEE ENGAGEMENT AMONG THE EXECUTIVES OF MNCS' IN DELHI AND NCR

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### ABSTRACT

*In the 21<sup>st</sup> century many companies and research firms see engagement as a powerful source of sustainable competitive advantage. Organizations today are increasingly dependent on knowledge creation and human development for their optimal and sustainable growth. In order to face global competitiveness, they need to demonstrate world class performance and re-examine the drivers of organizational performance employee engagement. HR practices such as staff retention and talent management are always centered on this. HR experts are of the view that if an employee is not driven by motivation, he will not be able to give his best to the organization. In this paper an attempt has been made to develop an understanding of the concept of employee engagement. Further it also aims at identifying the key drivers and few models of employee engagement. The Institute of Employment Studies (IES, UK) has suggested a diagnostic tool which has been used to find out which of the factors have the highest influence in creating a feeling of valued and involved in an organization and hence leads to employee engagement. For this purpose a survey was conducted among the executives of MNCS' in Delhi and NCR and the findings have been presented.*

### KEYWORDS

Drivers of employee engagement, engagement, involvement, satisfaction.

### INTRODUCTION

The concept of employee engagement is rapidly gaining popularity in the workplace. In the 21<sup>st</sup> century many companies and research firms see engagement as a powerful source of sustainable competitive advantage. Organizations today are increasingly dependent on knowledge creation and human development for their optimal and sustainable growth. To meet the challenges resulting from global competitiveness, they need to demonstrate world class performance and re-examine the drivers of organizational performance employee engagement. Employee engagement is about building a truly great relationship with the workforce.

(Sahoo and Sahu, 2009). HR practices such as staff retention and talent management are always centered on this. Employee is one of the key assets of the organization and today's 'employee' in the organization is treated more than an 'employee' (Rajgopal and Abraham, 2007).

Engaged employees do not look for organizational support in each and every step of their way. They are self starters, and believe in supporting the organization in all its endeavours. It is all about giving an employee a bonded eco-system to work in, wherein he shares a common goal, belief and values with the team, with each member having a clear understanding of the goals. Employees should get an opportunity to put their knowledge, skills and abilities (KSA) to prove themselves. It's about giving employees a work culture where they are free to take up initiatives.

### SIGNIFICANCE

'You must make the choice to be engaged with your employees every day – for engagement is a decision before it is an action.'

(Michael J Hart)

Repeated research has shown that there is a direct correlation between the level of employee engagement in a company and the company's overall financial and operational performance. High levels of employee engagement depicts more productivity, less absenteeism, lower turnover, long term organizational affiliation, higher job satisfaction, better client servicing and happier customers, high levels of motivation, higher work morale, team spirit, loyalty and commitment to organization and a high level of energy and enthusiasm.

An engaged employee is aware of the business context, and works with the colleagues to improve the performance within the job for the benefits of the organization. According to Concelman (2005) engaged employee tries harder, contributes more, speaks positively about the organization and stays longer.

Harter (2002) examined the relationship at the business unit productivity and employee engagement and noticed that the 'engaged employees' are satisfied employees which in turn leads to higher productivity.

Employee engagement pushes up the level of commitment, involvement and dedication that an employee has towards his job and organization. It is a two way concept; wherein organizations work hard to engage their employees and the employers in turn decide on the level of engagement they would offer their employees.

Gallup found that when companies focus on improving employee engagement, productivity improved in the range of 25% or more. Interestingly, Gallup also found that this often results from the existing top performers improving more than the lower performers, primarily because the top performers increase their engagement level, while the bottom performers remain unchanged. Hewitt in its study pioneered the measurement of employee engagement-shifting the focus from "employee satisfaction" to "employee engagement". Engagement is the energy and passion employees have for what their employer is achieving in the market that has a much stronger connection to business results. Ensuring that the employees are actively working towards company goals is a solid start.

According to another survey conducted by Towers Perrin on 86,000 employees around the world all of whom were employed full time by midsize to large organizations in its Global Workforce Study 2007-2008, 'Closing the Engagement Gap: A Road map for driving superior business performance' states that "The companies with high employee engagement had a 19% increase in operating income and almost a 28% growth in earnings per share. Conversely, companies with low levels of engagement saw operating income drop more than 32% and earnings per share decline over 11%.

