Constituents of Employee Engagement:

An empirical study

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By

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Introduction

- Employee engagement has emerged as a critical driver of business success in today's competitive environment. It not only has the potential to significantly affect employee retention, productivity and loyalty, it is also a key link to customer satisfaction, company reputation and overall stakeholder value.

- An engaged employee experiences a blend of job satisfaction, organisational commitment, job involvement and feelings of empowerment. It is a concept that is greater than the sum of its parts.

- Engaged employees work harder, are more loyal and are more likely to go the 'extra mile' for the organization. Such employees are assets to organizations. Engaged employees show positive attitude towards the organization and total commitment to stay, say and strive for the organization in the upswing as well in the downtrend of the organization. Organizations are striving hard to implement employee engagement strategies to increase the engagement in the employees.

- Despite there being some debate about the precise meaning of employee engagement there are three things we know about it: it is measurable; it can be correlated with performance; and it varies from poor to great. Most importantly employers can do a great deal to impact on people's level of engagement. That is what makes it so important, as a tool for business success. (David MacLeod Nita Clarke, 2009)

- We believe that if employee engagement and the principles that lie behind it were more widely understood, if good practice was more widely shared, if the potential that resides in the country's workforce was more fully unleashed, we could see a step change in workplace performance and in employee well-being, for the considerable benefit of the organisation.

- Engagement, going to the heart of the workplace relationship between employee and employer, can be a key to unlocking productivity and to transforming the working lives of many people for whom Monday morning is an especially low point of the week.
Review of literature

- "Engagement is about creating opportunities for employees to connect with their colleagues, managers and wider organisation. It is also about creating an environment where employees are motivated to want to connect with their work and really care about doing a good job...It is a concept that places flexibility, change and continuous improvement at the heart of what it means to be an employee and an employer in a twenty-first century workplace." (Professor Katie Truss)

- "A positive attitude held by the employee towards the organisation and its values. An engaged employee is aware of the business context, and works with colleagues to improve performance within the job for the benefit of the organisation. The organisation must work to develop and nurture engagement, which requires a two-way relationship between employee and employer." (Institute of Employment Studies)

- "A set of positive attitudes and behaviours enabling high job performance of a kind which are in tune with the organisation’s mission.” (Professor John Storey)

- Engagement at work was conceptualized by Kahn (1990) as the “harnessing of organizational members” to their work roles. In engagement, people employ and express themselves physically, cognitively and emotionally during role performances. The second related construct to engagement in organizational behaviour is the notion of flow. Flow is the state in which there is little distinction between the self and environment. When individuals are in a state of flow, little conscious control is necessary for their actions. Employee engagement is thus the level of commitment and involvement an employee has towards his/her organization and its values. An engaged employee is aware of the business context, and works with colleagues to improve performance within the job for the benefit of the organization.

- In recent years, a number of studies have focused on employee engagement and its link to company performance and sustainability. The following studies highlight the role of employee engagement in today’s business environment. HR
organizations can boost firm productivity if they recognize these issues and help employees improve their well-being.

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**• Driving Performance and Retention Through Employee Engagement** In a global survey of the engagement levels of 50,000 employees in 27 countries, research by the Corporate Leadership Council emphasizes the link of engagement to business success and its direct impact on employee performance and retention. Organizations that have a highly engaged workforce were found to have almost 10 times as many committed, high-effort workers as those with a low-engaged workforce. The findings point to the manager as the most important enabler of employee commitment to the organization, job and work teams.

**• Employee Engagement Report 2006** Building on research from 2004 and 2005, this study examines how employees in North America, Europe and Asia-Pacific feel about their organizations and jobs. The top reason people stay is for fulfilling work (44%). The findings also reveal that 35% of employees are likely at risk of leaving their organizations. Top reasons include career, the work itself and the manager. Interestingly, only 38% of employees had seen visible actions to increase employee engagement. More than 30% are considering leaving, and only 12% of employees intend to stay.

**• Engaged employees have a sense of personal attachment to their work and organisation; they are motivated and able to give of their best to help it succeed – and from that flows a series of tangible benefits for organisation and individual alike. It is about retaining and building on the commitment, energy and desire to do a good job that characterises most people, that 'first day at work' feeling, to maximise individual and organisational performance.** (David MacLeod Nita Clarke, 2009)

**• Robertson and Cooper (2010) have conceptualized the term “full engagement”, which encompasses the psychological well-being of employees and leads to greater individual and organizational benefits.** The psychological well-being of employees has been found to be an important driver of engagement and is reported to be directly correlated with performance (Wright and Cropanzano,
It denotes a feeling of happiness which arises when an employee enjoys performing his or her work. Thus, a job which is both meaningful and pleasurable leads to psychological well-being (Fredrickson, Tugade and Larkin, 2003).

