

A Study on Factors Influencing Employee Engagement

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Abstract: It is an undeniable fact that the role of HR has undergone a transformation in recent years—from Personnel Manager to HR Business Partner. HR is gradually becoming a part of core competence of the company, thus attracting and retaining talent is one of the key challenges to an organization. Engaged employees can help an organization to adhere to its vision and mission and achieve significant financial gains. There is a strong positive correlation between employee engagement and job satisfaction (Swarna Latha and Suresh Krishna, 2013). This study aims to explore the concept of employee engagement and study key factors driving employee engagement: power-distance, organizational climate and leadership. The literature available on employee engagement shows there is a dearth of literature on these factors their impact on employee engagement.

Keywords: Employee Engagement, Job satisfaction, Leadership, Organizational Climate, Power-distance

1. Introduction

Employee Engagement is the buzz word among HR Managers in the corporate world in today's world. Kahn (1990) defined employee engagement as "the harnessing of organization members' selves to their work roles; in engagement, people employ and express themselves physically, cognitively, and emotionally during role performances".

Employee Engagement is the extent to which employees put discretionary effort into their work, beyond the required minimum to get the job done, in the form of extra time, brainpower or energy. (Towers Perrin). It is the involvement with and enthusiasm for work. (The Gallup Organization). Caterpillar defines Engagement as the extent of employees' commitment, work effort, and desire to stay in an organization. Hewitt Associates provides the following characteristics of engaged employees:

- Stay-They have an intense desire to be part of the organization and they stay with that organization;
- Say-They advocate for the organization by referring potential employees and customers, are positive with co-workers and are constructive in their criticism;
- Strive-They exert extra effort and engage in behaviors that contribute to business success.

Companies usually measure employee engagement by studying ten common themes:

McGregor's Theory Y suggests that employees are not just money centric and are willing to work for the organization. But

still it is found that many organizations do little to nothing to engage employees. This can be attributed to Pfeffer's "one-eighth" situation. An organization may have HR directors and can also have employee engagement policies and practices, but unless it is deep enrooted in the culture of the organization, which can be witnessed in day to day operations, nothing will seem to improve. There is a common saying that people leave managers not organizations. One needs to create an engagement culture in the organization. This must be reflected in the vision and mission statement of the organization. Further, leaders must ensure its implementation and monitoring across all strategic business units. Moreover, Greet Hofstede's cultural dimensions can also influence employee engagement. High power distance will result in autocratic leadership and might adversely affect employee engagement. (Muhammad Sadaat Din et. al, 2014). Power Distance Index expresses the degree to which the less powerful members of a society accept and expect that power is distributed unequally (Hofstede, 1980).

2. Rationale

This study aims to explore the existing literature on employee engagement encompassing various businesses across multiple geo-demographics. While many researchers, consulting companies tried to measure employee engagement by incorporating different constructs, there seems to be a lack of clarity about employee engagement. It is sometime even confused with job satisfaction. On the contrary, the two terms are very different and the latter is a consequence of former (Swarnalatha and Sureshkrishna, 2013). This paper aims to bridge the gap in clarity and establish a path model consisting of various factors which leads to employee engagement and its consequence on profitability of the firm.

3. Methodology

The research is based on secondary data. It has been carried out by studying existing literature on employee engagement with emphasis on leadership, power-distance and organizational climate. The literature has been sourced from EBSCO, EMERALD, Elsevier and Research Gate. Finally, a model has been built based on the findings from secondary research.

4. Employee engagement-definition, application and measurement

Intuit Inc. describes employee engagement describes how an employee thinks and feels about, and acts toward his or her job, the work experience and the company, while Dell Inc. has related it to emotional and rational commitment leading to extraordinary performance. Job satisfaction, on the other hand is “a pleasurable or positive emotional state resulting from the appraisal of one’s job or job experience.” (Locke). It is just an emotional response, while employee engagement includes both emotional and rational commitment.

A. Employee Engagement at ONGC

This public OMC has set an example for others to follow. Employee engagement program at Mumbai, 2015 involved several activities like Instructional Design Game, Self-Motivating talk, Emotional Management, Conflict Management, Team Building, Leadership, Storytelling, Motivation Job Satisfaction Further they have taken other initiatives like Online Doctor’s Appointment Booking System, Medical Camp for eye and dental camp and Khadi for Nation, Khadi for Fashion under employee under employee relationship management program (Source: oncindia.com).

B. Employee Engagement at Southwest Airlines

This company maintains a friendly work environment and makes working fun. It is also reflected in their mission statement. Its culture is its strength and it heavily focuses on person-culture fit during recruitments. (Mehta et al. 2016).