They also concluded "Engaged employee redefine the job to improve efficiency, effectiveness and results. Willing employees do what's necessary, but often no more. Engaged employees seek opportunities to go beyond- to try new approaches, test boundaries, challenge the status quo, achieve personal or teams bests- because they find it stimulating, challenging and satisfying. Willing employees are solid "B" or "C" performers while engaged employees always seek to deliver "A" performances".

The research conducted by Triple Creek established the well documented link between retention, productivity and company performance with increase in employee engagement.

In a study of professional service firms, the Hay Group found that offices engaged employees were up to 43% more productive. Blessing White concluded in its State of Employee Engagement Report, 2008 that "Engaged employee 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 business success".

Development Dimensions International (DDI, 2005) states that a manager must do five things to create a highly engaged workforce. They are:

- Align effort with strategy.
- Empower



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- Promote and encourage teamwork and collaboration
- Help people grow and develop
- Provide support and recognition where appropriate.

## LITERATURE REVIEW

The concept of employee engagement has been defined in many ways by the academicians as well as corporate research agencies. Hence in this section an attempt has been made to incorporate both the aspects. Some of the practitioner oriented definitions are given below:

The publication of the **Conference Board of USA (2006)** describes employee engagement as a heightened emotional connection that an employee feels for his or her organization that influences him or her to exert greater discretionary effort to his or her work.

According to the **Institute of Employment Studies (IES)**, employee engagement is defined as a positive attitude held by employees towards the organization and its values.

The **Corporate Leadership Council (CLC)** defines engagement as the extent of employees' commitment, work effort, and desire to stay in an organization.

**Hewitt Associates** defines 'employee engagement' as 'the state in which the individuals are emotionally and intellectually committed to the organization's goals.

Apart from these above mentioned definitions an attempt has been made to include some of the academic researcher oriented definitions also. Accordingly, Engagement at work was characterized by **Kahn, (1990)** as 'the harnessing of organizational members' selves to their work roles. In engagement people employ and express themselves physically, cognitively and emotionally during role performances.

Employee engagement is a combination of organizational aspects like individual commitment, organizational citizenship behaviour (OCB) and employee motivation. It is a real challenge (**Wash, 1999**).

**Stockley (2006)** defined 'engagement' as an extent that the employee believes in the mission, purpose and values of the organization and demonstrates their commitment through their actions as an employee and their attitude towards the employer and the customers.

**Miles (2001)** described it as intensively involving all employees in high-engagement cascades that create understanding, dialogue, feedback and accountability, empower people to creatively align their subunits, teams and individual jobs with the major transformation of the whole enterprise.

It is making employees to work with not only their minds and body but also with 'hearts'. Engaged employees and organizations will "go the extra mile" for each other because they see mutual benefits of investing in their relationship. (**Tripathy, 2007**)

According to **Mc. Bain (2006)**, employee engagement is a recent concept, which describes inter-alia employees' commitment, job satisfaction and involvement.

The performance level of employees at every stage in the organization can be improved as a result of this. (**Atwater et.al 2006; T&D, 2006**).

Employee engagement is the extent to which people enjoy and believe in what they do, and feel valued by doing it. It is the degree of commitment towards the hub which an employee performs and till how long the employee remains with the organization as a result of their commitment (**Mahendru et.al, 2006**)

## KEY DRIVERS OF EMPLOYEE ENGAGEMENT

Identifying the key drivers of employee engagement in organizations will help to create a roadmap for achieving organizational effectiveness. This will help to drive value and optimize resources and contribute to organizational success.

Empirical studies aimed at discovering the predictors of employee engagement have investigated the role of both personal attributes of the employees as well as situational factors having a bearing on their work experience.

