
Employee engagement - Engaging the 21st century workforce

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ABSTRACT

For past several years, 'Employee Engagement' has been a hot topic in the corporate circles. It is a buzz word that employers think they understand, but face difficulties and challenges while practicing. Many organizations copy 'Employee Engagement' activities from the best practices, looking at the benefits enjoyed by their competitors; however, most lose track after a few strides ahead. 'Employee Engagement' cannot be a cosmetic intervention in enhancing commitment towards job, motivation or productivity. Corporate culture has an important role in enduring positive impact of such engagement programs. This article throws light on how 'Employee Engagement' can be increased. This work also tries to identify the key drivers of 'Employee Engagement', its different attributes together with the ways to measure it, how to handle disengaged employees and modern 'Employee Engagement' practices in corporate. Findings from various researches and surveys are used in the present work to measure the effect of 'Employee Engagement' which includes issues like productivity, profitability, focus on customer and various other related matters. In this article, Literature Review method coupled with secondary data collection from various research findings and corporate practices are employed using a descriptive study technique. This article explores implications for theory, further research and practices by synthesizing modern 'Employee Engagement' activities being practiced by the corporate with the review of findings from previous researches / surveys.

Key words: Employee Engagement, Corporate Culture, Commitment towards job, motivation, productivity, profitability.

1. What is Employee Engagement?

In the past several years, many authors have written on the topic 'Employee Engagement'. Kahn (1990) was the first to coin the term engagement as he described how people can “use varying degrees of their selves – physically, cognitively and emotionally in work role performances”. One burning question of 21st century is that in spite of providing good pay packets and benefits, many organizations lose top performers to the competitors for no apparent reasons. Though, some employee turnover is normal, but if an organization is truly engaging its employees, the possibility of unexpected loss of skilled, experienced and motivated quality workforce is less.

Employee Engagement is arguably the most critical metric for organizations in the 21st Century. Most if not all, of the other key measures that reflect and drive organizational performance (customer satisfaction, innovation, profitability, productivity, loyalty and quality) are products of

engaged committed employees. In 1999, the book 'First Break all the Rules' (Buckingham & Coffman) helped the term 'employee engagement' become popular in the corporate world. Let us first understand what exactly employee engagement is. Alpha Measure defines employee engagement as the level of commitment and involvement an employee has towards his organization and its values. According to Scarlett Surveys, "Employee Engagement is a measurable degree of an employee's positive or negative emotional attachment to his job, colleagues and organization which profoundly influences his willingness to learn and perform at work." Schmidt et al (1993) defines employee engagement as a modernized version of job satisfaction, which is basically an employee's involvement with, commitment to and satisfaction with work. According to the Hay Group, engagement is comprised of two components: Commitment – affective attachment to and intention to remain with an organization and Discretionary Effort – the willingness to go above and beyond formal job requirements.

1.1 Relevance

As the best resources to any organization is always its human resources, the attainment of an workplace with high caliber employees are the key to success & the way to set competitive advantage in the global scenario. A well functioning organization is the product of its healthy, committed and motivated employees, who can be termed as 'engaged employees'. Engagement takes place when employees are committed to their job. They are interested and indeed excited about what they do. It involves loyalty, faith and pride in the organization, a willingness to advocate for his organization and a sense of personal responsibility. Global economy has experienced significant shifts in the recent past which have accelerated the need for organizations to find innovative ways to address new technological, demographic and marketplace realities. These shifts made the organizations to reevaluate costs associated with talent. High workforce performance and organizational success must be maintained along with changes in strategies. Research has consistently shown that employee engagement is powerfully linked to a range of business success factors such as:

1. Employee performance/efficiency
2. Productivity
3. Safety
4. Attendance and retention
5. Customer service and satisfaction
6. Customer loyalty and retention
7. Profitability

During economic down turn, many organizations focused less on how to manage their talent and engage their employees, instead focusing on how to reduce costs by cutting salaries, bonuses, rewards and development costs. Some shortsighted leaders may even think that employee engagement no longer matters because their employees have fewer options and will stay because of their need for job security.

However, smart leaders realize that while they may need to find short-term solutions to cut costs, they must also identify longer-term talent management strategies to remain viable.

2. Challenges

In the last 2 decades of 20th century, there has been a fundamental sectoral shift in employment away from manufacturing and the public sector – sectors renowned for more formalized HR systems, high levels of trade union membership, and larger employment units – towards the more informal, relatively trade union free and smaller employment units of the service sector. This trend is continued in the first decade of 21st century. Retention of these knowledge workers is a challenge to these organizations. The second challenge, being faced by the employers, is planning and developing employee engagement strategies without any solid research base; in the process it loses the focus and momentum.

3. Objectives

The purpose of this article is to find out different aspects of employee engagement from the existing literatures available. It throws light on various attributes & key drivers of employee engagement, how employee engagement can be measured, how to increase it and how to handle disengaged employees. This article also reviews research or survey findings on the effect of employee engagement on productivity, profitability, customer satisfaction and various other related aspects, conducted by organizations like Gallup, Hay Group and ISR among others. Also the article lists down various employee engagement activities being held at the corporate houses. At the end, implications for theory, further research and practices are discussed.

3.1 Methodology

In this article, literature review method was employed as this is an accepted strategy for summarizing literature on a concept (Chermack & Passmore, 2005). Integrative literature reviews are considered to be one of the best ways to capture data from various emerging fields (Torraco, 2005). As employee engagement is an emerging topic and being studied by different researchers on various aspects of the topic with varied conceptualization, an integrative literature review method is adopted and presented in this article in a descriptive study manner. In this article, research and survey findings of Gallup (Q¹², i.e., “Gallup Workplace Audit” or GWA, or Meta analysis), Hay Group (case studies linking enablement and engagement, model on ‘Engaged Performance’), IRS, BlessingWhite & HR Anxi, Right Management group, Towers Perrine among others have been reviewed.

