Employee Engagement To Enhance Productivity In Current Scenario

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ABSTRACT

The resources of a country or of an organization are generally limited. Therefore, higher production is essential for improving living of standards and for prosperity of a nation. Higher productivity requires elimination of waste in all forms. It is necessary to spot and eliminate the wastage of time, man-power, space, materials, machinery and resources. Higher productivity leads to economic growth and increase profitability and social progress. It is only by improving productivity that employees can get better wages/salaries, working conditions and more employment opportunities. The more the employee will engage the more productivity will produce and more profitability will bring out. Organizations with high employee engagement levels are more likely to meet their strategic objectives largely because the employees care and are willing to put forth the discretionary effort needed to help the organization succeed.

The paper focuses on how employee engagement is an antecedent of job involvement and what should company do to make the employees engaged and improves the productivity. This paper also tries to identify the key drivers of 'Employee Engagement', by the support of Herzberg's Motivation-Hygiene theory. Findings from various researches are used in the present work to measure the effect of 'Employee Engagement' which includes issues like productivity and profitability.

KEYWORDS
Employee Engagement, Key drivers, Corporate practices. Productivity and Profitability

INTRODUCTION

Employee engagement is high on the agenda for many companies, whether they are based in U.S., Europe, or Asia. Many companies are presently defining what employee engagement is and are conducting surveys to measure the commitment of their employees to consistently act in the best interest of the organization and to explore the real issues of employee engagement. This will help Managers to offer products and services to support the business delivery of the strategy, how employee engagement impacts business performance, and how it drives the outcomes of measurement and analysis.

Employee engagement is becoming increasingly important for organizations that want to remain competitive, increases in production, reduction in costs, and increases in profits in the current scenario. This research demonstrates how engaged employees impact on productivity and financial performance and outlines how a strategic approach to employee engagement creates an environment in which it is common for employees to go the extra mile and seek out innovative solutions to emerging problems of an organization and enhance productivity and profitability in the current scenario.

RESEARCH METHODOLOGY

The study is a combination of exploratory and descriptive in nature. The aim of the study is to understand the concept, its types, measurement, effect and find the factors which lead to employee engagement to enhance productivity in current scenario. The research is based on secondary methods of data collection with the help of various researcher papers, journals, published reports, internet, books, articles from newspapers,
libraries, magazines and report of certain agencies.

OBJECTIVES
- To ascertain the various types of employee engagement.
- To determine the factors, which lead to employee engagement and enhance productivity for short term and long term benefits.
- To give some suggestions for future studies.

LITERATURE REVIEW

25 Among the BRICS, India continues to rank on a par with South Africa (50th) and Brazil (53rd) and ahead of Russia (66th), but its gap with China is widening: the score difference between the two economies has increased sixfold between 2006 and today, the gap expanding from less than 0.1 to 0.6 points. Although this does not translate into a higher ranking because other countries have been improving faster.

• Dr. Thomas Rollins of the Hay Group developed a model linking employee opinion survey results directly with business performance metrics while excluding customer satisfaction measures. Main findings include the following:
  • This model holds that company-wide employee satisfaction results affect business unit employee satisfaction results, which affect business unit financial results, which in turn affect company-wide financial metrics.
  • However, the model also holds that the company-wide financial metrics may also affect company-wide employee satisfaction results, allowing the model to demonstrate correlation, but not causation between the different areas considered.

• Gallup reports that highly satisfied groups of employees often exhibit above-average levels of the following characteristics:
  • Customer loyalty (56 percent)
  • Productivity (50 percent)
  • Employee retention (50 percent)
  • Safety records (50 percent)
  • Profitability (33 percent)

• A Watson Wyatt Worldwide study found that the practice of maintaining a collegial, flexible workplace is associated with the second-largest increase in shareholder value (nine percent), suggesting that employee satisfaction is directly related to financial gain.8,9,10

• Over 40 percent of the companies listed in the top 100 of Fortune magazine’s “America’s Best Companies to Work For” also appear on the Fortune 500. While it is possible that employees enjoy working at these organizations because they are successful, the Watson Wyatt Worldwide Human Capital Index study suggests that effective human resources practices lead to positive financial outcomes more often than positive financial outcomes lead to good practices.11,12,13

ASPECTS OF EMPLOYEE ENGAGEMENT
"Engaged" employees are builders. They want to know the desired expectations for their role so they can meet and exceed them. They're naturally curious about their company and their place in it. They perform at consistently high levels. They want to use their talents and strengths at work every day. They work with passion and they drive innovation and move their organization forward.