## ANALYZING THE ROLE OF SITUATIONAL FACTORS

One of the indicators of employee engagement is internal communication. A study conducted by **Finney (2006)** found that companies with highly effective communication practices have 19% higher market premium, 57% higher shareholder return over five years, and a level of employee engagement that is 4.5 times higher than that of the competition. It has been also seen that the organizations are trying to use training as a methodology to address the issues related to values that are affecting employee engagement. **Vogel (2006)** believes that companies' policy on 'benefits package' reduces the burden of family members which improve employee engagement and thereby productivity of the organizations. An institution's ability in providing psychological safety such as good support from the supervisors and rewarding system has a positive relation with employee engagement. Job enrichment and work role are all part of this. (**May et. al, 2004**). According to **Glen (2006)** value of assessment and taking feedback of employees have been followed as practical strategy for employee engagement. He further says that work environment is a better predictor in this direction. Moreover, organizational policies pertaining to employees are an important component in determining employee engagement. (**Rajgopal and Abraham, 2007**).

**Saks (2006)** has identified the following three factors that have a bearing on employee engagement: (a) relationships, (b) work life balance, and (c) values. **May et.al (2004)** found (a) meaningfulness, (b) safety, (c) availability, (d) rewarding co-workers, and (e) supportive supervisory relations to be positively related to employee engagement. **Sharma and Sharma (2003)** have found (a) job content and (b) scope for advancement to be the critical determinants of organizational commitment. In another study, **Sharma and Joshi (2001)** found job and performance appraisal to be the critical determinants. **Schaufeli, Bakker and Van Rhenen (2009)** found that job resources (i.e. social support, autonomy, opportunities to learn, and feedback) predict work engagement among telecom managers.

## ANALYZING THE ROLE OF PERSONAL FACTORS

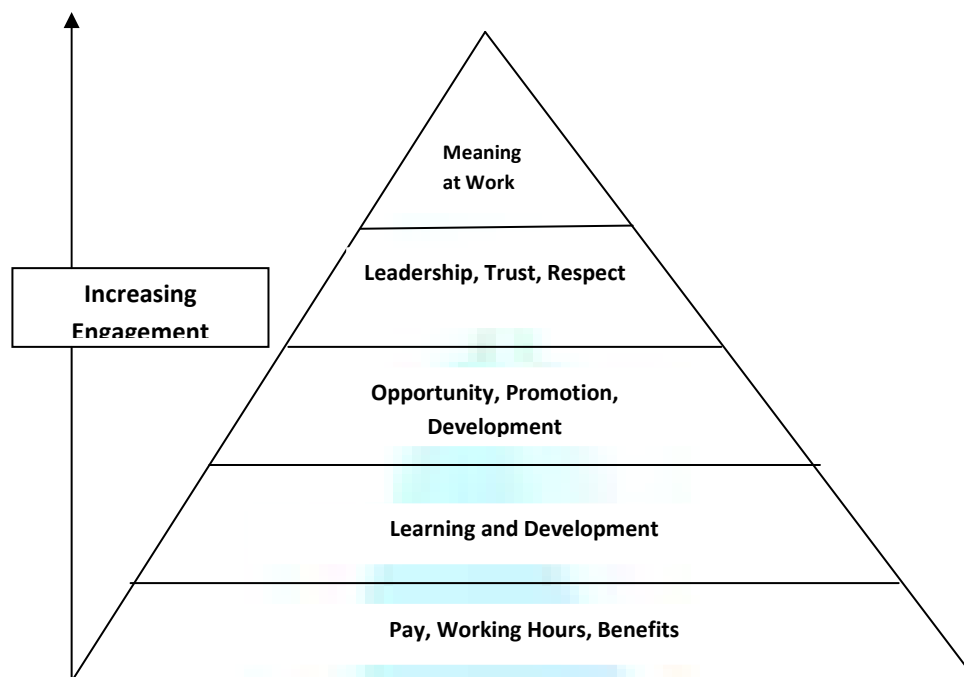
Apart from studying the role of situational factors, some studies have also examined the role of personal attributes of employees in influencing their level of engagement. The personal factors that are most commonly studied are the demographic variables such as gender, marital status, age, length of work experience, level of education and/or grade of the employee. Thus, according to **Kumar and Giri (2009)** there is a positive correlation between commitment and both age and length of experience. Some other studies have also indicated a relationship between age and commitment. **Kassahun (2005)** reports a significant positive correlation between organizational commitment and various HRM practices such as justice autonomy and competence development. He found that commitment was positively related to tenure but negatively related to the level of education. **Kumar and Giri (2007)** also found a strong positive correlation between commitment and an overall measure of organizational climate.