4. Key Findings

4.1 How Employee Engagement evolved

Employee engagement is derived from early studies in the 1920s on morale or a group’s willingness to accomplish organizational objectives. The concept was matured by US Army researchers during World War – II to predict unity of effort and attitudinal battle – readiness before a strike. Again, post war mass production society needed unity of effort in execution for speed & quality, where morale was considered to be the most important indicator. In the modern day perspective with the advent of knowledge worker, stress was given on individual talent management. Thus a term was required to describe an individual’s emotional attachment to the organization, to his fellow colleagues and to the job. Thus came the term ‘employee engagement’, which is an individual emotional phenomenon whereas morale is a group emotional phenomenon.

4.2 Influence of corporate culture on employee engagement

Due to shift of world economy from industrial to knowledge-based one, employees are being valued for not only what they produce but also for what they know. Having a high performing business culture is a competitive advantage for any organization today. Every employee either makes the culture stronger or weakens it. In the mid – 1990s, it was discovered that no organization – large or small – has a single culture, rather it has many cultures as it has many functions, managers or supervisors. Employers have understood that they have little control over the culture that exists. That does not mean that they are able to find the best managers and supervisors. Culture can not be inculcated through vision & mission statement. Once an organization achieves its desired culture, the employees whose attitude & behavior align with the desired culture will be engaged and those who do not fit into it leave on their own or they are asked to leave because of culture push. The goal of every organization should be targeting the right employees; only focusing on employee engagement often may miss this point. Employee engagement may reduce at the time of culture change, which is acceptable as the engagement score becomes high for the right group of employees afterwards.

4.3 Aspects of employee engagement

Global studies suggest that there are three basic aspects of employee engagement:

1. The employees and their own unique psychological make up and experience.
2. The employers and their ability to create the conditions that promote employee engagement.
3. Interaction between employees at all levels.

4.4 Key drivers of employee engagement

In 2006, The Conference Board published an article ‘Employee Engagement – A review of current research and its implication’ on the basis of 12 major studies conducted by research firms such as Gallup, Towers Perrin, Blessing White, The Corporate Leadership Council and others. It came out that 4 of the studies mentioned 8 key drivers of employee engagement out of a total of 26 key drivers collectively. These are:

1. Trust & integrity – managers should communicate well and go by their words.
2. Nature of the job – employees should find their job challenging enough to motivate themselves.
3. Line of sight between employee performance and company performance – employee should have clear understanding as to how they contribute to the company’s performance.
4. Career growth opportunities – employees should have clear career path and growth.
5. Pride about the company – employees should feel esteemed by being associated with the organization.
6. Coworkers / team members – relationship with colleagues significantly increase employee engagement level.

7. Employee development – the organization should take necessary steps for developing the knowledge, skills and attitude of the employees.
8. Relationship with manager – the employee should be comfortable with his manager and value the relationship.

There are few more drivers which contribute in increasing employee engagement such as:

1. A culture of respect where good job is appreciated.
2. Feedback, counseling and mentoring
3. Fair reward, recognition and incentive scheme
4. Effective leadership
5. Clear job expectations
6. Adequate tools to perform work responsibilities
7. Motivation

4.5 Measuring employee engagement

Renowned research organization Gallup developed Q¹² instrument (known as Q¹² Meta Analysis – a meta analysis is a statistical integration of data accumulated across many studies) by analyzing 199 research studies, which explored the relationship between employee engagement and performance across 152 organizations and 32394 business units covering 955905 employees. These are 12 items measuring issues, which are actionable or changeable at the manager level. The Q¹² measures engagement conditions. These are:

- Q00 (Overall satisfaction) on a five point scale, where ‘5’ is extremely satisfied and ‘1’ is extremely dissatisfied; how satisfied are you with your company as a place to work?
- Q01 I know what is expected of me at work.
- Q02 I have the materials and equipment I need to do my work right
- Q03 At work, I have the opportunity to do what I do best everyday.
- Q04 In the last seven days, I have received recognition or praise for doing good work.
- Q05 My supervisor or someone at work seems to care about me as a person.
- Q06 There is someone at work, who encourages my development
- Q07 At work my opinions seem to count.
- Q08 The mission or purpose of my company makes me feel my job is important.
- Q09 My associates or fellow employees are committed to doing quality work.
- Q10 I have a best friend at work.
- Q11 In the last six months, someone at work has talked to me about my progress.
- Q12 The last year, I have had opportunities at work to learn and grow.

Since 1998, Q¹² has been administered to more than 15 million employees in 164 different countries and 65 languages.

4.6 Increasing employee engagement

According to various studies, organizations, that give emphasis on employee engagement, consider the following factors to be important in increasing employee engagement.

