

## Inclusive assessment and forecast of Employee Engagement

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### Introduction

The concept of „employee engagement“ is rapidly gaining popularity and use in the workplace. It is a need of the organization but it having some confusion in the minds of business persons about its definition, how to implement and measured. Employee engagement (EE) can be defined as an employee putting forth extra discretionary effort, as well as the likelihood of the employee being loyal and remaining with the organization over the long period. Research shows that engaged employees: perform better, put in extra efforts to help get the job done, show a strong level of commitment to the organization, and are more motivated and optimistic about their work goals. Some organizations look towards EE as competitive advantage. Corporate results have proved that there is a strong link between conceptualization of EE, workers performance and business outcomes. This paper is based on conceptual research and reviews the current literature of EE, definitions, importance of EE, Importance of EE, and Elements of EE, Impact of EE, and Gallup 12 question model of EE, EE in India.

### Literature Review

#### Employee Engagement: Definitions

One of the most issues concerning the concept of employee engagement is that there is no clear definition. Practitioners, corporations, and academic researcher give various definitions.

There is no consistency in definition, and engagement has been operationalised and measured in many diverse ways. In a publication titled, „Employee Engagement and Commitment“, the Society for Human Resource Management (SHRM) provides an entire page of definitions although they do not venture to provide a definition of their own (Vance, 2006).

William H. Kahn (1990) completed some of the earliest work on engagement and defined 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 Gallup Organization, potentially the most widely recognized name associated with employee engagement due to their bestselling book, “*First, Break All the Rules,*” defines engaged employees as those who, “work with a passion and feel a profound connection to their company” and “drive innovation and move the organization forward” (GMJ, 2006).

Melcrum Publishing recently produced a research report, “Employee Engagement: How to build a high performance workforce” that provides a very comprehensive review on the current state of employee engagement (Shaw, 2005). The author of Melcrum report, Kieron Shaw define Employee Engagement as “translating employee potential into employee performance and business success” and thus “changing the way employees perform by utilizing the tools in the armory of internal communication professionals.”

The International Survey Research (ISR) defines employee engagement as, “a process by which an organization increases commitment and continuation of its employees to the achievement of superior results.” The ISR separates commitment into three parts; cognitive commitment, affective commitment, and behavioral commitment or think, feel and act.

In 2001, N.P. Rothbars definition described engagement as a psychological presence with two key mechanisms, attention and absorption. Attention is “cognitive ability and the amount of time one spends thinking about a role” and absorption is “being engrossed in a role and refers to the intensity of one’s focus on a role” (Saks, 2006).

By analyzing above definition, Employee engagement (EE) can be defined as an employee putting forth extra discretionary effort, as well as the likelihood of the employee being loyal and remaining with the organization over the long period. Research shows that engaged employees: perform better, put in extra efforts to help get the job done, show a strong level of commitment to the organization, and are more motivated and optimistic about their work goals. Some organizations look towards EE as competitive advantage. Employers with engaged employees tend to experience low employee turnover and more impressive business outcomes.

Employee engagement is thus the level of commitment and involvement an employee has towards their 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. 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.

### **Focus on employee engagement:**

Current studies show that organizations are focusing on the meaning of employee engagement and how to make employees more engaged. Employees feel engaged when they find personal meaning and motivation in their work, receive positive interpersonal support, and operate in an efficient work environment. What brought engagement to the forefront and why is everyone interested in it? Most likely, the tight economy has refocused attention on maximizing employee output and making the most of organizational resources. When organizations focus attention on their people, they are making an investment in their most important resource. You can cut all the costs you want, but if you neglect your people, cutting costs won't make much of a difference. Engagement is all about getting employees to "**give it their all.**"

The concept of engagement is a natural evolution of past research on high-involvement, empowerment, job motivation, organizational commitment, and trust. All of these research streams focus on the perceptions and attitudes of employees about the work environment.

### **Aspects of Employee Engagement**

Three basic aspects of employee engagement according to the global studies are:-

The employees and their own unique psychological makeup and experience

The employers and their ability to create the conditions that promote employee engagement

Interaction between employees at all levels.