C. Employee Engagement at Proctor and Gamble

Proctor and Gamble has an extensive internship program where interns are hired directly from college campuses and work on projects with senior managers, thus enabling direct flow of information and removing bureaucratic barriers. The interns are later taken on board. While many companies would be skeptic about spending time and resources on interns, this practice however has helped them. (Mehta et al. 2016)

While job satisfaction has five pillars:

1. The work itself. The extent to which the job provides the individual with interesting tasks, opportunities for learning, and the chance to accept responsibility.
2. Pay. The amount of financial remuneration that is received and the degree to which this is viewed as equitable vis-à-vis that of others in the organization.
3. Promotion opportunities. The chances for advancement in the organization.
4. Supervision. The abilities of the supervisor to provide technical assistance and behavioral Support.
5. Coworkers. The degree to which fellow workers are technically proficient and socially.
6. Supportive. (Source: Organization Behavior, 12th Edition, Fred Luthans).

Employee engagement, however don’t have such constructs. Its measurement scale has been developed by different

organizations as shown in Exhibit 1:

Exhibit 1

Employee Engagement Survey Items: Samples

Dell

- Even if I were offered a comparable position with similar pay and benefits at another company.
- I would stay at Dell. Q Considering everything, Dell is the right place for me.

Development Dimensions International

- My job provides me with chances to grow and develop.
- I find personal meaning and fulfillment in my work.
- I get sufficient feedback about how well I am doing.

Institute for Employment Studies

- A positive attitude toward, and pride in, the organization.
- A willingness to behave altruistically and be a good team player.
- An understanding of the bigger picture and a willingness to go beyond the requirements of the job.

Intuit

- I am proud to work for Intuit.
- I would recommend Intuit as a great place to work.
- I am motivated to go “above and beyond” what is expected of me in my job.

Towers Perrin

- I am willing to put in a great deal of effort beyond what is normally expected to help my organization succeed.
- I understand how my role in my organization is related to my organization's overall goals, objectives and direction.
- My organization inspires me to do my best work.

(Source: Employee Engagement and Commitment Report, SHRM)

5. Impact of power-distance on employee engagement

Employees with a high power-distance orientation feel more burnout due to supervisors when they are closely monitored by their supervisors and vice-versa (Auh et al. 2016). Further, Wilmar B. Schaufeli in his paper, ‘Work engagement in Europe: Relations with national economy, governance and culture’ has established that Individualism and indulgence are positively, and power distance and to a somewhat lesser degree-uncertainty avoidance is negatively associated with work engagement. It signifies that employees feel more engaged in nations with loosely knit social frameworks in which individuals take care of themselves (individualism), and in countries where people are enjoying life and having fun (indulgence). In contrast, work engagement is low in countries where people accept a hierarchical order (power distance), as well as in countries that maintain rigid codes of belief and behavior (uncertainty avoidance). Work engagement is defined as ‘a positive, fulfilling, work related state of mind that is characterized by vigor, dedication, and absorption.’ (Schaufeli, 2018). With high power distance, managers may refrain from sharing the required information employees need to make rational decisions, resulting employees to lose their trust and belief in the fairness of organizational procedures. Consequentially, this may lead to a suspicion that the reasons mentioned by the manger or the decision maker for soliciting voice are not accurate. This belief would frustrate employees (Wang, Nayir, 2010).

6. Impact of organizational climate on employee engagement

Organizational climate shows the condition of the organization's culture. The most common management issue faced by organization these days is search for innovative and organic work environment that promotes job satisfaction (Permarupan et al., 2013). There is significant relationship between organizational climate and performance of the employees in manufacturing industry. (Raja S., Chokalingam, 2019). Social psychology is considered as one of the origins of organizational climate. (EH Schein, 1990). Psychosocial safety climate (PSC) is defined as shared perceptions of organizational policies, practices and procedures for the protection of worker psychological health and safety that stem largely from management practices (Law et. al, 2011).

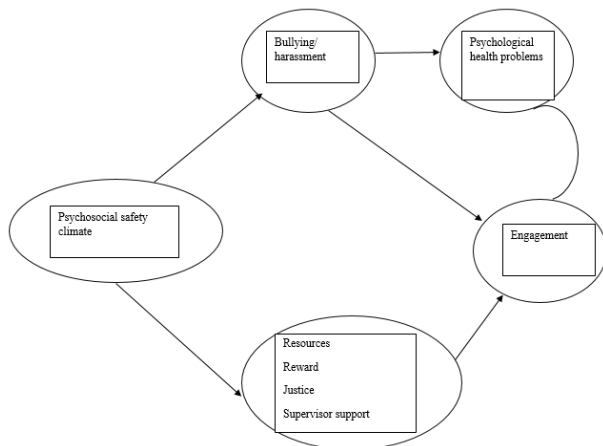


Fig. 1. Impact of organizational climate on employee engagement (Source: Derived from Law et al., 2011)

According to Namie (2003) bullying can be represented on a continuum that starts with incivility, moves to bullying, and ultimately ends with workplace violence. Bullying can lower morale, can cause ineffective interpersonal relationship among supervisors and peers, ineffective teamwork and lower organizational commitment. (Bartlet and Bartlet, 2011).