1. Culture: It basically encompasses various factors such as leadership style, vision, mission, values, effective communications, strategic plan, HR policies & practices etc. Corporate culture helps an organization to connect with people, gives employees the opportunities to ideate and experience, develops employees for leadership roles and helps them grow with the organization.
2. Continuous reinforcement of employee-focused policies: Continuous reinforcement exists when pro-employee HR policies are framed by the organization and top management provides budgets and resources so that the employees can accomplish their tasks.
3. Meaningful metrics: An organization's performance is dependent majorly on its employees. Hence, it is important to decide on measurement criterion for the factors that affect performance of an organization. This drives people focus in an organization.
4. Organizational performance: It leads to high levels of trust, pride, satisfaction, success and of course fun at work place.
5. Increased job involvement and job satisfaction: A clear understanding of job role & work role expectations and opportunities to excel, recognition of good work, opportunities to develop skills and opportunities for learning & growth help to increase job engagement.
6. Encouraging teamwork: Teamwork is the key to organizational success.. To increase team engagement, the team members should be allowed to interact frequently and consistently so that longer term relationships are developed including trust, co-operation and reliance on each other.
7. Handling employees' mental & physical health and morale: Reports suggest that lifestyle issues such as smoking, poor diet, obesity, elevated blood pressure and stress are most likely to reduce an individual's capacity. Companies must invest in the well-being of their employee such as employee health priorities.

4.7 Handling non-engaged and dis-engaged employees

Employees are hired to do the following things:

1. Achieve the targeted business goals of the company.
2. To create productive workplace.

3. Managing and maintaining customer satisfaction.

Non-engaged and disengaged employees tend to forget the goals. They only concentrate on the tasks and just share a productive relationship with their managers or with their co-workers. Non-engaged and disengaged employees are not happy at work. Non-engaged and disengaged employees can be handled in the following ways.

1. As non-engaged and disengaged employees tend to focus on accomplishing tasks rather than achieving an outcome, the manager can help them clarify how they can achieve their outcome. Most of the time it has been found that the non-engaged and disengaged employees do not have any aspirations on their own. Effective managers must find out the strengths of these non-engaged and disengaged employees and assign them work at which they are the best suitable.
2. GALLUP Q12 study indicates that if the employees are receiving positive psychological and emotional support and they feel being cared and if in addition they receive recognition and are put in the right team where the psychology of the co-workers match and they can be friendly to each other, the level of job engagement increases significantly.
3. Employees' effectiveness is highly influenced by the corresponding firm's role in employee development. When managers and supervisors take the role of mentors, coaches and counselors, it leads to enhanced employee development as a whole. According to Tansky and Cohen (2001) managers are only motivated to support the development of the subordinates when they themselves feel supported in their own career growth.
4. The perception of organizational support is one of the most important variables in enhancing employee engagement and reducing psychological withdrawal and burnouts. The readiness of an organization to reward good performance, employee-supervisor bonding, organization's commitment to employees' health and well-being are the effective tools for enhancing job satisfaction.
5. Employees must feel their importance and necessity in the workplace, equal opportunities for growth and development and fair treatment.

4.8 Employee Engagement corporate practices – Indian context

1. At Tata Consultancy Services (TCS), senior executives guide team members coming up with innovative solutions to work-related issues / problems. This has resulted in development of a number of useful products that have resulted in successful business endeavors. TCS, which has diverse teams working in different geographic locations in different cultures, created the 'Ultimax' platform - an online forum, where employees across levels and geographies can come together.
2. At Bharti Airtel Ltd, the new joiners & the best performers for the month are rewarded with a special dinner / lunch with their Chief Operations Officer.
3. Aditya Birla Group regularly monitors employee engagement at all levels across the group through the biennial organization health study (OHS), which is led by the

chairman. It gives employees a unique opportunity to anonymously and frankly express their opinions on a range of issues. The Aditya Birla Awards for Outstanding Achievement — has also been a key engagement factor. During the awards, a number of Group-wide competitions are conducted. Over the years, competitions like Vision 2015, Oh! Not So Smart, Aditya Birla Group value leaders' poll, etc, have been conducted. These competitions are open to all employees of the group. "Aditya Birla Group has a single portal which provides various job opportunities across levels, businesses and geographical locations of the Group. Aditya Birla Group also has opened up various learning opportunities like --

- a) Gyanodaya - The Group varsity for management learning: Herein the managers participate in managerial and strategy programs conducted by the leading academics.
- b) The virtual campus work to support the 'E-learners'. Over 250 online courses spanning areas such as leadership, sales, marketing and engineering are available on the learning network.

4. Indian Hotels, which operates the Taj chain of hotels, has been able to create a culture where the performance of employees is measured on customer Orientation efforts and the guidance given by senior leaders.
5. A prime example of employee engagement in Tata Motors is Tata club at Jamshedpur, which serves as a gathering point for employees and their families as they come together, network and have fun. The Community Development Centres (CDCs) have also been established across India to merge family values into Tata Motors organizational culture. To promote the value of education and to highlight the achievements of employee's children, merit awards are given in academics, sports & extra curricular activities. The artistic talent of the employees is nurtured through Kalasagar and Kalasangam – Tata Motors Cultural group. They arrange various cultural events on music, drama, dance and other activities to promote the creativity among the employees and their families.
6. Hindustan Unilever Ltd.'s sales people fan out over the country, bringing shampoo and ice cream cones to one-sixth of the world's population. HUL realized that a cyclical feedback system is good for sales managers -- and the salespeople they manage. HUL believes that "Ownership of engagement really goes to the manager". In the recent past, HUL managers underwent intense engagement training with Gallup consultants; and also reviewed each individual's follow-up action plan. Then they went to different locations to talk to salespeople individually.
7. Through the Employee Involvement Program, Microsoft aims to offer employees with an additional opportunity for personal and professional development, to apply and develop their skill sets through cross-group collaboration, teamwork with colleagues and partners in the community, to expand personal horizons outside the Microsoft environment. Microsoft employees meet students in schools and colleges and answer questions on various aspects of their areas of expertise, mostly centered on career paths.

