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A study on the drivers of employee engagement impacting employee performance

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Abstract

Employee Engagement is a concept gaining significant importance in the past 10 years. Organization today use engaged employees as a tool for strategic partner in the business. The concept of employee engagement has now gained even more importance, since many drivers have been identified, which impact employee performance and well-being at workplace. As companies across industries strive to survive and rise above the stiff competition, physical and mental well-being of employees will be one of the important aspects that HR managers need to tend focus on. Hence, employee engagement is today seen as a powerful source of competitive advantage in the turbulent times. The study explores the concept of employee engagement and also throws light on key drivers of employee engagement by analyzing specifically three divers, namely communication, work life balance and leadership. This study will also analyze how these drivers impact the level of employee performance and well-being at workplace of the employees. The available literature on drivers of employee engagement indicates that there is paucity of literature on these three drivers and their impact on employee engagement. Thus, we focused on these three specific and less researched drivers

Keywords: Employee; Employee engagement; human resources; performance; work life balance, communication, HR.

1. Introduction

In recent times, due to rapid globalization, Indian companies have realized that their talent is the key to their growth, and the one strategic resource that any enterprise truly needs. As a result, the Human Resources (HR)
function has made the transition from ‘behind-the-scenes’ support to become a strategic partner the business. HR has tried to progress from being transactional to strategic where the head of the HR function is now a vital part of the senior management team. Every organization knows the importance of engaging and motivating its people to perform and this has gained more prominence with time. But what is less commonly recognized is that employees want to be engaged in work where they feel that they are contributing in a positive way to something larger than themselves.

Over the years, one of the toughest challenges confronting the CEOs, HR and the business leaders of many organizations, has been to ensure that when their employees check in everyday, they not only do it physically but also mentally and emotionally. In short, they need to ensure that their employees are truly engaged. Employee engagement has emerged as a critical driver of business today. It practically affects the employee morale, productivity and reasons for retaining in the company. Organizations are using their engaged employees as a tool of strategic competence. A highly engaged employee will consistently outperform and set new standards. In the workplace research on employee engagement (Harter et al, 2002) have repeatedly asked employees, whether they have the opportunity to do their best every day.

In his book, titled ‘The New Rules Of Engagement, Mike Johnson writes “the ability to engage employees, to make them work with our business, is going to be one of greatest organizational battles in the coming 10 years”. 9 years on and employee engagement is now a management challenge and which is quickly absorbed into the HR Agenda. It is a key challenge which is capturing the attention of executives and HR Professionals” (as cited in Soldati, 2007). Nevertheless, there is an increasing awareness that employee engagement is pivotal to business performance where engaged employees are the ‘backbone’ of good working environment where people are industrious, ethical and accountable. (Levinson, 2007: Cleland et al, 2008)

2. Rationale

Firstly, this study attempts to look at studies which covered the businesses of all sizes in managing and engaging employees by demonstrating how HR systems can be effectively clubbed with new processes to make employee engagement an end to end to practice. Employers know that engaged employees are more productive and therefore, every organization needs to analyze the drivers of employee engagement. There are many drivers to employee engagement. This paper discusses three engagement drivers, namely communication, Work Life Balance, Leadership. Based on our study, we have conceptualized a model analyzing specifically these drivers of engagement, which lead to employee and organizational performance. Secondly, the existing literature shows that there is a dearth of academic studies on employee engagement (Saks, 2006). Further, there exists confusion about the concept of employee engagement, as discussed in this paper later. Thus, this study aims at imparting clarity on the term, by presenting some important definitions of employee engagement.

3. Methodology

To continue with our work on employee engagement and an endeavor to bring some clarity on the area of employee engagement, this paper is based on a systematic review of literature on employee engagement which seeks to synthesize the current thinking and evidence. Emphasis is drawn on specifically on three drivers of engagement namely communication, Work Life Balance, Leadership, which have an impact on performance of the employee. A model has been conceptualized based on these findings. Literature for this study was predominantly sourced from internet searches and use of management journal databases such as EBSCO, EMERALD, Elsevier and SCOPUS.