7. Impact of leadership on employee engagement

Transformational leadership leads to empowerment of employees that improves engagement of employees (Dvir et al., 2002). Transformational leadership style focuses on the development of followers and their needs. Managers implementing transformational leadership style focus on the development of value system of employees, their motivational level and moralities with the development of their skills (Ismail et al., 2009). Transformational leadership acts as a bridge between leaders and followers to develop clear understanding of interests, values and motivational level of followers (Bass, 1994). Empirical findings suggests that transformational leadership is positively related to employee performance. (Ghafoor et. al, 2011).

Hence, we can conclude that transformational leadership leads to employee engagement which in turn boosts employee performance. Tims et al. (2011) has established that there is a significant positive relation between transformational leadership and employee engagement. Salanova, Lorente, Chambel, Martnez (2011) conducted a study in Portugal with sample size of 297 nurses to examine the relationship between extra-role performance of the nurses and transformational leadership of the supervisors. They have found out that at least partial mediation exists between the relationships researched. Babcock-Roberson and Strickland (2010) have established that there exists a strong relationship between charismatic leadership and work engagement. In a study conducted by Whitford and Moss (2009) across geographies and in varying organizational structures, they have found out that visionary leadership was positively associated with work engagement. Walumba, Wang, Wang, Schaubroeck and Avolio (2010) have found out that authentic leadership has significant leadership with organizational citizenship behavior (OCB) and work engagement.

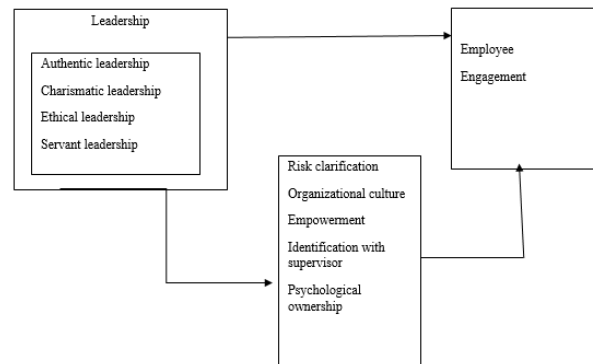


Fig. 2. Relationship associated with leadership and employee engagement (Source: Derived from Carasco-Saul; et. al, 2014)

According to Conger, Kanungo, & Menon (2000), charismatic leadership is a characteristic based on follower perceptions of the behavior of their leaders. Servant leadership is a leadership philosophy which addresses the concerns of ethics, customer experience, and employee engagement while creating a unique organizational culture where both leaders and followers unite to reach organizational goals without positional or authoritative power). Servant leadership helps the employees to form a strong bonding with the organization, feel that their opinions are valued and felt greater responsibility in delivering service to the customer. Thus, servant leadership leads to employee engagement. It also has an impact on organizational culture. However, its effectiveness depends on consistency of the leadership (Carter, Baghurst, 2013).

8. Our Model

The proposed model of factors influencing employee engagement is shown below.

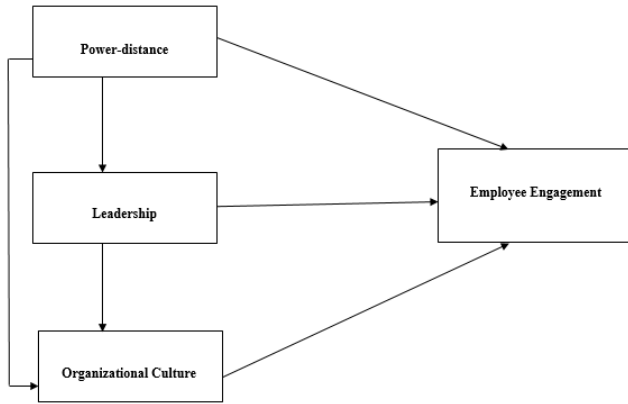


Fig. 3. Proposed model

The constructs for measuring employee engagement are as follows:

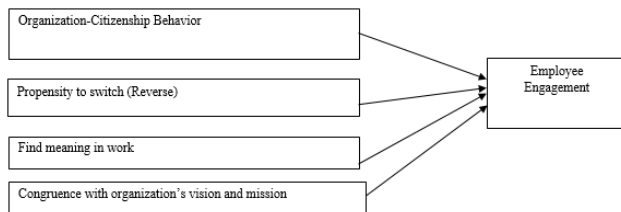


Fig. 4. Constructs for measuring employee engagement

9. Conclusion

Employees are the key assets of an organization. In recent years, it has been observed that they often form a part of the core competence of the organization and provide competitive advantage to the firm. While many organizations have realized this fact, some have implemented it, while some have consistently maintained this practice. This can be attributed to Pfeffer’s one-eighth situation. While many organizations have framed a policy and appointed board members to monitor the same, sometimes it simply doesn’t percolate down to frontline or entry level staffs. It is high time that line managers are extensively trained and employee engagement should be deeply rooted in the culture of an organization. It is hardly surprising that some of the extremely successful organizations have gone to a great length to engage their employees. Its significance is not just restricted to attrition, customer satisfaction or financial ratios, it forms an integral part of the brand building process.

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