8. PwC has maintained engagement indices during the recent period of economic disturbance by identifying and focusing on things that mattered most to the employees in 80 different business units, and notably on – a) Making strategy meaningful to people by effective communication, b) Actions of individual leaders, c) People Manager development, and d) Focus on personal development.
9. Vodafone has implemented a new model of ‘customer centricity’ to drive improved customer and employee satisfaction. The Vodafone Way is modelled on three key tenets: Speed, Simplicity & Trust; with line managers being held accountable for team engagement with performance measures and providing them with tools and plans to drive performance by giving employees clear goals and a customer/client focus – and thereby achieving increased levels of productivity and innovation even in the downturn..
10. ITC harnesses the creative potential of all its employees by promoting a culture of partnerships to unleash relevant synergies between different groups of employees. All major changes in operations involving work processes, manning norms and other productivity linked issues are carried out after discussions with the employees and the recognized unions at each location. Implementation Business plans is shared with employees at all units through a series of formal communication meetings, and through the intranet portals.
11. In Godrej, the Company's motto is ‘take yourself lightly and take your job and your responsibilities seriously’. They believe real fun at work implies that ‘Work itself is fun’. In Godrej and Boyce, there are various initiatives that have been taken up by practically all the divisions and Corporate HR. Each Divisional Personnel Head organizes some fun initiatives for the division like Birthday celebrations, Annual get-togethers, Department picnics, Attendance / Retirement functions, Festive dress codes, Dusserah /Diwali celebrations, online quizzes, Saturday casual dressing, Learning and Sharing day, Team Lunches/Movies, Sense of Humour (try to laugh at ourselves rather than others), Lights Off Day, Wall of fame to announce Employee of the Quarter/Month. Some divisions also have clip boards for pasting jokes, cartoons and job related updates.
12. Tata AIG General Insurance Co. Ltd commemorate individual and team achievements by organizing a fun filled evening for the employees. Employee Town-Hall is an event where the head of the organization addresses and interacts with all employees giving them an insight about the company's progress and unfolding the way forward. Inter-departmental cricket & football matches organized every year for sports enthusiasts helps foster a spirit of teamwork. World of Work (WOW) is another event when employees' children are invited to come and spend time at their parents' workplace.

5. Practices to boost up employee engagement

New employee orientation is often one of the first and best opportunities to engage employees.

5.1 Engagement at the time of on boarding

Employee engagement begins from the very first day of joining of a new employee. The employee should receive a warm welcome. The new joiners' name can be displayed on the notice board so that everyone comes to know. The new joiners of the day can be treated with lunch with one or more senior persons so that they feel important.

5.2 Engagement at the time of Induction

HR department can assign a buddy to help the new joiner in understanding and to get along with the organization's culture & values. Besides a buddy, one mentor should be assigned to the new joiner at least for the first six months, so that he/she can get professional and moral support & does not feel lost in the ocean. Induction management should be on high priority – generally any ideal induction process should start with a brief history of the organization and philosophy, vision, mission, values, organization structure, product range, customers & suppliers and all other vital information along-with locational guidance. HR policies and code of conduct should be talked upon the on the very first day.

5.3 Engagement for the regular employees

This can be classified into three parts

Workplace Communication

1. Fun at Work
2. Celebration of festivals and other events

Communication is a very important component of engagement. Town Hall meeting along with family of the employees to felicitate all the top performers in front of their families is a common practice across industries. At the beginning of each month, any guest speaker or any top level executive of the organization can take a one-hour session to communicate the company's goals, performance, achievements & current market scenario. This creates a lot of enthusiasm and vibrations among employees as they feel informed and aligned with the organization's performance. Fun at work is practiced through various games, sports, competitions and activities involving employees & their families'. Celebration of various national/ regional festivals & national events like Independence Day & Republic Day is another common practice across industry as a tool of engagement.

5.4 Research findings on impact of employee engagement on productivity, profitability and customer satisfaction

In the Gallup Study nine performance outcomes were studied: Customer loyalty/engagement, profitability, productivity, turnover, safety incidents, shrinkage, absenteeism, patient safety incidents and quality (defects). Employee engagement is related to each of the nine performance outcome studied. Results show consistent correlation across different organizations. The correlation between employee engagement and composite performance found to be 0.48. Findings showed correlations between job satisfaction and organizational commitment

translate into lower turnover. Thus higher levels of employee commitment, i.e., how likely they were to stay with the organization, indicate higher levels of employee engagement. According to Gallup, there are three types of employees in an organization –

1. Engaged – These employees are the builders. They are eager to know the expectations from their role so that they can meet and exceed them.
2. Not Engaged – These employees tend to concentrate on tasks rather than the goals and outcomes. They need others to drive them.
3. Actively disengaged – These employees are consistently against virtual everything. They are not just unhappy at work they show their unhappiness openly.

In world class organizations, the ratio of engaged to actively disengaged employees is: 9.57: 1. In average organizations, the ratio of engaged to actively disengaged employees is 1.83:1. Studies by Gallup organizations released in 2003 show that only 29% of workers were engaged in their work, 54 % were not engaged and 17% were actively disengaged. Employee engagement creates greater motivation within employees for the work they do and increases their commitment to the organization. It is about creating an enthusiasm for their roles, their work and the organization and ensuring they are aligned with the values of the organization, well informed and well integrated with their colleagues and the culture of the organization. As per the 2008 Association for Training and Development (ASTD) Employee Engagement study, top 3 business benefits derived from engagement are –

1. Enhance customer service and drive customer satisfaction.
2. Improve organizational productivity
3. Improve the bottom line.

Top 3 factors that positively influence employee engagement are –

1. Quality of training and learning opportunities
2. Learning through stretch assignments
3. Frequency of learning opportunities.