- Levels of engagement matter because the results indicate a significant difference in bottom-line results in companies with highly-engaged employees when compared with companies with low levels of employee engagement.

- Gallup in 2006 examined 23,910 business units and compared top quartile and bottom quartile financial performance with engagement scores. They found that:
  - Those with engagement scores in the bottom quartile averaged 31 – 51 per cent more employee turnover, 51 per cent more inventory shrinkage and 62 per cent more accidents. Those with engagement scores in the top quartile averaged 12 per cent higher customer advocacy, 18 per cent higher productivity and 12 per cent higher profitability.
  - A second Gallup study of the same year of earnings per share (EPS) growth of 89 organisations found that the EPS growth rate of organisations with engagement scores in the top quartile was 2.6 times that of organisations with below-average engagement scores. Harter, J.K. et al (2006), *Gallup Q12 Meta-Analysis Gallup Organisation* (2006). ‘Engagement predicts earnings per share’.
  - Tower Perrins-ISR carried out a global survey in 2006 which included data gathered from opinion surveys of over 664,000 employees from over 50 companies around the world, representing a range of industries and sizes. The survey compared the financial performance of organisations with a highly-engaged workforce to their peers with a less-engaged workforce, over a 12 month period.
  - According to Nancy R. Lockwood, SPHR, GPHR, M.A., in their study of Leveraging Employee Engagement for Competitive Advantage: HR’s Strategic Role: Reveals that the level of engagement determines whether people are productive and stay with the organization—or move to the competition.
• Research highlights that the employee connection to the organizational strategy and goals, acknowledgment for work well done, and a culture of learning and development foster high levels of engagement. Without a workplace environment for employee engagement, turnover will increase and efficiency will decline, leading to low customer loyalty and decreased stakeholder value. Ultimately, because the cost of poor employee engagement will be detrimental to organizational success, it is vital for HR to foster positive, effective people managers along with workplace policies and practices that focus on employee well-being, health and work/life balance.

• According to Penna research report (2007) meaning at work has the potential to be valuable way of bringing employers and employees closer together to the benefit of both where employees experience a sense of community, the space to be themselves and the opportunity to make a contribution, they find meaning. Employees want to work in the organizations in which they find meaning at work.

• They have also come up with a new model they called “Hierarchy of engagement” which resembles Maslow’s need hierarchy model. In the bottom line there are basic needs of pay and benefits. Once an employee satisfied these needs, then the employee looks to development opportunities, the possibility for promotion and then leadership style will be introduced to the mix in the model. Finally, when all the above cited lower level aspirations have been satisfied the employee looks to an alignment of value-meaning, which is displayed by a true sense of connection, a common purpose and a shared sense of meaning at work.

• Buchner (2008) states that, knowledge is the acquaintance with truths, facts or principles as of from investigation or study. Knowledge provides a tool for employees in order to carry out activities and tasks in the organizational context. Knowledge can be in two forms they are declarative knowledge and procedural knowledge. The declarative knowledge is concerned with what an employee knows and procedural knowledge which is concerned with what an employee can do. It is the individual employee’s ability coupled with his education, training and experience that makes employee engagement and job involvement feasible. Only a motivated employee can able to get engage themselves well. An employee may be motivated by the factors of organizational as well as individual. Individual factors could be reward tied to
performance, self-efficacy, an urge to excel, craving for recognition and more. The organizational factors could be feedback environment, an enabling environment, leadership’s support and encouragement, existence of performance management system, employer branding programs and more.

- Employees will be able to get engage well in their job if the employees are provided with feedback that is constructive and meaningful. Feedback helps employees identify improvement areas and they can able to work harder in order to overcome the performance gaps. The existence of a feedback – oriented environment is essential in order to improve the employee’s engagement on an ongoing basis. (Krausert, 2009).