Employee engagement is also called worker engagement. An "engaged employee" is one who is fully involved in and enthusiastic about their work and organization.

From a management perspective, “engagement is the process of leading people by enabling them to want to do whatever is necessary to ensure the continuous high performance and success of the business”.

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From the employees’ perspective, “engagement is their attitudinal and emotional state developed from experiences perceived to be controlled by management”.

According to Scarlett Surveys, "Employee Engagement is a measurable degree of an employee's positive or negative emotional attachment to their job, colleagues and organization which profoundly influences their willingness to learn and perform at work".

Thus engagement is distinctively different from employee satisfaction, motivation and organizational culture. To create aligned and performance driven organization it is important to equate Employee Engagement with both Emotional as well as Transactional relationship with the organization. Only when an employee is aligned with both the dimensions he will be strongly motivated to give best performance or contribution to help organization achieve desired goals and is also ready to be a spokesperson for creating a positive image for the company in the external world which will go a long way in as employee making the organizational as well as employee satisfactory level.

Employee Engagement: Definitions

The Gallup Organization, potentially the most widely recognized name associated with employee engagement due to their best selling book, “First, Break All the Rules,” defines engaged employees as those who, “work with a passion and feel a profound connection to their company” and “drive innovation and move the organization forward” (GMJ, 2006).

The International Survey Research (ISR) defines employee engagement as, “a process by which an organization increases commitment and continuation of its employees to the achievement of superior results.” The ISR separates commitment into three parts; cognitive commitment, affective commitment, and behavioral commitment or think, feel and act.

CORPORATE VIEWS OF EMPLOYEE ENGAGEMENT

Caterpillar :- Employee engagement is the extent of employees’ commitment, work effort, and desire to stay in an organization.

Dell Inc:- To compete today, companies need to win over the MINDS (rational commitment) and the HEARTS (emotional commitment) of employees in ways that lead to extraordinary effort.

Hewitt Associates:- Engagement is the state of emotional and intellectual commitment to an organization or group producing behavior that will help fulfill an organization’s promises to customers – and, in so doing, improve business results

PRODUCTIVITY

Workforce productivity is the amount of goods and services that a worker produces in a given amount of time. It is one of several types of productivity that economists measure. Workforce productivity can be measured for a firm, a process, an industry, or a country. It is often referred to as labor productivity.

In other words, Labour productivity is concerned with the amount (volume) of output that is obtained from each employee. It is a key measure of business efficiency, particularly for firms in which the production process is labour-intensive.

HOW CAN LABOUR PRODUCTIVITY BE MEASURED?

"the ratio of a volume measure of output to a volume measure of input".

<table>
<thead>
<tr>
<th>OUTPUT PER PERIOD (Units)</th>
<th>NUMBER OF EMPLOYEES AT WORK</th>
</tr>
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</table>

An example of this calculation is provided below:
A Company makes 5000 products each month. Total monthly labour hours are 1,250. What is labour productivity? (hours per unit)

\[
\text{Labour productivity} = \frac{\text{Output}}{\text{Unit produced per month}} = \frac{5,000}{1,250} = 4 \text{ hrs/unit}
\]

Volume measures of output are normally gross domestic product (GDP) or gross value added (GVA), expressed at constant prices i.e. adjusted for inflation. The three most commonly used measures of input are:

1- Hours worked;
2- Workforce jobs;
3- Number of people in employment.

For example, suppose a state total output for 2010 was Rs 10 lakh. All members of its labor force worked a total of 1000 productive hours for the year. Labor productivity is found by dividing Rs 10 lakh by 1000 productive hours:

\[
\text{Output/ Unit produced per month} = \frac{10,00,000}{1000} = \text{Rs1000 per hour}
\]

The country's labor productivity for 2010 was Rs 1000 per hour.

**PRODUCTIVITY, EFFICIENCY AND PROFITABILITY**

Productivity varies with the quantum of production and the amount of resources used. Productivity can be increased in the following ways, like

1- By increasing production using same amount of resources.
2- By reducing the amount of resources, while keeping the same production.
3- By keeping the rate of increase of output more as compared to the rate of increase in input.

**CATEGORIES OF ENGAGED EMPLOYEES**

According to the Gallup, the Consulting organization, there are different types of people:

1- **Engagement**: A positive attitude held by the employee toward the organization and its values. An engaged employee is aware of business context, and works with team to improve performance within the job for the benefit of the organization. The organization must work to develop and nurture engagement, which requires a two-way relationship between employer and employee.

- **Stay** – They have an intense desire to be a 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.