Kahn (1990, 1992), the first scholar to apply the concept of engagement to work, argued that employee engagement is contingent on three psychological conditions in the workplace: Meaningfulness, psychological safety and availability. Meaningfulness refers to the intrinsic employees attach to performance in the work role. It is influenced by the tasks employees perform and the roles they fill. Safety pertains to the sense of whether one perceives freedom to be authentic in the work role. Its primary determinant is the perceived quality of interpersonal interaction employees experience at work. (May et. al, 2004). Finally availability involves employee's beliefs regarding whether they possess the physical, cognitive and emotional resources needed to invest themselves fully in their work roles. It is determined largely by individuals' perceptions of the quantity and quality of available resources and the extent of involvement in activities outside the work. All these three conditions determine whether employees are engaged or not. Hay Group through their extensive research found out--

- i) Engagement and enablement are both important determinants of employee performance
- ii) Organizations are unlikely to sustain one without the other.
- iii) Frustrated employees will breakthrough barriers, disengage or leave the organization.

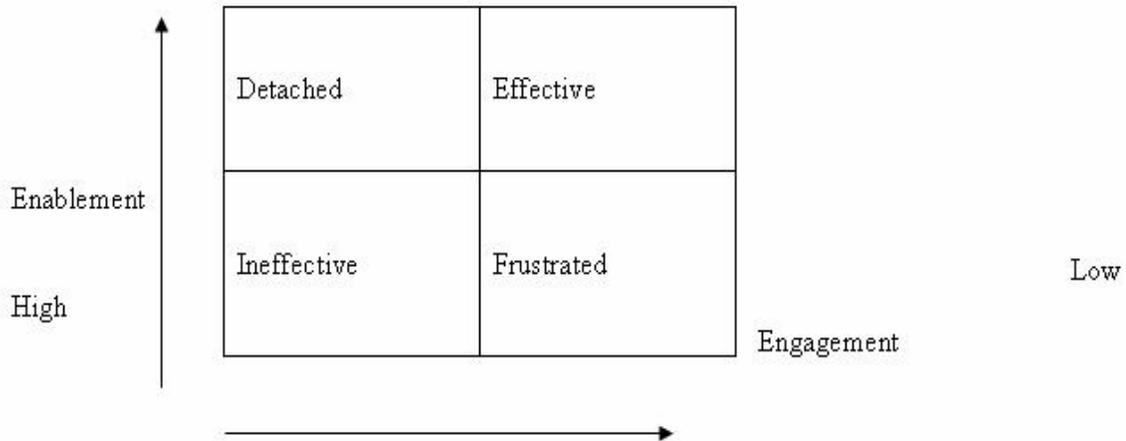


Figure 1: Engagement & Enablement implications (Source: Research findings by Hay Group)

An IRS Survey in 2004 established that the following were the top five influences on commitment and employee satisfaction. :

1. Relationship with Manager : 63%
2. Relationship with Colleagues : 60%
3. Quality of line management : 62%
4. Recognition of contribution : 56%
5. Leadership : Visibility and confidence : 55%

The 2007-2008 Towers Perrine Global Workforce study showed that 21 % of employees were engaged, 41% were enrolled, 30% were disenchanted and 8 % were disengaged. Recent researches by Towers Perrine found that the level of employee engagement had an interesting relationship to retention indicators. Researchers found that although higher levels of engagement indicate higher levels of retention those in the ‘engaged’ group still passively seek new jobs. They also found that 15% of actively disengaged employees do not seek other employment.

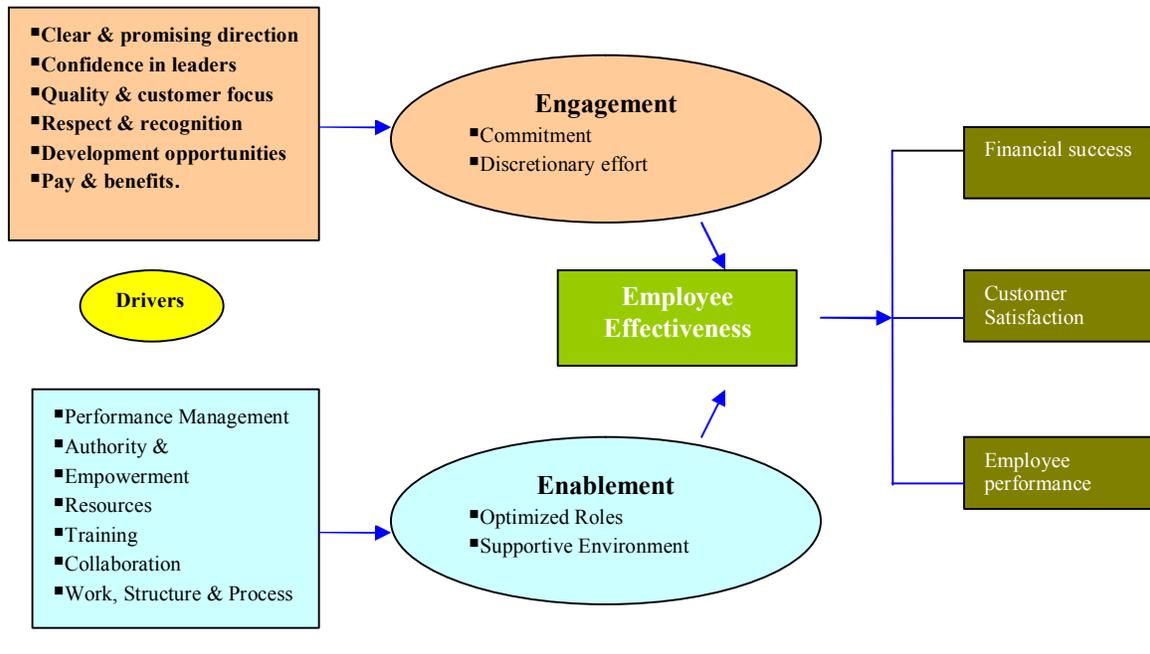


Figure 2: Employee Effectiveness Framework – Common Drivers (Source: Hay Group Insight’s Employee Effectiveness Framework – Common Drivers)