- According to Warner (2002) leadership has a deep influence on the employee engagement, morale and organizational culture. Most of the times, team leaders have to leave their organizations not because they don’t have the requisite skills or job knowledge but because of failure to set right the culture of an organization. Effective leaders make the engagement of employee in moving their organizations forward. They trust them, elicit full mental participation, encourage taking risk and encourage suggestions of their employees in improving the performance of the organizations and competence. Performance management heavily depends on the commitment and motivation of the employees and the leadership. Thus for the effective engagement of employees the key dimensions are motivation, knowledge, leadership, feedback and personality.

- Employee engagement is a valuable concept for understanding and improving individual and organizational performance. Career development influences engagement by employees. Evolving a clear and strong career development path enables organizations to retain the most talented employees by providing opportunities for their personal development (Concelman, 2005).

- Employees want to be involved in the decision-making processes that affect their work. If employees are given a say in the decision making and have the right to be heard by their bosses, then the engagement levels are likely to be high (Schaufeli and Bakker, 2004).
• In order to boost engagement levels, the employees should also be provided with certain benefits and compensations. Employees need to feel that the core values for which their companies stand are unambiguous and clear (Pech, 2009).

• High levels of employee engagement are inextricably linked with high levels of customer engagement, good performance appraisal and a safe working environment (Shaw, 2005).

• If the entire organization works together and the employees help each other, they will be engaged. When employees observe that the organization is also considering benefits for their families, they will have an emotional attachment with the organization, which leads to engagement. There are a number of reasons to expect engagement to be related to work outcomes. Engagement has been described as a fulfilling, positive work-related experience and state of mind (Schaufeli and Bakker, 2004; Sonnentag, 2003);

• It has been found to be related to good health and positive work affect. These positive experiences and emotions are likely to result in favorable work outcomes. Engaged employees tend to have stronger ties to their organization and a lower tendency to change their jobs.

• According to this Gallup Management Journal study,
  • Supervisors play a critical role in worker well-being and engagement.
  • The survey considers how employee perceptions of happiness and well-being affect job performance. Happy and engaged employees are better equipped to handle stress and change, are much more likely to have a positive relationship with their manager, feel more valued by their employer and are more satisfied with their lives.
  • People with higher levels of engagement appear to substantially enjoy more positive interactions with co-workers than do their less-engaged counterparts.
The study suggests that organizations can boost firm productivity if they recognize these issues and help employees improve their well-being.

- What will happen to an organization if its employees are disengaged? Employees who are not engaged are likely to be wasting their effort and talent on tasks that may not matter much and certainly do not show full commitment and also not going to stick around for things to change in their organization. Such employees have far more misgivings about their organization in terms of performance measures such as customer satisfaction (Blessing White, 2006; Perrin Report, 2003).

- 70% of business leaders agree that employee engagement is critical to achieving business objectives\(^1\), and they’re right! Studies have shown that highly engaged employees perform 20% better and are 87% less likely to leave the organisation\(^2\). Being able to measure and monitor employee engagement, as well as its critical drivers, can directly impact an organisation’s bottom line. Conducting an employee satisfaction survey can help you identify these issues.

- Another study by Gallup Consulting of data from over 125 organizations builds on the idea of comparing the upside of having an engaged workforce with the downside of having a disengaged workforce. Gallup compared the performance of companies in the top quartile of engaged employees with the performance of companies in the bottom quartile of (dis)engaged employees.

- There was a dramatic difference between the top and bottom quartile companies track records in safety incidents, employee turnover, and absenteeism. More importantly, Gallup has proven that companies with highly engaged workgroups have 18% greater productivity, 12% higher profitability, and 2.6 times the earnings per share (EPS) growth rate compared to organizations with lower engagement in their same industry. Wow!
Levels of Engagement

- It can be a vague term. In this model, (BlessingWhite) details a specific and compelling model for articulating what Employee Engagement is – and five different levels of engagement: from the Engaged to the Disengaged through the crash & burners, the honeymooners & hamsters and the ‘almost engaged’.

The Engaged:

These employees are at the apex where personal and organizational interests align. They contribute fully to the success of the organization and find great satisfaction in their work. They are known for their discretionary effort and commitment. When recruiters call, they cordially cut the conversation short. Organizations need to keep them Engaged, because they can transition over time to any of the three adjacent segments, a move that would likely impact workforce morale and the bottom line.