4. Employee Engagement – Meaning, Definitions, Scope and Nature

Employee engagement is a matter of concern for leaders and managers in organisations across the globe, as it is recognized as a vital element in determining the extent of organizational effectiveness, innovation and competitiveness. The term employee engagement is rooted in academic research, though it was considered largely as practical consultancy issue till 1990s. Though, since then, the concept is attracting greater attention from scholars in disciplines such as business and management, psychology and organizational behavior (Xu and Thomas, 2011), it is equally to that there is a paucity of critical academic literature on the subject (Kular et al, 2008) It is a difficult and an extensive exercise to define engagement and outline its scope. Each study on employee engagement explores it
under a different context. As a result, there is absence of a universal and unanimous definition and measurement of employee engagement. In addition to this, employee engagement has been associated with other well researcher and established constructs such as ‘organisational commitment’, ‘Organisational Citizenship Behaviour’, ‘Job Involvement’, ‘Flow’, etc. Thus, in order understand the construct of employee engagement with greater clarity, we have to rely on several studies on the subject.

This paper presents several definitions of employee engagement in chronological order. Thus, it helps in understanding the evolution of the concept. An earlier piece of engagement literature by Goffman (1961) puts forth that the concept of engagement is rooted in role theory. He defined engagement as the “spontaneous involvement in the role” and a “visible investment of attention and muscular effort” (as cited in Wildermuth and Pauken, 2008).

Katz and Kahn (1966) stressed on the general need for employees to engage with their work and organisations. Though their work doesn’t use the term ‘employee engagement’ directly, it acknowledges the need for engagement and its association with organizational effectiveness. Csikszentmihalyi (1982) expressed employee engagement as a flow concept, wherein flow is a holistic sensation which employees experience when they are totally involved in their work. W.A. Kahn, who is considered as an academic parent of the employee engagement movement, developed the concept of ‘personal engagement’. In his work, he defines personal work engagement as the “harnessing of organisation members’ selves to their work roles; in engagement, people employ and express themselves physically, cognitively and emotionally, during role performances”.

To explain the phenomenon, Kahn associated three conditions, viz. psychological safety, psychological meaningfulness and psychological availability, which lead to employee engagement. Employees experience psychological safety in the presence of other members when they relate themselves to their role performances and they are provided with sufficient personal resources to dedicate themselves to such performances. Their work is sufficiently meaningful to them. As employees feel psychologically safe and their work is meaningful to them, they are psychologically available. Thus, the condition of psychological availability refers to a situation, wherein employees and draw on their whole selves in an integrated and focused manner to enhance their role performances. Thus, Kahn’s definition of employee engagement suggests that employee engagement is a multi-faceted construct. Kahn claims that the more of ourselves we give to a role, the more exciting and comfortable is our performance.

Goffman and Kahn both observe that individuals do not assign themselves equally to each role. Schaufeli et al (2002) define engagement as “a positive, fulfilling, work-related state of mind that is characterized by vigor, dedication and absorption.” May et al (2004) tested the Kahn’s model and their findings supported that the psychological conditions of meaningfulness, safety and availability are positively linked to engagement.

Robinson et al (2004) define engagement as one step ahead of commitment. They define employee engagement as a positive attitude of employees towards their organisation and its values, wherein employees have awareness of business context and work to improve job and organizational effectiveness. More importantly, this study stresses the two-way nature of employee engagement.

Another prominent definition of engagement emerged from the contribution of Schaufeli and Bakker (2004). They coined the term ‘job engagement’ and further, defined it as “a positive, fulfilling, work-related state of mind that is characterized by vigour, dedication and absorption”. Thus, engagement is characterized by vigour, dedication and absorption. Hewitt Associates (2004) developed an 18-item scale to measure employee engagement. It defines engagement as “the state in which individuals are emotionally and intellectually committed to the organisation or group, as measured by three primary behaviours: Say (Employees speak positively about the organisation to others inside and out), Stay (Employees display an intense desire to be a member of the organisation) and Strive (Employees exert extra effort and engage in behaviours that contribute to business success).” Engaged employees exhibit these three behaviours, namely Say, Stay and Strive.

Saks (2006) extended the concept of employee engagement to include two important aspects, job engagement and organisation engagement. It is widely believed that his work restored employee engagement as a serious construct. Fleming and Asplund (2007) of Gallup, in their book, titled ‘Human Sigma: Managing Employee-Customer Encounter’ define employee engagement as “the ability to capture the heads, hearts, and souls of your employees to instill an intrinsic desire and passion for excellence.” They further point out that engaged employees want their organization to succeed because they feel connected emotionally, socially, and even spiritually to its mission, vision, and purpose.

