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Employee Engagement and its Implications –An empirical study

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Abstract

Employee Engagement is emotional connection of an employee towards organization. It is the discretionary effort of employee towards achieving organizational success. This paper measures the engagement level of employees at MSMEs at Peenya industrial area and also the benefits to organizations of having engaged employees. Both Primary and secondary data is used for the study.

Keywords: Employee Retention, Engaged Employees, Employee Commitment

Introduction

These are the days where employers treat employees as assets of the organization than their financial assets in order to sustain in the competitive era. Gone are the days where employees work only for the financial benefits that is given to them from company. In order to sustain in this ever changing economy both employee and employer must put in their best efforts i.e., Engage. Employee Engagement is paramount in organizational settings as people work in organizations it is important that they are happy, satisfied more importantly committed to organizational goals. So Employee Engagement is a discretionary effort put in by employees in achieving organizational goals. It is the emotional commitment, attachment towards organization. It is having oneness with organization, feeling valued for organization. It is a two way communication between employee and employer. Wherein an employer look after wellbeing of employees and employees in return show discretionary effort to organization. In spite of having many benefits of engaged employees organizations fail to measure the engagement level of employees. There are number of studies which has measured Employee Satisfaction but not Engagement. It is imperative for organizations to measure the engagement level of employees and take possible measures to engage them. Frequent measurement of engagement level will avoid employees going to the state of disengagement. There are proven research studies which tells only engaged employees can put discretionary effort in achieving the organizational goals.

Literature Review

Sarit Prava Das¹ & Parna S Mishra (2013) ^[2]: Antecedents and Consequences of Employee Engagement: A Critical Analysis of Literature Review

The study describes the evolution of employee engagement, differences between employee engagement and other similar constructs with respect to employee satisfaction and employee commitment and concludes that there is a significant difference between these constructs. The most influencing driver of Employee Engagement.

Neha Gupta and Vandna Sharma (2016) ^[13]: Exploring Employee Engagement—A Way to Better Business Performance

This article explores how to create highly engaged workforce responsible for high organizational performance and other business outcomes. Authors explore the factors leading to employee engagement and both the organizational and employee benefits of engaged employees. The literature strongly supports the view that organizations consistently link highly-engaged employees with high organization performance and other organizational outcomes (retention, productivity and customer satisfaction).

Employee Engagement: The Key to Improving Performance

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Here in this article ten points or strategies called ‘the ten tablets’ were suggested to keep employees engaged. For managers, work of employee engagement starts at day one through effective recruitment and orientation program, the work of employee engagement begins from the top as it is unthinkable to have engaged people in the organizations where there are no engaged leadership. Managers should enhance two-way communication, ensure that employees have all the resources they need to do their job, give appropriate training to increase their knowledge and skill, establish reward mechanisms in which good job is rewarded through various financial and non-financial incentives, build a distinctive corporate culture that encourages hard work and keeps success stories alive, develop a strong performance management system which holds managers and employees accountable for the behaviour they bring to the workplace, place focus on top-performing employees to reduce their turnover and maintain or increase business performance.

Objectives of the study

- To measure the employee engagement level at MSME's.
- To understand the impact of engaged employees on organization.

Parameters	Group	No. of respondents	Percentage
Gender	Male	35	70
	Female	15	30
Age	Less than 20 years	5	10
	20-30	20	40
	31-40	10	20
	More than 40 years	15	30
Education profile	Diploma	35	70
	Graduation	5	10
	Post-Graduation	10	20
	Others	-	-
Work experience	Less than 5 years	5	10
	6-10 years	10	20
	11-15 years	05	10
	16-20 years	05	10
	More than 20 years	25	50
Total		50	100

Findings

- It is seen that more than 60% of the employees are engaged at work, 20% not engaged and 20% are disengaged at work.
- Majority of the employees knew how to do the work, the process involved and what the outcome of the work they do should be.
- All the employees are provided with the materials, resources, information required to do the work.
- Most of the employees have the freedom to think, opportunity to showcase innovative ideas etc while only few companies don't involve employees.
- Very few companies recognize the employees based on their skill, performance and abilities. Whereas only informal incentives to such employees are given.
- There is close relationship between head of the organization and among peers.
- It shows that there is proper encouragement and guidance given to employees to workers by seniors and head of the organization.

Research Methodology

The study is descriptive in nature. Both primary and secondary data is used for the study. The respondents are chosen randomly from Peenya industries association directory. The period of data collection is 1st February 2017 to 28th February 2017. Interview method is used for data collection. About 100 companies were approached but only 50 companies accepted to participate. One person from each company was selected thus the sample size is 50. Q12 questionnaire from Gallup organization is used to measure the engagement level of employees. Simple percentages and content analysis is used for analysis of data.