Practitioners of management and consulting firms claim that employee engagement is positively related to organizational health and performance. In this paper employee engagement has been considered to be similar to organizational commitment.

## MODELS OF EMPLOYEE ENGAGEMENT

In this section an attempt has been made to examine some of the models of employee engagement so as to determine the key drivers of engagement and to determine what motivates employees to perform above and beyond expectations and compels them to actively promote the interests and goals of the organization.

FIGURE 1: MODEL OF HIERARCHY OF EMPLOYEE ENGAGEMENT



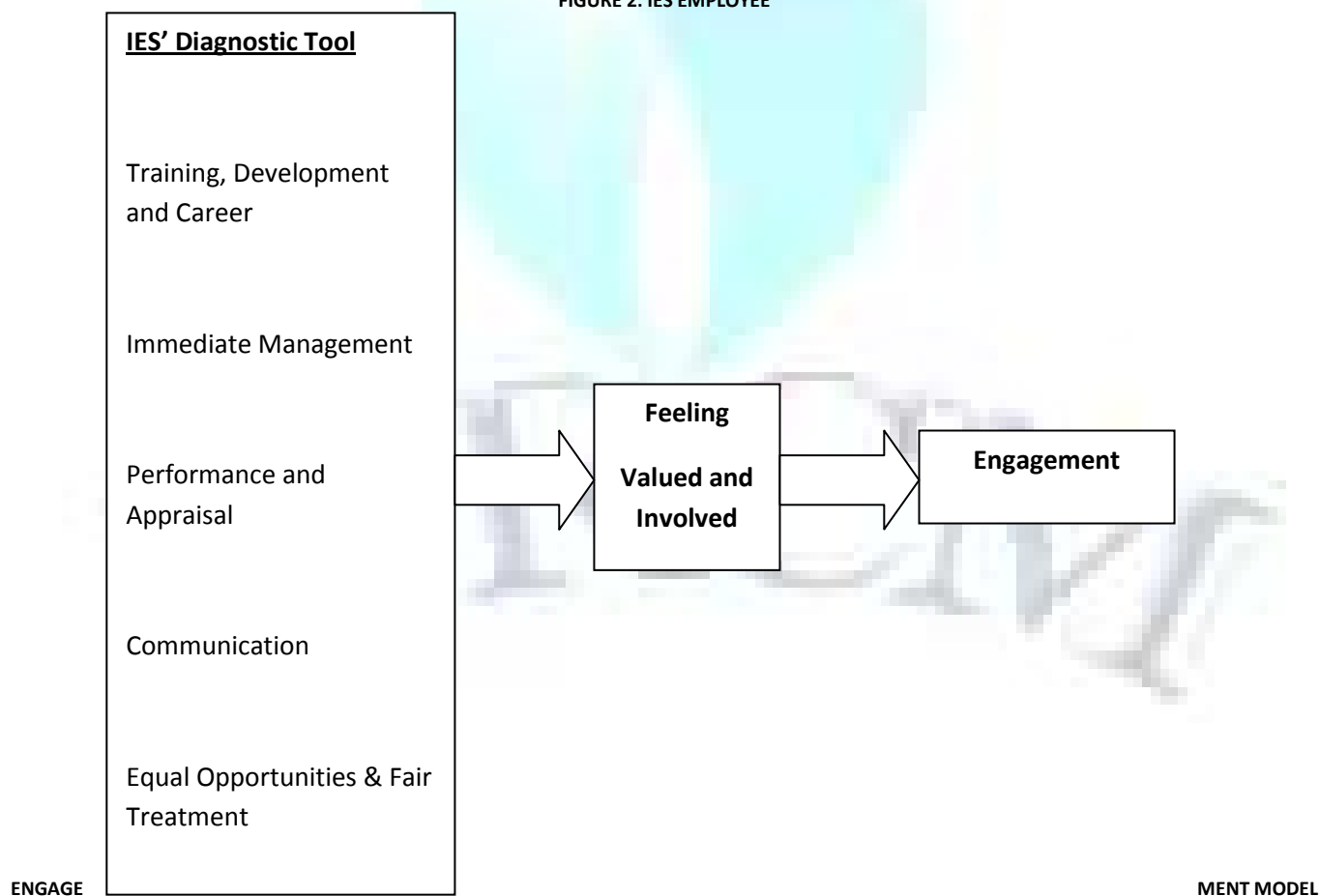
Source: Penna (2007)

**Penna (2007)** presents a hierarchical model of engagement factors (figure 1). In this model as the hierarchy ascends and the organization successfully meets each of these engagement factors, the organization becomes more attractive to new potential employees and becomes more engaging to its existing staff.