### **Elements of Engagement:**

Some researchers conclude that personal impact, focused work, and interpersonal harmony comprise engagement. Each of these three components has sub-components that further define the meaning of engagement.

**Personal Impact** - Employees feel more engaged when they are able to make a unique contribution, experience empowerment, and have opportunities for personal growth. Past research (e.g., Conger and Kanungo, 1988; Thomas and Velthouse, 1990) concurs that issues such as the ability to impact the work environment and making meaningful choices in the workplace are critical components of employee empowerment. Development Dimensions International's (DDI) research on retaining talent (Bernthal and Wellins, 2000) found that the perception of meaningful work is one of the most influential factors determining employees' willingness to stay with the organization.

**Focused Work** - Employees feel more engaged when they have clear direction, performance accountability, and an efficient work environment. Aside from the personal drive and motivation to make a contribution, employees need to understand where to focus their efforts. Without a clear strategy and direction from senior leadership, employees will waste their time on the activities that do not make a difference for the organizations success.

Additionally, even when direction is in place, employees must receive feedback to ensure that they are on track and being held accountable for their progress. In particular, employees need to feel that low performance is not acceptable and that there are consequences for poor performance.

**Interpersonal Harmony** - Employees feel more engaged when they work in a safe and cooperative environment. By safety, we mean that employee trust one another and quickly resolve conflicts when they arise. Employees want to be able to rely on each other and focus their attention on the tasks that really matter. Conflict wastes time and energy and needs to be dealt with quickly. Some researchers also find that trust and interpersonal harmony is a fundamental underlying principle in the best organizations.

#### **Importance of employee engagement:**

An organizations capacity to manage employee engagement is closely related to its ability to achieve high performance levels and superior business results. Some of the advantages of Engaged employees are

1. Engaged employees will stay with the company, be an advocate of the company and its products and services, and contribute to bottom line business success.
2. They will normally perform better and are more motivated.
3. There is a significant link between employee engagement and profitability.
4. They form an emotional connection with the company. This impacts their attitude towards the company's clients, and thereby improves customer satisfaction and service levels
5. It builds passion, commitment and alignment with the organizations strategies and goals
6. Increases employees trust in the organization
7. Creates a sense of loyalty in a competitive environment
8. Provides a high-energy working environment
9. Boosts business growth
10. Makes the employees effective brand ambassadors for the company

A highly engaged employee will consistently deliver beyond expectations. In the workplace research on employee engagement (Harter, Schmidt & Hayes, 2002) have repeatedly asked employees „whether they have the opportunity to do what they do best every day. While one in five employees strongly agree with this statement. Those work units scoring higher on this perception have substantially higher performance.

#### **The case for employee engagement**

Despite the variety of conceptualizations, it is now widely accepted by both practitioners and academics that employee engagement is not merely a fad (Schaufeli and Bakker 2010). Evidence demonstrates that high levels of employee engagement have a significant and positive impact at both organizational and individual levels.

The Towers Watson 2007–2008 Global Workforce study clearly demonstrates the links between employee engagement and performance. Observing 50 global organizations over a one-year period, this study found that organizations with high employee engagement benefited from a

19% increase in operating income, whereas organizations with low levels of engagement saw a 32% drop. It also found that organizations with highly engaged workforces experienced a 28% growth in earnings per share, compared with an 11% decline in earnings per share in organizations with low levels of engagement.

In other studies, high levels of employee engagement have been shown to impact positively on: organizational commitment (Saks 2006); customer satisfaction, loyalty, profitability, productivity and safety (Harter et al 2002). In addition, low levels of employee engagement have been linked to increased turnover intention (Saks 2006, Harter et al 2002, Schaufeli and Bakker 2004). Research also shows that higher levels of engagement positively impact individuals: those who feel engaged experience greater job satisfaction and greater well-being (Schaufeli et al 2008, Alfes et al 2010).

### **The business world's use of employee engagement**

**The Gallup Organization**, an international organizational research and consultancy firm with over 70 years' experience, conducts the most influential business survey of EE and brought EE to the notice of industry. Gallups EE scale is based on studies from 1985, and in 1988 Gallup patented its 12- item measure of EE, the Q12 scale. By March 2001, The Gallup Organization had rolled out its engagement survey to over 1.5 million employees, and more than 87,000 work units (Thackray, 2001). The international business world's wide use of Gallups EE survey is a major testament to the value that corporations are placing on EE.

