

EMPLOYEE ENGAGEMENT FOR SUSTAINABLE ORGANISATION PERFORMANCE IN INDIA

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ABSTRACT

Engagement is now recognized as a prime focus for many organizations irrespective of the economic climate. Employee engagement is a workplace approach designed to ensure that employees are committed to their organisation's goals, inspired of organisational values, motivated to contribute to organisational success, and are able to improve their own sense of well-being. It is evident that many Indian organizations have sophisticated data to understand what their customers need or want. However, they have little information about what is significant to their employees, what motivates them and the best workplace approaches that would build the understanding. Engagement is the key driving force of sustainable organization performance. Although improved performance and productivity is at the heart of engagement, it cannot be achieved by a mechanistic approach which tries to extract discretionary effort by manipulating employees' commitment and emotions. Employees see through such attempts very quickly; they lead instead to distrust and setback. In contrast, engaged employees freely and willingly give discretionary effort, not as an 'add on', but as an integral part of their daily activity at work. An engaged employee experiences a blend of job satisfaction, organisation commitment, job involvement, rewards and recognitions and feelings of empowerment. This paper highlights the significance of employee engagement for sustainable organization performance in India.

KEYWORDS: Employee Engagement, Employee Commitment, Organisation Commitment, Job Satisfaction, Employee Behaviour

INTRODUCTIONS

Over the past decade, both employers and employees have faced human capital challenges. The uncertain economy in the past few years has made the companies make drastic decisions that have created greater impact on employee engagement levels and perceptions globally. This is leading to changes in leading drivers of employee engagement. Employee engagement initiative has a direct impact on the organization's productivity. Also employee engagement has direct impact by growth of the organization, value addition practiced by employees and employee perception of the organization. The concept of engagement has naturally evolved from past research on high involvement, job satisfaction, empowerment, job motivation, employee commitment, organizational commitment, and trust. All these research streams focus on employees' perceptions and attitudes about the work environment. In some ways there are disparities on the same fundamental issue. Evidently, all organizations want their employees to be engaged in their work. If every part of human resources is not addressed in appropriate manner, employees might not fully engage themselves in their job in response to such kind of mismanagement.

Though employee engagement is related to and encompasses the above concepts, employee engagement is

broader in scope. Employee engagement is a stronger predictor of positive organizational performance clearly showing the two-way relationship between employer and employee compared to the earlier mentioned constructs such as job satisfaction, commitment, empowerment, employee behaviour, etc. Engaged employees are emotionally attached to their organization and highly involved in their job with a great enthusiasm for the success of their employer, going the extra mile beyond the employment contractual agreement. Employers now realize that by focusing on employee engagement, they can create more effective and productive workforce. Any initiatives of improvement which are taken by management cannot be fruitful without willful involvement and engagement of employees. Employee engagement as a concept is broad.

There is a chaos in understanding what employee engagement is. Jack Welch, former General Electric CEO and business consultant, lists employee engagement as the number one measure of a company's health (Vance, 2006). Engagement is a positive emotional connection to an employee's work. Employee engagement is generally the level of commitment and involvement an employee has towards his or her organization and its core values and beliefs. An engaged employee is supposed to be aware of business context, and work dynamics with colleagues and peer groups to improve performance within the job for the benefit and excellence of the organization. It is a positive attitude held by the employees towards the organization and its values. The paper focuses on how employee engagement is an antecedent of job involvement and what should a company do to make the employees engaged.

LITERATURE REVIEW

Let us have a look on how employee engagement is defined by some of the consulting firms:

- Employees' willingness and ability to contribute to company success. (Towers Perrin)
- Staff commitment and a sense of belonging to the organization. (Hewitt)
- Employee's commitment to the organization and motivation to contribute to the organization's success. (Mercer)
- Employees' exertion of "discretionary effort" . . . going beyond meeting the minimum standards for the job. (Hay)
- Creating the sense that individuals are a part of a greater entity. (Best Practices, LLC)

Research by Towers Perrin (2003) indicates that the more engaged employees at an organisation are, the more likely it is to exceed the industry average in one-year revenue growth. Specifically, there is a trend showing that highly engaged employees work for organisations that had revenue growth at least one percentage point above the average for their industry, while the organisations of the most disengaged employees work for companies where revenue growth falls one or two percentage points below the average (Towers Perrin, 2003). However, it should be noted that there is probably another factor at work here, in that organisations that are performing better may be more likely to attract more engaged people.

The Role of Engagement

Significant shifts in the global economy have accelerated the need for organizations to find innovative ways to address new technological, demographic and marketplace realities. These shifts have also forced companies to reevaluate costs associated with talent, necessitating a need to do more with less. While new strategies are executed in response to these changes, high workforce performance and organizational success must be maintained. Key to ensuring this is the introduction of processes that will measure and improve employee engagement. Research has consistently shown that

employee engagement is powerfully linked to a range of business success factors such as:

- Employee performance/efficiency
- Productivity
- Safety
- Attendance and retention
- Customer service and satisfaction
- Customer loyalty and retention
- Profitability

Economic disruptions come and go. The way businesses react to economic cycles often predicts how well they succeed or if they will survive. During turbulent times and uncertain forecasts, many organizations have been less focused on how to manage their talent and engage their employees, instead focusing on how to reduce costs by cutting salaries, bonuses, rewards and development costs. Some shortsighted leaders may even think that employee engagement no longer matters because their employees have fewer options and will stay because of their need for job security.