The **Institute of Employment Studies (IES, 2003)**, developed an IES 'employee engagement model' to illustrate the strong link between 'feeling value and involved' and 'engagement'. This model focuses on the organization-specific drivers of employee engagement and also tries to answer the question, what drives engagement?

It further elaborates that many of the drivers of employee engagement will be common to all the organizations, regardless of sector; though some variability is likely. The following is the employee engagement model given by IES, 2003.

FIGURE 2: IES EMPLOYEE



Source: IES Survey, 2003



In the above model some of the factors are very fundamental (hygiene factors), such as pay, and benefits and health and safety; whereas others are the areas where the organization must 'go the extra mile' to ensure effective communication, proper management and cooperation. A detailed description of these factors is given below:

**Training, development and Career** - It relates to providing diverse training opportunities, leadership programs, workshops, designing career paths, etc.

**Immediate Management** - It means the overall philosophy of the management of the organization and their attitude towards employees.

**Performance and appraisal** - Any company that follows an appropriate performance appraisal technique (which is fair and transparent) will have high levels of employee engagement.

**Communication** - Communicating employees about what is going on in and with the company plays a crucial role in building employee engagement.

**Equal opportunities and fair treatment** to all the employees irrespective of gender, age, designation or level ensures employee engagement.

**Pay and Benefits** - The companies should have a proper pay system so that the employees are motivated to work in the organization. The employees should also be provided with certain benefits to boost their engagement levels.

**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.

**Cooperation** - Employees will be engaged if teamwork is a virtue that the company values. If the leadership and employees focus on team goals instead of individual goals, it goes in a long way to engage employees.

**Family friendliness** - A person's family life influences his professional life significantly. If an organization creates a healthy work-life balance and provides time and benefits to the family; the emotional attachment with the organization increases.

**Job Satisfaction** - It has been indicated that employee satisfaction is a key antecedent to employee engagement. Hence it is important 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.

According to **ISR's (International Survey Research) 3-D Model** of employee engagement, employee engagement is a three dimensional concept comprising of following three components:

1. **The Cognitive or "Think" component** - what do employees think about their organization? Is there an intellectual fit between each employee and the organization? Do employees believe in the organizations goals and objectives and support the values for which the organization stands for?

It basically relates to employee's logical evaluation of a company's goals and values.

2. **The Affective (Emotional) or "Feel" component** - what do employees feel about their company? Is there an emotional bond employees and the organization which makes them proud to be a part of the organization? Would each employee recommend the organization as an employer?

It taps into whether the employees have a sense of belonging and pride in the company.

3. **The Behavioural or "Act" component** - how do employees act in relation to their company? Here are two aspects to how employees act in relation to their company. One is whether employees exert the maximum effort in their work. Do they go the extra mile?

The other is whether each employee intends to stay with the organization through successes and setbacks.

So it relates to retention and willingness to "go the extra mile"

On the basis of research **Mercer** has identified a **four stage model of employee engagement**. These four stages represent increasing levels of engagement within the organization and correspond to particular psychological states namely - **Satisfied, Motivated, Committed, and Advocate stage. (Sanchez, 2008)**

1. **Satisfied employees** enjoy doing their jobs and are not dissatisfied with the terms and conditions of employment. Generally they are content to the work alone, reliably, without requiring a great deal of management oversight. At the same time they are not necessarily team players and tend not to go "above and beyond" in their efforts. Optimizing the working relationship of satisfied employees requires adequate work tools, resources and equipment.