CIPD (2006) published a report, titled, ‘How Engaged Are British Employees’, which presents findings of a survey on employee attitudes and engagement, which covered a sample of 2000 employees across United Kingdom. This research was conducted for the CIPD by Kingston Business School and Ipsos MORI. This report defines
employee engagement as “passion for work”, which involves feeling positive about your job, as well as being prepared to go the extra mile to make sure you do your job to the best of your ability”. The study identifies three dimensions of employee engagement: emotional engagement – being very involved emotionally with one’s work; cognitive engagement – focusing very hard while at work; and physical engagement – being willing to ‘go the extra mile’ for your employer.

This study and the subsequent full report by Truss et al (2006) establishes that Kahn’s view of employee engagement is operationalised in such large survey covering a sample of 2000. In an interim report by Kingston Business School to CIPD, Gatenby (2008) observe, “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”.

Macey and Schneider (2008), in their work, comment that definition of engagement can be classified on three different bases. When engagement is described as ‘what it is’, it is being classified on the basis of ‘psychological state’. It is classified as ‘behavioural engagement’, when one analyses the behaviour it causes. Engagement is also defined on the basis of attitude towards one’s work (trait). They further suggest that ‘trait engagement’ gets reflected in individual’s ‘psychological state’, which results in ‘behavioural engagement’. They define engagement as “discretionary effort or a form of in-role or extra role effort or behaviour beyond preserving the status quo, and instead focus on initiating or fostering change in the sense of doing something more and/or different”

Newman and Harrison (2008) defined engagement as the simultaneous presence of three behaviours in employees, namely, their performance in job, citizenship behaviour and involvement.

Cook (2012) define engagement as “how positively the employee thinks about the organisation, feels about the organisation and is proactive in relation to achieving organizational goals for customers, colleagues and other stakeholders”.

5. Drivers of Employee Engagement

We briefly present our literature review on drivers of employee engagement:

- A study on drivers of engagement by Mani (2011) predicted four drivers, namely employee welfare, empowerment, employee growth and interpersonal relationships (Mani, 2011)
- Seijit (2006) identified the 10 Cs of Employee Engagement, namely Connect, Career, Clarity, Convey, Congratulate, Contribute, Control, Collaborate, Credibility & Confidence.
- The three elements of employee engagement, viz contributions, connections, growth and advancement, were identified through a study by Wallace et al (2006), as cited in Mani, 2011.
- Britt et al (2001) predicted employee involvement and commitment as engagement drivers
- Study by IES in 2004 identified the following as predictors: leadership, relationships at work, total reward, recognition, work life balance and work itself
- Study by IES (2005) identified the following drivers: job satisfaction, feeling valued and involved, equal opportunity, health and safety, length of service, communication and co-operation
- A study by Towers Watson (2009) identified following three predictors of engagement
- Rational – how well the employee understands roles/responsibilities
- Emotional - how much passion employee can bring to work
- Motivational - how willing is the employee to invest discretionary effort to perform their role.
- Bhatla (2011), in a study of employee engagement and its effects on employee performance with respect to Indian banks has identified organisational culture and organisational communication as prominent driver.

As shown in Exhibit 1, the top five global engagement drivers for 2010 were career opportunities, brand alignment, recognition, people/HR practices, and organization reputation. Through the economic downturn and into the recovery, employees are more concerned about what the company stands for and the consistency between the stated employer value proposition and the day-to-day reality of work. Brand alignment and recognition were also top global drivers in 2009, with pay and managing performance in 2009 being replaced with people/HR practices—and organizational reputation in 2010. Across the regions, the top two drivers—career opportunities and brand alignment—have remained consistent.
In another study by Aon Hewitt Consulting, as shown in Exhibit 2, just over half of the employees are passive or actively disengaged. Employees have high levels of stress and exhaustion as a result of doing more with less. It is at its lowest threshold among employees who have been impacted by corporate transactions, corporate transformations and restructurings.