In 2010, The corporate Executive Board’s corporate Leadership Council conducted a study and find out that almost 23 % of employees in an organization show a high level of intend to stay attitude and also found that the employees who are committed to their organization put forth almost 57% more effort and are 87% less likely to leave their company than disengaged employees. Right Management, a manpower research organization conducted a study during the period Nov’08 – Jan ’09 among 28810 employees in 15 countries in America, Africa & Asia Pacific .& found that engagement leads to higher financial performance, higher customer satisfaction and higher employee retention . People, who indicated that their organization is the best, found to have almost double the level of engagement than employees who reported average organizational performance. It is important for an organization to find ways to clearly communicate successes that demonstrates how the organization is performing. Employees not only see the connection between their work and this success but also understand how they support overall organization al performance which directly impact engagement levels.

Engaged employees understand value of positive customer experience and more likely to demonstrate their commitment by delivering high quality products and services. Positive customer experiences should be shared throughout the company. Connection to positive customer experience is vital to healthy engagement levels.

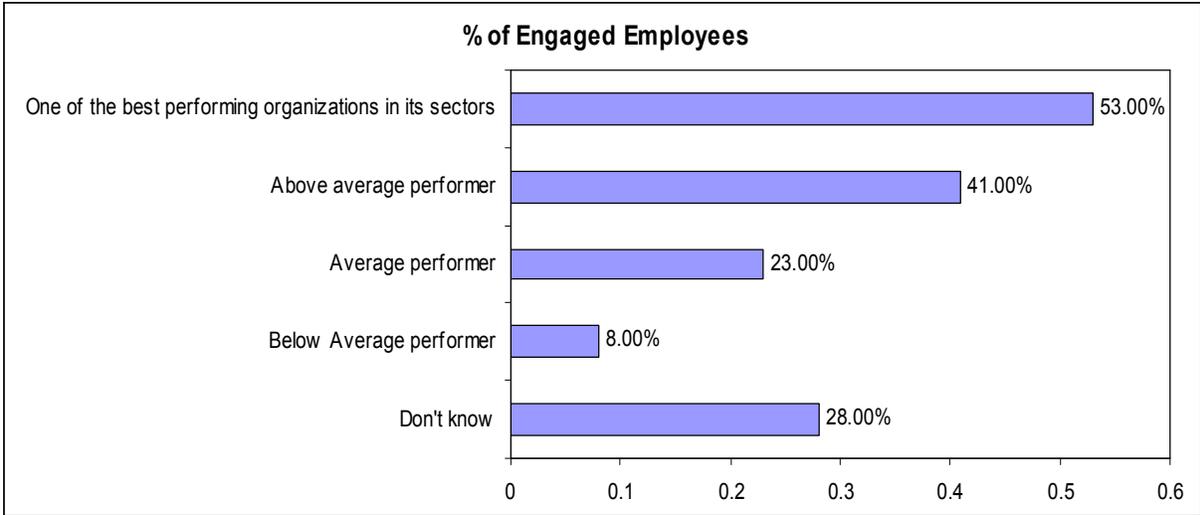


Figure 3: Employee Engagement by Financial Performance (Source: Employee Engagement by Right Management)



Figure 4: The Relationship between Employee Engagement and Customer Satisfaction (Source: Employee Engagement by Right Management)

Engaged Employees are 7 times less likely to leave in the next year and 1.5 times more likely to stay for at least 5 years. The University of Wisconsin conducted a research in association with Right management’s 2008-2009 global benchmarking study revealed significant relationship between engagement and key organizational metrics. This research studied 3200 employees from 343 companies and examined factors such as relationship between engagement and key organizational indices. There was a clear difference in ROA (Return on Assets) between those organizations in which employees responded to Right management’s engagement questions with favorable perceptions. Employee’s knowledge of how well an organization’s assets are being managed has a positive impact on engagement. There is a strong link between productivity and

engagement. Employees' knowledge of an organization's productivity levels also has positive impact on engagement.

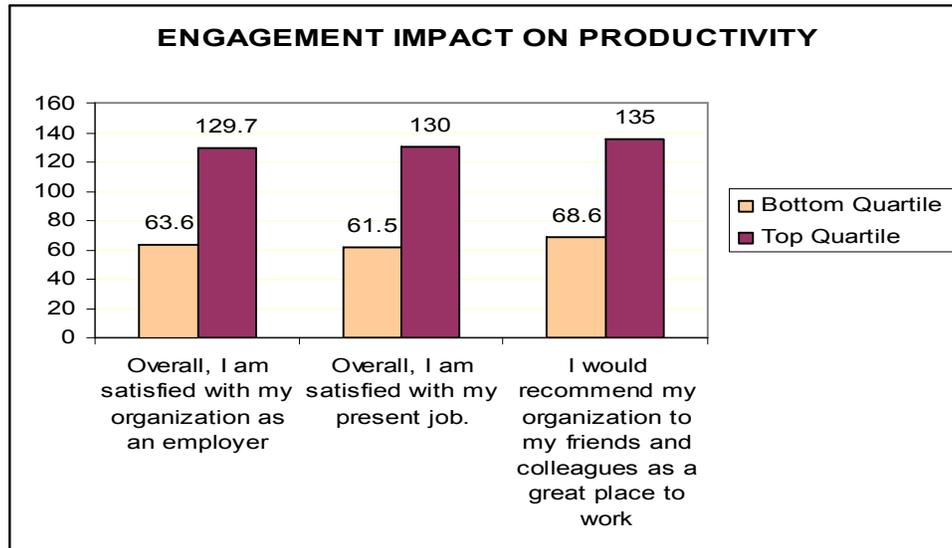


Figure 5: Engagement Impact on Productivity (Source: Employee Engagement by Right Management)

Hay Groups' case studies based on enablement and engagement shows the advantage of linking on employee performance, employee retention, customer satisfaction and financial success.