2. **Motivated employees** occupy the next stage on the employee engagement continuum. In addition to sharing the attributes of satisfied employees, motivated workers contribute energetically and are highly focused individual contributors to the enterprise. Motivated employees respond best when meaningful work is delegated to them; fair performance goals are established; job expectations, priorities and feedback are clearly communicated, obstacles to optimal performance are removed; and skill development is provided.

3. **Committed employees** have thoroughly internalized the values and behaviors represented by the earlier stages of the engagement model but have also forged a strong identification with the organization. They are loyal to the company and optimistic about its future. They are also openly ambitious and believe the organization will enable their best performance.

4. Employees who have reached the **Advocate stage** have a vested interest in the organization's success. They freely contribute discretionary efforts in executing projects and their regular duties. They are motivated to perform to the highest standards and apply creative energy to their work and the work of their teams. They proactively seek opportunities to serve the mission of the organization.

## METHODOLOGY

### OBJECTIVES OF THE RESEARCH

Few of the objectives are as follows:

- Determine the key drivers that affect the engagement level.
- To test the application of IES tool in which a link has been established between 'feeling valued' and 'engagement'.
- To identify which of the factors in the IES Tool has highest influence in creating value to the employees and hence employee engagement.

### RESEARCH PLAN

- Research Design: Descriptive Research has been used in the research as engagement as a subject and its parameters are known.
- Data Collection Method: Both primary and secondary data has been used to fulfill the above mentioned objectives.
- Research Instrument: Structured Questionnaire was designed to convert each of the factors of IES Tool into a question.
- Measurement Scale: A five point Likert's Scale was used to gather responses to the questions. Five was give as the highest value and one as the lowest value. Here three was considered as neutral. Any score above three is considered as a favourable response and below three is unfavourable.

### SAMPLE PLAN

- Sampling Technique: Simple random sampling was used to select the respondents for the purpose of the survey.
- Sample Size: There were 72 respondents.
- Sample Location: Delhi and NCR
- Sample Units: Executives of MNCs'.

## RESULTS AND DISCUSSION

TABLE: 1 BACKGROUND PROFILE OF THE SAMPLE (N=72)

Demographic Variable	Number	Percentage
<b>1. Gender</b>		
Male	48	66.67%
Female	24	33.33%
<b>Total</b>	<b>72</b>	<b>100%</b>
<b>2. Marital Status</b>		
Married	32	44.44%
Single	40	55.55%
<b>Total</b>	<b>72</b>	<b>100%</b>
<b>4. Age</b>		
Upto 25 years	20	27.78%
26 to 30 years	28	38.89%
31 to 35 years	16	22.22%
36 to 40 years	4	05.56%
Above 40 years	4	05.56%
<b>Total</b>	<b>72</b>	<b>100%</b> (mean = 27.33 years)
<b>5. Total Work Experience</b>		
Upto 2 years	16	22.22%
2 to 4 years	8	11.11%
4 to 6 years	24	33.33%
6 to 8 years	4	05.56%
8 to 10 years	12	16.67%
Above 10 years	8	11.11%
<b>Total</b>	<b>72</b>	<b>100%</b> ( mean = 5.64 years)
<b>6. Experience in the present Company</b>		
Upto 2 years		
2 to 4 years	24	33.33%
4 to 6 years	32	44.44%
6 to 8 years	16	22.22%
8 to 10 years	--	--
Above 10 years	--	--
<b>Total</b>	<b>72</b>	<b>100%</b> (mean = 2.58 years)

It was observed that more than half of the sample i.e. around 67 percent of the sample comprised of males and the rest of them were females. It was also observed that 55 percent of the sample is still unmarried. Nearly three fourth of the respondents covered in the study are post graduates. If we look at the age profile we can see that around 28 percent of the respondents belong to the age group of less than 25 years, approximately 39 percent are belonging to 26 to 30 years, a little less than one fourth are in the age group of 31 to 35 years and the remaining are above 35 years. The average age of the sample is around 27 years which indicates that the population covered is relatively younger. If we consider the average total work experience of the sample, it is around five and a half years which is quite consistent with the young profile of the executives being covered. The average experience of the respondents in their present job is 2.6 years as in table 1.