Other major research firms have followed Gallup in investigations of EE. ISR, another major international employee research and consulting firm, with over 30 years experience, has also conducted a large scale international EE study. ISR drew on data from over 360,000 employees from 41 companies in the worlds ten largest economies, over a three-year period (ISR, 2005). Developmental Dimensions International Inc

(DDI), another major human resources consultancy, is also conducting engagement surveys. Kenexa, a provider of HR solutions was retained by Starwood Hotels & Resorts Worldwide to administer a global employee engagement survey for 116,000 employees in 37 languages and across 750 locations in 80 countries (Pont, 2004). Many more international research and consultancy firms are focusing increasingly on conducting engagement surveys. Hewitt Associates, The Hay Group, Achieve global and McKinsey & Company all conduct EE surveys. Local consultancies are also heavily involved in EE surveys. Australian and New Zealand firms include: Corporate Vision, Human Synergistic and Change drivers. Clearly, the business world is interested in and finding a benefit to the use of EE research and development.

### **Impact of employee engagement on business**

A Fortune 500 company with hundreds of retail stores located throughout the United States hired Gallup to help them with problems of wildly varying performance between stores. During the three years from 2001 to 2004, Gallup estimated that the total additional profit achieved since the client began implementing Gallups performance management systems was about \$US75 million (The Gallup Organization, 2004). The Gallup Organization cites countless examples in its literature of such results of increased corporate profitability due to increased EE, and is helping a great many companies worldwide to improve their performance through improvement in EE.

The ISR research firm also cites many examples of increased profit after increasing EE for companies. ISR examined the relationship between different levels of EE and corporate financial performance, measured by changes in operating margins and changes in net profit margins. Comparing high-engagement to low-engagement companies over a three-year period, the financial differences were substantial (ISR, 2005). ISR has found convincing evidence that

organizations can only reach their full potential by emotionally engaging employees and customers (ISR, 2005).

### **Conceptualization of Employee Engagement**

Some theorists, notably Goddard, (1999) describe engagement with the organization and engagement with the task as associated with time use. Engagement is defined as „being physically and /or mentally present, and supporting the goals of the organization. Disengagement from the organization denotes not being present or not focused on the goals of the organization. Engagement with the task means one is present and focused on the immediate task, issue, or problem relating to the organization. Disengagement from task is defined as either not present or not focused on the task, issue or problem relating to the organization. Goddard discusses the theoretical implications of complex relationships between time and engagement as the locus of an individual’s use of time along the axes of engagement/disengagement from organization and task (2001).

### **Gallup Organization of research and survey:**

Gallup developed its Q12 benchmark specifically to correlate its measure of employee engagement to worker productivity; customer loyalty and sales growth (see this Walker Information correlation between employee satisfaction and customer satisfaction). Gallup consultants sifted through hundreds of questions in hundreds of surveys before choosing the twelve questions with the highest correlations to external measures.

Topics covered include workplace expectations, supervisory relations, even working with a best friend. Each of the 12 questions is rated on a five-point scale and is one of the following four categories:

Basic Needs – two questions

Management Support – four questions

Teamwork – four questions

Growth – two questions

The ratings from all twelve of these questions are then combined into an index, which can be used to segment employees into three categories:

Engaged employees work with passion. Because they feel a strong connection to the organization, they work hard to innovate and improve.

Not-Engaged employees do the work expected of them, but do not put in extra

Actively Disengaged employees aren’t just unhappy, but are spreading their unhappiness to other staff.

Nationally, in 2005, engaged employees made up 28% of the work force globally, not-engaged employees made up 54%, and actively disengaged made up 17%. Contrast this with the Walker employee loyalty model.

The Q12 database, with 5.4 million responses, is by far the largest employee benchmark available. Gallup clients can benchmark their organizations employee-engagement levels against research across 620,000 workgroups, 504 organizations, 16 major industries and 137 countries.

Gallup is for the most part a well accepted benchmark. Some constructive criticisms:

1. It is unlikely that these twelve questions have equal value to every organization. For instance, one large government organization found that only five of the 12 questions differentiated the best workgroups (the top 10%) from the bottom 90%; other questions might have been more appropriate for them to examine.