Exhibit 1: Key Drivers of Employee Engagement: Aon Hewitt Survey 2011

<table>
<thead>
<tr>
<th>Engagement Drivers</th>
<th>Global</th>
<th>Asia-Pacific</th>
<th>Europe</th>
<th>Latin America</th>
<th>North America</th>
</tr>
</thead>
<tbody>
<tr>
<td>Career Opportunities</td>
<td>61%</td>
<td>62%</td>
<td>60%</td>
<td>60%</td>
<td>64%</td>
</tr>
<tr>
<td>Brand Alignment</td>
<td>44%</td>
<td>41%</td>
<td>48%</td>
<td>36%</td>
<td>42%</td>
</tr>
<tr>
<td>Recognition</td>
<td>40%</td>
<td>37%</td>
<td>40%</td>
<td>56%</td>
<td>34%</td>
</tr>
<tr>
<td>People/HR Practices</td>
<td>34%</td>
<td>30%</td>
<td>49%</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Organization Reputation</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>46%</td>
</tr>
<tr>
<td>Managing Performance</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>60%</td>
</tr>
<tr>
<td>Pay</td>
<td>–</td>
<td>31%</td>
<td>41%</td>
<td>33%</td>
<td>–</td>
</tr>
<tr>
<td>Valuing People/People Focus</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>27%</td>
</tr>
</tbody>
</table>

Source: Aon Hewitt Consulting (2011 a), ‘Trends in global employee engagement’

Exhibit 2: Engagement 2.0 Focus on the Right People. Build the Excitement. Preserve the Passion Aon Hewitt Consulting 2011

Source: Aon Hewitt Consulting (2011 b), Engagement 2.0 Focus on the Right People. Build the Excitement. Preserve the Passion

The above exhibit illustrates the value of highly engaged employees who significantly outperform others in all key result areas. However, only 10% of employees in an organization demonstrate such highly engaged behavior. What is of greater concern is 30% of such employees today are ready to leave their organizations whereas a large disengaged force is not considering leaving their company. In either case value is getting destroyed. One of the primary drivers for disengagement during a recession is restructuring or merger and acquisition activities. In the
early stage of an M&A, employees are excited, energized and more engaged. As concerns about the reality of integration and restructuring set in, employees may start to disengage. Strategies must be in place to anticipate and manage the ebb and flow of engagement during a significant corporate transaction—to reduce the amount of time and the number of people that disengage.

6. Our model

As discussed earlier in this paper, we have focused on three specific drivers of engagement and we assume that these drivers lead to employee performance, which ultimately results in higher organizational performance. Exhibit 3 presents our model

Exhibit 3: Proposed Integrated Model of Employee Engagement

The association between each of these drivers and employee engagement is as follows:

6.1. Leadership and Employee Engagement

Xu and Thomas Cooper (2010) state that leadership is a key antecedent of engagement. Leadership research shows that certain leadership behaviours have clear association with engagement constructs such as motivation, job satisfaction, organizational commitment, proactive behaviours and organizational citizenship behavior. Trust in leader, support from the leader, and creating a blame-free environment are considered as components of psychological safety, a condition proposed by Kahn, which leads to employee engagement (Xu and Thomas Cooper, 2010).

Studies by Judge and Piccolo (2004), Lee (2005), Erkutlu (2008), Griffin et al (2010) provide evidence for association between positive leader behaviours and follower attitude and behaviours linked with engagement. A few other studies have attempted to provide direct evidence of association between leadership and employee engagement (Xu and Thomas Cooper, 2010). A study by Atwater and Brett (2006, as cited in Xu and Thomas Cooper (2010) identifies three leadership behaviours, namely employee development, consideration and performance-orientation. The first two behaviours are labelled relationship-oriented and the third as task oriented. They further state that employee engagement includes facets of work on which leaders can take action. Metcalfe and Metcalfe (2008) present positive correlation between leadership scales and engagement constructs such as job and organizational commitment, motivation and job satisfaction. Papalexandris and Galanki (2009) identify two factors which are positively linked with engagement, namely, management and mentoring behaviours such as imparting confidence to followers, power sharing, communication, providing role clarification and articulation of vision which could be characterized as inspirational, visionary, decisive and team-oriented. More importantly, their study found only certain leader behaviours are associated with engagement, especially those enhance follower performance and which enable followers to relate with organizational goals. Studies by May et al (2004), Saks (2006), Bakker et al (2007) show that higher levels of engagement are observed for employees with their supervisors exhibiting more relationship-related behaviours (as cited in Xu and Thomas Cooper (2010).
6.2. Work Life Balance and Employee Engagement