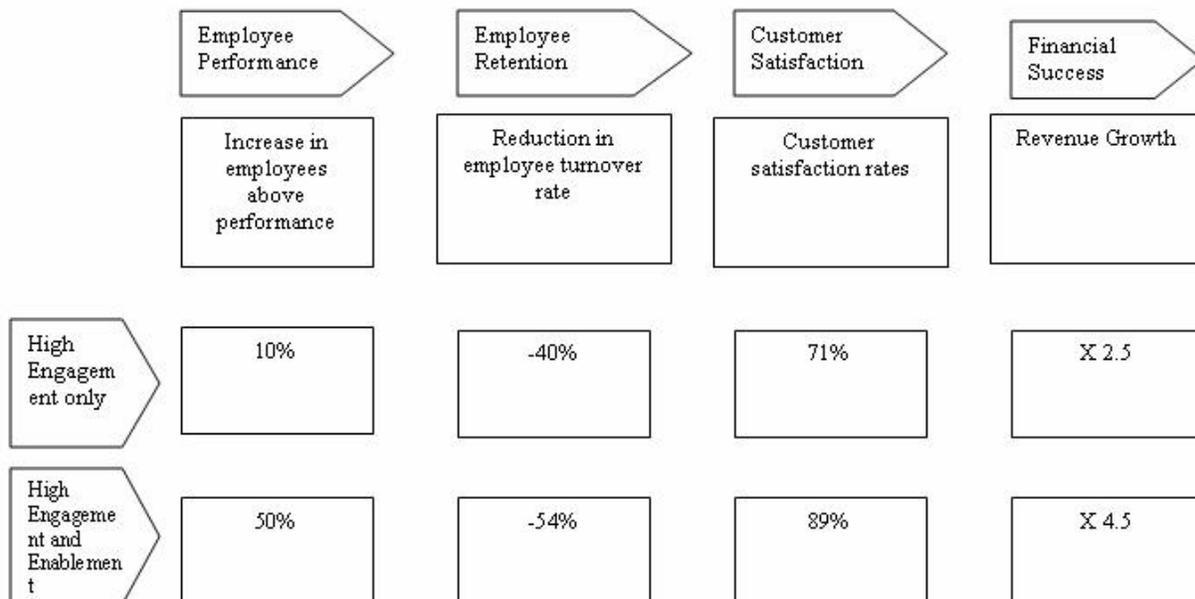


Figure 6: The business case for engaging and enabling employees (Source: Based on linkage case studies using Hay Group's global normative database)

Several recent studies of Employee Engagement levels have pointed on the Indian workforce as being more focused in helping the organizations they work to achieve its goals. A recent study done in partnership between Business world and two human resource consulting firms – HR Anexi and Blessingwhite – again points at significant differences between what motivates workers in India and what motivates workers in other countries. This study identified 5 different employees segment –

1. The Engaged -- High contribution and high satisfaction.
2. Almost Engaged – Medium to high contribution & satisfaction.
3. Honeymooners & Hamsters – Medium to high satisfaction but low contribution
4. Crush & Burn – Medium to High contribution but low on satisfaction.
5. The disengaged – Low to medium contribution & satisfaction.

The study conducted by Blessing White and HR Anexi also found out that just over 34% employees in India are fully engaged and 13% are actually disengaged. Indian workforce proved to be the most focused and satisfied globally.

Table 1: General statistics

Region	Disengaged	Honeymooners & Hamsters	Crash & Burn	Almost engaged	Fully Engaged
India	13%	13%	11%	29%	34%
Australia & NZ	20%	18%	12%	24%	26%
Europe	21%	15%	13%	28%	23%
China	33%	9%	16%	32%	10%
Global Average	18%	12%	13%	28%	29%

Though Indian firms have benefited from rapid growth and healthy profitability, HR processes have suggested keeping up with the growth and dynamic nature of India’s workforce. Right Management study showed that organizations that seek to improve engagement measures experience significant differences country wise in engagement levels from 45% in India to only 11% in Japan.

5.5 Conclusion

After reviewing research & survey findings of Gallup , Hay Group , ISR , Right Management , Blessing white & HR Annexi etc., it can be certainly concluded that high levels of employee engagement will lead to improved employee commitment & involvement towards job and thus creating a motivated workforce – that will work together to achieve the common goals of the organization . Highly engaged workforce will definitely make an organization more successful in terms of financial & non- financial parameters. Engaged employees demonstrate three general characteristics: (i) Say – They consistently speak positively about the organization to colleagues, customers, family & friends. (ii) Stay – They have strong desire to be with the organization even if they get job offers outside. (iii) Strive – They put in extra time, effort and initiative to