2. Not all measures are actionable: for instance, the measure relating to having a best friend at work is not actionable, as there is little an organization can do to provide a best friend (buy every employee a company-owned dog?!).
3. Little research has been done outside Gallup to independently attest to the predictive validity of the measures used.

A regular employee-pulse survey such as the Q12 is an important part of an overall employee satisfaction program and, for large organizations, should be fielded to a random sample of employees on a monthly or quarterly basis. Such surveys should be complemented with in-depth employee satisfaction research, offering every employee the chance to respond on a rotating basis at least once during the year.

### **Categories of Employee Engagement:**

Gallup the consulting organization describes the three types of employees:

**Engaged**--"Engaged" employees are builders. They want to know the desired expectations for their role so they can meet and exceed them. They're naturally curious about their company and their place in it. They want to use their talents and strengths at work every day. They work with passion and they drive innovation and move their organization forward.

**Not Engaged**---*Not-engaged* employees tend to concentrate on tasks rather than the goals and outcomes they are expected to accomplish. They want to be told what to do just so they can do it and say they have finished. They focus on accomplishing tasks vs. achieving an outcome. Employees who are *not-engaged* tend to feel their contributions are being overlooked, and their potential is not being tapped. They often feel this way because they don't have productive relationships with their managers or with their coworkers.

**Actively Disengaged**--The "*actively disengaged*" employees are the "cave dwellers." They're "Consistently against Virtually Everything." They're not just unhappy at work; they're busy acting out their unhappiness .They sow seeds of negativity at every opportunity. Every day, actively disengaged workers undermine what their engaged coworkers accomplish. As workers increasingly rely on each other to generate products and services, the problems and tensions that are fostered by *actively disengaged* workers can cause great damage to an organization's functioning.

### **Process of measurement of Employee Engagement:**

Gallup research and consultancy organization makes worldwide surveys of employee engagement with their Question 12 model. Gallup confirms that this is one of the best tool to measure the employee engagement.

#### **Step I: Listen**

The employer must listen to his employees and remember that this is a continuous process. The information provided by the employees will provide the direction at workplace. Listening and responding the employees helps to increase engagement. Engaged employees are much more likely to be satisfied in their positions, remain with the company, be promoted, and strive for higher levels of performance.

#### **Step II: Measure current level of employee engagement**

Employee engagement needs to be measured at regular intervals in order to track its contribution to the success of the organization. The key to successful employee satisfaction surveys is to pay close attention to the feedback from the staff. It is important that employee engagement is not

viewed as a onetime action. Employee engagement should be a continuous process of measuring, analyzing, defining and implementing.

Gallup came up with Q. 12, a twelve-question survey that identifies strong feelings of employee engagement. They have identified 12 questions that most effectively measure the links (the Gallup Q12).

1. Do you know what is expected of you at work?
2. Do you have the materials and equipment you need to do your work right?
3. At work, do you have the opportunity to do what you do best every day?
4. In the last seven days, have you received recognition or praise for doing good work?
5. Does your supervisor, or someone at work, seem to care about you as a person?
6. Is there someone at work who encourages your development?
7. At work, do your opinions seem to count?
8. Does the mission/purpose of your company make you feel your job is important?
9. Are your associates (fellow employees) committed to doing quality work?
10. Do you have a best friend at work?
11. In the last six months, has someone at work talked to you about your progress?
12. In the last year, have you had opportunities at work to learn and grow?

Some of the discussions which come from Gallups questions are: -

Know what is expected of me at work- employees should know exactly what is expected of them. If expectations are unclear, employees will inevitably face frustration, and will be open for other opportunities where they do know what's expected of them, and where their contributions are measured and recognized.

Materials and equipment- Employees need the right tools and equipment to support their skills, experience and talents & perform their jobs at an optimum level.

Do what I do best every day - Are your employees cast in the right roles? Knowing the critical demands for every role is a key to ensuring that talents fit those demands.

Supervisor/Someone at work cares -Managers must spend most of their time with their most productive talent. Many managers give their greatest degree of attention to employees who are falling behind. Talented, productive people crave time and attention from their managers, and will leave your company if they have a weak relationship (or no relationship) with their manager or supervisor.