Interestingly, Work Life Balance emerged as an important driver of employee engagement. Work-life balance, in its broadest sense, is defined as a satisfactory level of involvement or ‘fit’ between the multiple roles in a person’s life. The ability of the employee to find time for his work and family was a crucial factor to the success of his performance at the workplace. Work Life Balance usually refers to one of the following: organizational support for dependent care, flexible work options, and family or personal leave (Estes & Michael, 2005). Mostly work life balance comprises flextime, which permits the employees to vary their start and finish times provided a certain number of hours is worked; compressed work week, in which employees work a full week's worth of hours in four days and take the fifth off), working from home (telework), sharing a full-time job between two employees (job sharing), family leave programs (e.g., parental leave, adoption leave, compassionate leave), onsite childcare, and financial and/or informational assistance with childcare and eldercare services. However another study (Hallberg et al, 2007) reached two results; first they identified a connection between excessive workload and emotional exhaustion. However they found out that increased workload was related to higher level of engagement.

6.3. Employee Engagement and Employee and Organisational Performance

Significant attention has been given to linkage of employee engagement to financial results of organisations. Several studies observe that employee engagement initially results in greater employee performance, which further leads to enhanced organizational performance, in terms of (Tower Perrin, 2006; Gallup, 2006).

A study by Robertson-Smith and Markwick (2009) points out that engagement provides employees with an opportunity to invest themselves in their work and also creates a sense of self efficacy. Research on the consequences of employee engagement indicates that engagement may result in positive health and positive feelings towards work and organisation. Gallup (2006) reported improved health and well-being in engaged employees. Engagement may lead to mindfulness, intrinsic motivation, creativity, authenticity, non-defensive communication, ethical behavior. Increased effort and overall a more productive and happy employee (Kahn 1990, as cited in Robertson-Smith and Markwick, 2009). Organisational outcomes of engagement could be customer loyalty, employee retention, employee productivity, advocacy of the organisation, business success (Robertson-Smith and Markwick, 2009). Harter et al (2002) in their meta analysis of 7,393 business units, covering 3 companies found that there exists a relationship between employee engagement, customer satisfaction, productivity, profit and employee turnover, which ultimately, would lead to increased likelihood of business success.

6.4. Communication and Employee Engagement

Communication plays an important role in ensuring employee engagement (Pugh and Dietz, 2008; Wiley et al, 2010; Kahn 1992; MacLeod and Clarke, 2009) MacLeod and Clarke, 2009 emphasize employees require clear communication from superiors to relate their role with leadership vision. Further, they identify poor communication as a barrier to engagement. Engagement is affected by internal communication. Internal communication is an organizational practice, which effectively conveys the organizational values to all employees and thus, obtains their support in reaching organizational goals. Thus, internal communication is crucial for ensuring employee engagement (Bindle and Parker, 2010; Papalexandris and Galanaki, 2009; Bakker et al, 2011, as cited in Welch, 2011).

In her study, Welch (2011) has developed a conceptual model, which explains the impact of communication on employee engagement. This model recognizes engagement as a three-component construct. These three components are Kahn’s emotional, cognitive and physical dimensions. These constructs are further linked with three other dimensions, proposed by Shaufeli et al, 2002 and Shaufeli and Bakker, 2004, namely, dedication, absorption and vigour. This model also integrates organizational commitment as an antecedent of engagement. It links ‘senior management leadership communication’ with employee engagement. It positions ‘commitment to the organisation’ and ‘a sense of belonging to the organisation’ as mediating antecedent engagement variable, while communication related engagement outcomes are ‘awareness and understanding of changing organizational environment and goals’. The conceptualized outcomes are innovation, competitiveness and organizational effectiveness, which are promoted by internal corporate communication. Figure --- presents the conceptual model for employee engagement concept.
7. Conclusion

Companies have to give their employees the liberty to make their work exciting and creating an environment for having an engaged work life. Employees are the key assets to any organization and if they are not given the right space and time to make a perfect blend of work and fun at workplace, then the sense of dis-engagement sets in the employees. Organization and employees are both dependent on each other to fulfil their goals and objectives. Therefore, employee engagement should not be a one-time exercise but it should be integrated in the culture of the company. Employee engagement should be a continuous process of learning, improvement and action. Thus, organizations today should actively look forward to fulfil employee’s expectations and thus, create an impact on the performance of employee, which directly affects the organization’s performance.
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