TABLE 2: OPINION OF RESPONDENTS REGARDING THE FACTORS OF IES TOOL WHICH HAVE AN INFLUENCE ON CREATING A 'FEELING OF VALUED AND INVOLVED' IN AN ORGANIZATION

Factors in IES Diagnostic Tool	Highly Influenced	Influenced	Neutral	Low Influence	Very Low Influence
<b>Training, Development and Career</b>	16 (22.22%)	28 (38.89%)	24 (33.33%)	-	4 (5.56%)
<b>Immediate Management</b>	18 (25.00%)	22 (30.56%)	23 (31.94%)	9 (12.50%)	-
<b>Performance and Appraisal</b>	19 (26.38%)	25 (24.72%)	13 (18.06%)	10 (13.89%)	5 (6.94%)
<b>Communication</b>	8 (11.11%)	52 (72.22%)	8 (11.11%)	4 (5.56%)	-
<b>Equal Opportunities &amp; Fair Treatment</b>	32 (44.44%)	12 (16.67%)	16 (22.22%)	12 (16.67%)	-
<b>Pay and Benefits</b>	15 (20.83%)	23 (31.94%)	14 (19.44%)	7 (9.92%)	13 (18.06%)
<b>Health and Safety</b>	4 (5.56%)	24 (33.33%)	24 (33.33%)	8 (11.11%)	4 (5.56%)
<b>Cooperation</b>	9 (12.50%)	47 (65.28%)	10 (13.89%)	6 (8.33%)	-
<b>Family Friendliness</b>	14 (19.44%)	18 (25.00%)	33 (45.83%)	7 (9.72%)	-
<b>Job Satisfaction</b>	24 (33.33%)	20 (27.78%)	20 (27.78%)	4 (5.56%)	4 (5.56%)

From table 2 it can be interpreted that the response of most of the respondents towards the various factors of IES Tool is positive. This indicates that most of the executives strongly believe that these factors do have an influence in creating a feeling of being involved and valued in an organization.

In most of the responses from **chart 1** it can be observed that more than 50% of the respondents have a favourable response towards all these factors. This indicates that it is a general belief that these factors do have a positive impact on employee engagement in an organization.

CHART: 1

Chart showing the opinion of respondents on various factors in the IES Tool in creating a feeling of being valued and involved among the executives of MNCs'.