Respondents Profile

The data for the study was collected from 50 respondents choosing randomly. The data set covers various dimension of Employee Engagement. The table 1 represents the characteristic of the sampling chosen in this study. A male participant in the study was more than the Female with response rate of 70%. Age wise distribution depicts 20-30 age group dominates in the research consisting with 40% of the total sample. The majority of the respondent have a diploma with response rate equal to 70%. About 50 % of the respondents have experience more than twenty years

Respondent's profile

- Employees suggestion are heard by the management in framing policies and making decisions.
- There is a gap between the mission of the company and the work of the employees.
- Employees of MSME s has the satisfaction of doing work which helps in achieving organizational objectives.
- All the employees have best friend at the work they do.
- The frequency of giving feedback to employees on performance is less.
- There is a scope for learning and development in the organization.

Impact of Engaged Employees on Organization Organizational Turnover

Harvard Business Review: 71% of respondents rank employee engagement as very important to achieving overall productivity (Salanova, Llorens, Cifre, Martinez & Schaufeli *et al.*, 2002) [16] Towers Perrin: 6% higher net profit margins, Organizations with engaged employees

showed a 19% increase in operating income over a 12-month period, compared to a 33% decrease in companies with disengaged employees. A 5% increase in total employee engagement correlates to a 0.7% increase in operating margin. As Kahn (1990) [12] states, engagement affects the employee performance. Engaged employees develop new knowledge, respond to opportunities, go the extra mile (Schaufeli & Salanova, 2007) [15], support the company and engage themselves in mentoring and volunteering while disengaged employees are less productive because they are not committed to their work. A study of 50,000 employees found that the most engaged and committed perform 20 per cent better than their colleagues (Corporate Leadership Council, 2004). Engaged employees are consistently more productive, profitable. Overall organization performance. Improved financial performance. The Impact of Employee Engagement – Kenexa: Organizations with highly engaged employees achieve twice the annual net income of organizations whose employees lag behind on engagement. Employee engagement at double-digit growth companies, Hewitt Research Brief: In companies where 60 to 70 percent of employees were engaged, average total shareholder's return (TSR) stood at 24.2 percent; in companies with only 49 to 60 percent of their employees engaged, TSR fell to 9.1 percent; companies with engagement below 25 percent suffered negative TSR profit In organizations with highly engaged employees the share prices rose by an average of 16 percent compared with an industry average of 6 percent Harter, J.K., Vol. 87, No. 2 :Businesses with more engaged employees have 51% higher productivity. Employees who are engaged in their work and committed to their organizations give companies crucial competitive advantages - including higher productivity. Businesses with higher engagement have 9% higher shareholder returns. The Conference Board, 2006 Engaged employees outperform disengaged employees by 20-28%. According to Hewitt Associates (2004), companies with the highest employee engagement levels have 4-year average total shareholder return (TSR) of 20 per cent or higher, nearly triple that of the companies with lower levels of engagement. Increases workplace performance and productivity during widespread economic decline, higher productivity. increased efficiency, managerial efficacy

Employee Retention

Lower employee turnover (Schaufeli & Bakker, 2004) [14]. Less likely to leave their employer (Fleming & Asplund, 2007). Higher employee retention. Lower turnover rates. There are a number of researches (Schaufeli & Bakker, 2004) [14] which have supported and presented evidence that engagement has an impact on employees' intentions to quit. HR consultancy company Towers Perrin (2003) [20] has also found that highly engaged employees are more stable employees. Blessing White (2008) [4] has reported that 85 per cent of engaged employees plan to stick around as compared to 27 per cent of disengaged employees. Retention (Buckingham & Coffman, 1999) [6].

Customer Satisfaction and Loyalty

Greater customer satisfaction higher level of customer satisfaction. Buckingham & Coffman, 1999) [6] customer satisfaction. Within over 2,500 businesses, health care and education units, Gallup has empirically established that employee engagement is a significant predictor of desirable

outcome, such as profitability, productivity, and customer satisfaction. The study by showed that organization resources and the high-level of engagement influences the service climate, which affects employee performance (appraised by the customer) and employee performance makes customers more satisfied and loyal. An engaged employee emphasizes on customer service to provide the customer an opportunity to visit the store again to buy more goods and services (Towers Perrin, 2003) [20]. Such type of employees builds the customer loyalty which helps to boost the sales and revenue growth.

Promoters of Organization

'Engaged employees are more likely to advocate the organization as a place to work and actively promote its products and services' (Scottish Executive Social Research, 2007, p. 44). In the same way, Penna (2007) found that some organizations contain particularly disengaged employees who discourage others from joining their current employer. These people are termed as 'Corporate Terrorists'.

Conclusion: Engaged employees are assets of the organisation, who reap benefits to the organization. Having known all such outcomes of an engaged employee it is important for organization to engage their employees. Also we see more than fifty per cent of the employees at MSME s are engaged. Workers at MSME s have a close connection with the head of the organization which has highest impact on employees.

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