However, smart leaders realize that while they may need to find short term solutions to cut costs, they must also identify longer-term talent management strategies to remain viable. A downward cycle may require leaders to look for immediate solutions to cut costs by reducing their workforce, but they may lose sight of the fact that engaged employees will be the difference between surviving and thriving. In an upturn, when there is the opportunity to grow and prosper, engaged employees are ready to seize the opportunity and put forth the effort to achieve it. During recovery periods, engagement becomes even more crucial, as organizations ask fewer people to do more, creating increased risk that top-performing employees may leave as conditions improve. Failure to create an organization that can not only create and sustain alignment to business strategy, but also promote high levels of employee engagement, will result in failure to execute and, at best, average business results. There is no magic formula for achieving employee engagement and sustainable business results. The factors for engagement are unique to your organization and will include elements that work together, mutually reinforcing each other. There are, however, some fundamental engagement factors that work together to deliver: a great customer experience and profitability.

Gaining Employee Organizational Alignment

The challenge for businesses is to create an environment where employees understand and commit to the company's direction, strategy and goals. This requires a holistic, coordinated effort to ensure that a number of key elements or building blocks are in place to promote alignment.

Aligning and engaging people to a clearly articulated strategy requires:

- A "fit for purpose" organizational structure where people understand what is expected of them and what they are accountable for
- People systems and processes that drive the right behaviors

- Capable Leadership
- A positive work environment (culture)

As illustrated in Figure 1 below, these elements drive the level of employee engagement in an organization which, in turn, influences the customer experience and, ultimately, the overall performance of an organization in terms of productivity and profitability.

Integration of these elements will produce powerful and mutually reinforcing results: an engaged workforce and a true performance culture. No single initiative can create organizational effectiveness; excellence is required across the full range of organizational elements if competitive strength is to be built.

So what do we mean by an engaged workforce or employee engagement? Employee engagement is, arguably, the most critical metric for organizations in the twenty first century. Most, if not all, of the other key measures that reflect and drive organizational performance (customer satisfaction, innovation, profitability, productivity, loyalty and quality) are products of engaged, committed employees. With decades of experience and robust global benchmarking research, Right Management defines engagement using four definitive factors:

- Commitment to the job and organization
- Pride in the job and in the organization
- Willingness to advocate the benefits and advantages of the job and organization
- Satisfaction with the job and organization

In short, engagement can be described as the degree of employee-organization alignment. Organizations must work to understand the dynamics of employee engagement in their companies, how those dynamics compare to informative benchmarks for improving engagement, then identify the specific and actionable levers that will improve engagement levels.

Engagement can be complex to measure. Achieving a high level of satisfied employees may be easier to realize, but it's much harder to engage them so they are actively working to produce great results for the organization. An accurate measure of engagement -- one that identifies both the drivers of engagement for your organization and a solution to address behaviors and practices that are hindering engagement -- is an essential business tool.

Creating an Engaged Workforce

Employee engagement drives improved organizational performance. So how to create and sustain engagement in the workforce of an organisation is trivial. It's a powerful factor in business success. Engaged employees are more productive, customer-focused, and profit-generating and employers are more likely to retain them. According to the Gallup organization, employee engagement is a necessary strategy for companies that want to succeed in the marketplace. Employee engagement is not a Human Resources initiative that managers are reminded to do once a year. It's a key strategic initiative that drives employee performance, accomplishment, and continuous improvement all year long. It's the outcome from how an organization interacts with people to drive business results. The organizations alone cannot create employee empowerment, employee motivation, or employee satisfaction; engagement is up to the adult employees who make decisions and choices about how involved they want to be at work. What is the employer's responsibility,

however, is to create an environment that is conducive to employees making the choices that are good for your business. And, engaged employees are good for the business.

CONCLUSIONS

Engaged employees lead to increased productivity, retention, customer loyalty and profitability. Savvy organizations focus on both the lead and lag indicators of business success, so business leaders need to know about engagement levels in the same way they need to know about other critical management information, such as financial, productivity and customer data. Robust, business-oriented measurement and analysis is required to identify the key drivers of engagement for your organization. Survey design should be aligned to your organization, your strategy, your values and your people. Key insights are provided when organizations know whether employees are engaged to both the jobs that they do and the company that they work for. This knowledge enables organizations to predict behavior and its impact on key business metrics. Measurement without action can do more harm than good. Simply surveying for the current engagement level and then doing nothing with that information often leads to employees feeling that they aren't being heard, which in turn can negatively impact morale and trust levels. Identifying and analyzing engagement levels and the drivers of success is the first step. The real challenge is in equipping your business to act and ensuring that change is embedded in your culture so that your workforce remains focused and aligned to the business strategy. An engaged workforce is the key to sustained competitive advantage and accelerated business performance.

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