Co-workers committed to quality.-Many companies arbitrarily put teams together without considering that employees only psychologically commit to teams if they perceive their team members will support their high level of commitment and performance. Talented employees set high standards and depend upon those around them to support their growth toward excellence.

Opportunities to learn and grow- The Company should create an environment that encourages employees to drive towards innovation or to create better systems for more productive results. Great managers always ask what skills and knowledge need to accompany talent to result in the greatest outcome for each.

### Step III: - Identify the problem areas:

Identify the problem areas to see which the exact areas are and which lead to disengaged employees.

### Step IV: Taking action to improve employee engagement by acting upon the problem areas:

Nothing is more discouraging to employees than to be asked for their feedback and see no movement toward resolution of their issues. Even the smallest actions taken to address concerns will let the staff know how their input is valued. Feeling valued will boost morale, motivate and encourage future input. Taking action starts with listening to employee feedback and a definitive action plan will need to be put in place finally.

### Employee Engagement in India:

The research carried out by **Blessing White & HR Anexi** to define the employee engagement level in India, “The **employee Engagement Equation in India**”.

Blessing White & Anexi believe that aligning employee’s values, goals and aspirations with those of the company is the best method for achieving sustainable improvements in employee engagement that will help the organization reach its stated goals. Full engagement represents an alignment of maximum job satisfaction (“I like my work and do it well”) with maximum job contribution (“I help achieve the goals of my organization”).

Engaged employees are not just committed. They are not just passionate or proud. They have a line-of-sight on their own future and on the organization’s mission and goals. They are “**enthused**” and “**in gear**,” using their talents and discretionary effort to make a difference in their employer’s quest for sustainable business success. The index we use to determine engagement levels contains items that reflect the two axes of contribution and satisfaction.

### India vs. the Rest of the world

Region	Disengaged	Honeymooners & Hamsters	Crash & Burn	Almost Engaged	Fully Engaged
<b>India</b>	<b>13%</b>	<b>13%</b>	<b>11%</b>	<b>29%</b>	<b>34%</b>
South AF.	11%	14%	18%	26%	31%
NA	19%	12%	13%	27%	29%
AU NZ	20%	18%	12%	24%	26%
Europe	21%	15%	13%	28%	23%
SEA	21%	9%	18%	31%	22%
China	33%	9%	16%	32%	10%
Other	36%	7%	7%	27%	24%
<b>Grand Total</b>	<b>18%</b>	<b>12%</b>	<b>13%</b>	<b>28%</b>	<b>29%</b>

### Factors influencing satisfaction

In the survey, respondents were asked to pick the single top item that they believe would **most influence their satisfaction** at work.

	Career development opportunities and training	More challenging work	More opportunities to do what I do best	Greater clarity about my own work preferences and career goals	Greater clarity about what the organization needs me to do – and why	Improved cooperation among my co-workers	More say in how my work gets done	A better relationship with my manager
<b>India</b>	30.03%	20.09%	19.33%	10.74%	7.71%	4.47%	4.04%	3.58%
<b>Global</b>	28.22%	12.24%	23.80%	9.80%	8.28%	7.39%	5.43%	4.82%

**Factors influencing contribution**

	Development opportunities and training	Regular, specific feedback about how I'm doing	Greater clarity about what the organization needs me to do – and why	Better communication with my manager	More resources	A better relationship with my co-workers	A coach or a mentor other than my manager
<b>India</b>	26.28%	25.32%	21.74%	7.41%	7.25%	7.25%	4.76%
<b>Global</b>	20.35%	20.34%	18.54%	6.77%	17.78%	4.81%	11.41%

**Concluding remark**

As employee engagement is the buzz word in corporate world, it is having lot of benefits to the organization, if it implemented successfully. To implement the EE in the organization is the difficult task because the concept of EE having lot of confusions. One of the methods suggested by the Gallup the global consultancy and research firm of Question12 model is easy to understand and implement. Employee Engagement is not the one time process, it's a continuous process and frequently feedback is required. As compared to the Globally Indian Businesses having good result of employee engagement.

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