contribute to business performance. Employee Engagement depends on four major conditions in the workplace: Organization's culture, continuous reinforcement of people-focused policies, meaningful metrics and organizational performance. Corporate culture helps an organization to connect with the employees, gives them empowerment in decision making process and develops them to shoulder greater responsibilities. Continuous reinforcement happens when an organization frames policies which act as facilitator towards accomplishment of goals by the employees and thereby the organization itself. Meaningful metrics refers to devising performance measurement criterion in such a way that employees are clear about their goals. Organizational performance leads to pride, job satisfaction, trust and a sense of belongingness to the organization. Employees should have the feeling that they possess the right kind of physical, cognitive and emotional resources to perform their job at optimum level. An organization should also know how to project and communicate the success stories of the organization to the employees. Thus employees are able to relate their individual performances with the success and also understand how their performance has a direct impact on the performance of the organization as a whole. This contributes towards enhanced employee engagement. The employees, who perceive their organization to be the best place to work, contribute more. High engagement leads to higher financial performance, higher productivity, higher customer satisfaction and lower manpower turnover. Employee engagement process can be described by the following framework (Figure – 7).

5.6 Implications

This article presented the employee engagement concept in a methodical way -- firstly, by describing the evolution and definition of employee engagement along-with its relevance & challenges. Secondly, the article discussed the different key drivers of employee engagement together with how to measure and how to increase the same. It also discussed how to handle non-engaged and disengaged employees. Thirdly, the article presented the employee engagement practices being conducted by the corporate. Fourthly, this article reviewed the key research & survey findings by internationally reputed organizations. This article has been presented by literature review method in a systematic manner, which will definitely help in conceptualization on the subject. Exploring the seminal works on employee engagement will help the future researchers in analyzing the impact of employee engagement on different organizational parameters. Employee engagement practices across organizations presented in this article will definitely help a HR professional to gain insight while devising employee engagement strategy for his / her organization.

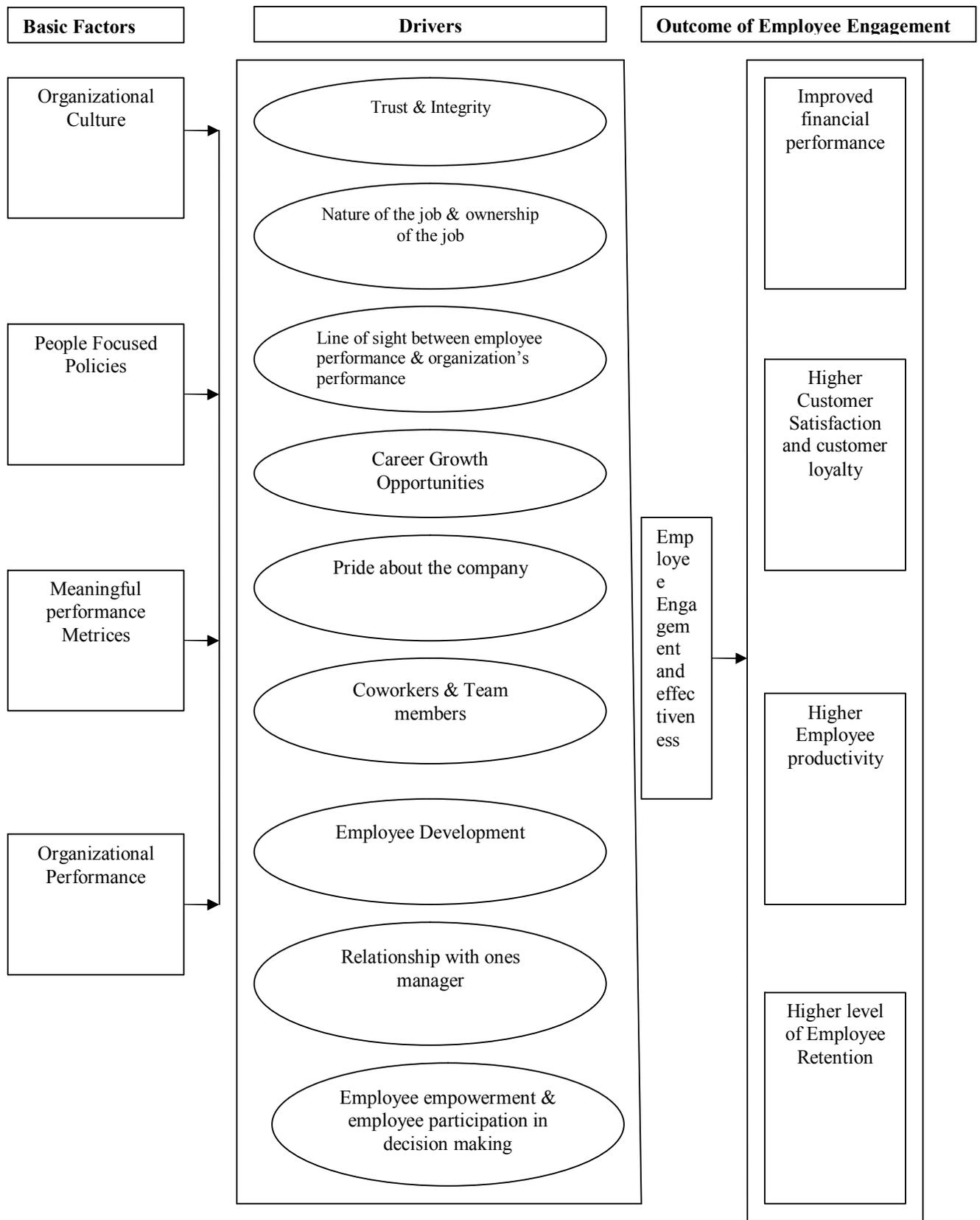


Figure 7: Employee Engagement Frameworks

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