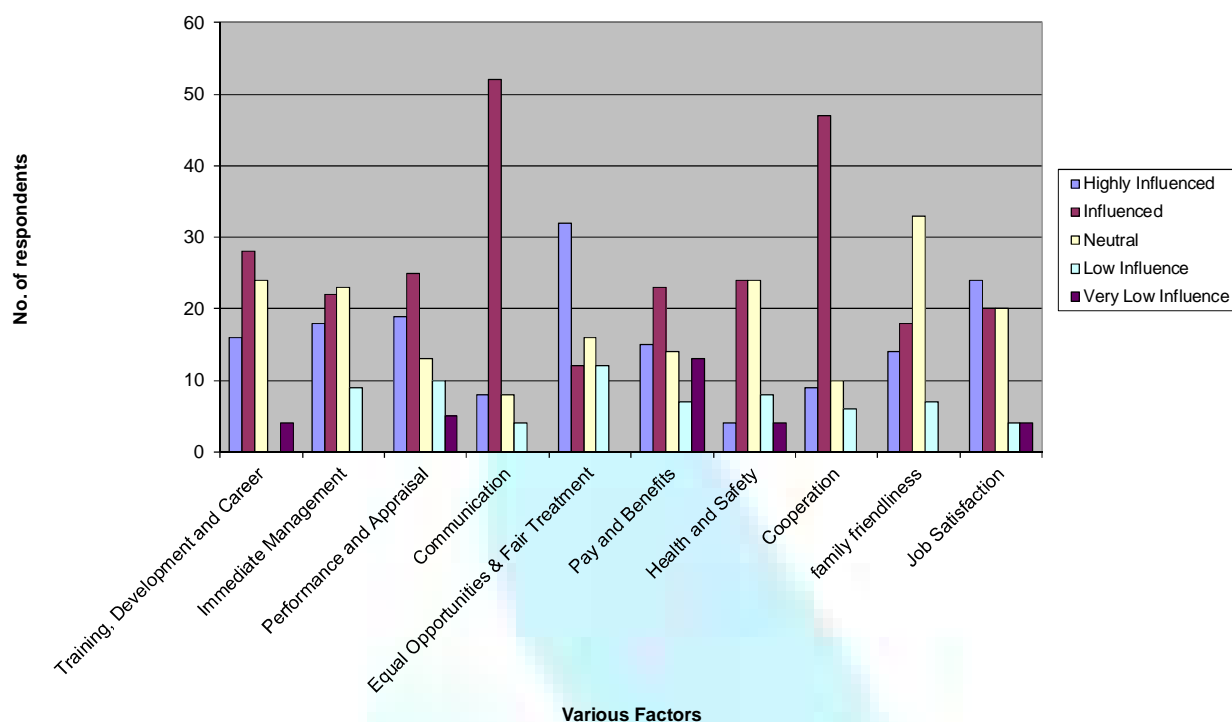
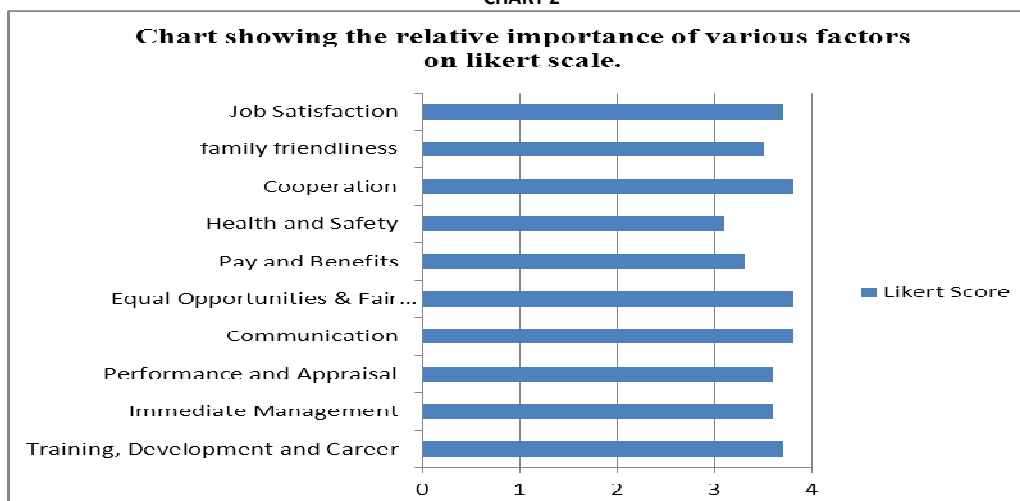


TABLE: 3 OVERALL ATTITUDES OF RESPONDENTS TOWARDS DIFFERENT FACTORS OF IES TOOL USING LIKERT SCALE

Factors	Likert Score
Training, Development and Career	3.7
Immediate Management	3.6
Performance and Appraisal	3.6
Communication	3.8
Equal Opportunities & Fair Treatment	3.8
Pay and Benefits	3.3
Health and Safety	3.1
Cooperation	3.8
Family Friendliness	3.5
Job Satisfaction	3.7
<b>Total</b>	<b>3.6</b>

From **table 3** the analysis of likert scale measurement of the attitude of respondents towards different factors of IES Tool indicates an overall favourable response because the total score is 3.6. A comparison of the likert score of all the factors indicate that; factors such as communication, equal opportunities and fair treatment and cooperation have the highest influence in creating a feeling of valued and involved among the executives. After these the next set of factors that have an influence are training, development and career and job satisfaction followed by immediate management, performance appraisal and family friendliness. It is also evident that health and safety and pay and benefits have least influence on feeling valued and involved.

CHART 2



From the above chart 2 it can be said that although all the factors are important in building employee engagement in an organization and creating a feeling of being involved and valued because all of them lie on a score range above three on the likert scale but still it can be said that factors such as cooperation, equal opportunities and fair treatment, communication, job satisfaction, training and development opportunities etc. are relatively more important than some other factors.

So, it can be concluded that IES Tool can be used for designing an employee engagement programme in an organization. The various factors mentioned in this can be incorporated in the organization so that the employees may feel a greater sense of engagement for the organization and are willing to put their head and heart into their workplace.

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