Almost Engaged: Medium to high contribution and satisfaction

A critical group, these employees are among the high performers and are reasonably satisfied with their job. They may not have consistent “great days at work,” but they know what those days look like. Organizations should invest in them for two reasons: They are highly employable and more likely to be lured away; they have the shortest distance to travel to reach full engagement, promising the biggest payoff.
Honeymooners & Hamsters: High satisfaction but low contribution

Honeymooners are new to the organization or their role – and happy to be there. They have yet to find their stride or clearly understand how they can best contribute. It should be a priority to move them out of this temporary holding area to full alignment and productivity.

Hamsters may be working hard, but are in effect spinning their wheels, working on non-essential tasks, contributing little to the success of the organization. Some may even be hiding out, curled up in their cedar shavings, content with their position (“retired in place”). If organizations don’t deal with them, other employees will have to work harder and may grow resentful.

Crash & Burners: High contribution but low satisfaction

Disillusioned and potentially exhausted, these employees are top producers who aren’t achieving their personal definition of success and satisfaction. They can be bitterly vocal that executives are making bad decisions or that colleagues are not pulling their weight. They may leave, but they are more likely to take a breather and work less hard, slipping down the contribution scale to become Disengaged. When they do, they often bring down those around them.

The Disengaged: Low contribution and satisfaction

Most Disengaged employees didn’t start out as bad apples. They still may not be. They are the most disconnected from organizational priorities, often feel underutilized, and are clearly not getting what they need from work. They’re likely to be skeptical, and can indulge in contagious negativity. If left alone, the Disengaged are likely to collect a paycheck while complaining or looking for their next job. If they can’t be coached or aligned to higher levels of engagement, their exit benefits everyone, including them.

Figure 1: Model of engagement management

Source: Gruman and Saks (2011)
As such it is shown in figure 1, the employee engagement is anticipated to have a direct consequence on the enhanced job performance. This is reliable with that of the Macey et al.'s (2009) model of employee engagement value chain and model of Kahn's (1992) regarding psychological presence. It is that the performance management is a serious feature of the effectiveness of organization (Cardy, 2004). This is since; it is the key procedure through which the job is accomplished (Pulakos, 2009) and should hence be the highest priority of the managers (Lawler, 2008). Though, it is that only lesser amount of employees believe that the performance management process of their organization helps them in enhancing their concert, and the regularly the performance management ranks among the lowermost topics in the surveys of employee satisfaction (Pulakos, 2009). Contemporary issues facing firms have led most of them to relocate the attention on their systems of performance management systems (Buchner, 2007) and discover ways to enhance the employee performance. It is pointed out by Banks and May (1999) that one of the significant ways to improve the process of performance management is that to focus on developing employee engagement as a driver of augmented concert.

**Rationale**

➢ It has been observed while reviewing the literature that employee engagement is an important but under researched construct. Research studies on constituents of employee engagement were scant, and more so in manufacturing and service organisations in Indian context. Based on the reviews, the need to identify the constituents is felt so as to ensure higher level of engagement across organisations to enhance overall individual and organisational performance.

**Research Objectives**

- To identify the constituents of Employee Engagement
- To study the effect of Type of Organisations on Employee Engagement
- To study the effect of Age on Employee Engagement
Research methodology

Study

- The study will be exploratory in nature to identify the constituents of employee engagement in Manufacturing and Service Organisations in Indian context.
- The impact of Age and type of organisation would then be assessed on employee engagement and its constituents

Design

- 2x3 bi-variable factorial design

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<td></td>
<td>Young (20–30)</td>
<td>Early</td>
<td>Late</td>
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<tr>
<td></td>
<td>Manufacturing</td>
<td>Middle-Age (35–45)</td>
<td>Middle-age (50–60)</td>
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<td>60</td>
<td>60</td>
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<td></td>
<td>Service</td>
<td>60</td>
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Sample

Employees working in manufacturing and service organisations will be the target population for the survey. Six organisations (three from manufacturing and three from service sector) will be selected for the purpose of the study. Data about perceptions of employees towards employee engagement will be collected from these six organisations (60 each), thereby making the sample size of 360.

Tools for Data Collection

A self-designed questionnaire will be developed for collecting the data pertaining to the study.
Tools for Data Analysis

Collected data will be analyzed using appropriate statistical tools such as Factor Analysis, ANOVA and t-test

Expected Outcomes and benefits of the study

Findings of the study are likely to benefit the managers and administrators in harnessing the potential of human resources within the organization. It will also provide a framework to assess engagement of employees and tap the effectiveness to get the expected results.

Limitations

Type and no. of organisations due to distance and time constraints
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