2- **Not Engaged**---Not-engaged employees tend to concentrate on tasks rather than the goals and outcomes they are expected to accomplish. They want to be told what to do just so they can do it and say they have finished. They focus on accomplishing tasks vs. achieving an outcome. Employees who are not-engaged tend to feel their contributions are being overlooked, and their potential is not being tapped. They often feel this way because they don't have productive relationships with their managers or with their coworkers.

3- **Actively Disengaged**--The "actively disengaged" employees are the "cave dwellers." They're "Consistently against Virtually Everything." They're not just unhappy at
HR practitioners believe that the engagement challenge has a lot to do with how employee feels about the work experience and how he or she is treated in the organization. It has a lot to do with emotions which are fundamentally related to drive bottom line success in a company. There will always be people who never give their best efforts no matter how hard HR and line managers try to engage them. “But for the most part employees want to commit to companies because doing so satisfies a powerful and a basic need in connect with and contribute to something significant”.

Three basic aspects of employee engagement according to the global studies are:-

1. *The employees and their own unique psychological make up and experience*

2. *The employers and their ability to create the conditions that promote employee engagement*

3. *Interaction between employees at all levels. Thus it is largely the organization’s responsibility to create an environment and culture conducive to this partnership, and a win-win equation.*

**WHY IS EMPLOYEE ENGAGEMENT IMPORTANT TO ENHANCE THE PRODUCTIVITY?**

The resources of a country or of an organization are generally limited. Therefore, higher production is essential for improving living of standards and for prosperity of a nation. Higher productivity requires elimination of waste in all forms. It is necessary to spot and eliminate the wastage of time, man-power, space, materials, machinery and resources. Higher productivity leads to economic growth and increase profitability and social progress. It is only by improving productivity that employees can get better wages/ salaries, working conditions and more employment opportunities. The more the employee will engage the more productivity will produce and more profitability will bring out. Organizations with high employee engagement levels are more likely to meet their strategic objectives largely because the employees care and are willing to put forth the discretionary effort needed to help the organization succeed. Engaged employees are more likely to be top producers, as well as likely to innovate and improve, rather than settling for the status quo.

1. **Engaged employees =** Engaged employees will stay with the company, be an advocate of the company and contribute to bottom line business success. They will normally perform better and are more motivated. They form an emotional connection with the company. This impacts their attitude towards the company’s clients, and thereby improves customer satisfaction and service levels. It builds passion, commitment and alignment with the organization’s strategies and goals. Increases employees trust in the organization and boosts business growth. Provides a high-energy working environment and creates a sense of loyalty in a competitive environment. Makes the employees effective brand ambassadors for the company. A highly engaged employee will consistently deliver beyond expectations.

2. **Increases in production=** A direct consequences of improvement in productivity, in most cases, is an increase in output, be it an organization or economy as a whole.

3. **Increase in profit=** An increase in output accompanied by reduced costs leads to increase in profits of business enterprise.

4. **Reduction in Costs-** Higher level of productivity means better utilization of resources which is indicative of reduction in costs- costs of raw materials, labor costs, overheads, marketing costs, administrative costs, etc.

5. **Competitive advantage=** Higher productivity tends to increase the competitive advantage through reduction in costs and improvement in quality of output. The country is thus enabled to compete successfully in the international market.

6. **Better quality of life=** Growth in productivity creates the wherewithal to finance social programmes, to improve education, to protect employees, consumers and the environment, and to support leisure time pursuits. In short, higher the productivity
is a key to enhance the quality of life of the people.

**FACTORS LEADING TO EMPLOYEE ENGAGEMENT/ STRATEGIES OF MANAGING EMPLOYEE ENGAGEMENT**

The right strategy is all about words like and which means creating shared meaning and involve, participate, respond. Employee engagement can be critical to a company's success. Engaged employees are more likely to be productive and higher performing. Employers can encourage employee engagement in many ways, including communicating expectations clearly, offering rewards and advancement for excellent work, keeping employees informed about the company's performance, and providing regular feedback, etc.

Herzberg’s Motivation-Hygiene Theory have shown that there are some critical factors which lead to employee engagement and job satisfaction. The key to understanding Herzberg’s Motivation-Hygiene Theory is that the factors that involve job content (Motivation Factors) tend to lead to job satisfaction and job engagement. When these factors are not present on the job, workers tend to be dissatisfied and will not engaged in the functioning of the organization. Workers who are “not satisfied” do not tend to restrict productivity, they just don’t get involved in their job or put forth the extra effort to do a good job. Workers who are “satisfied” put forth that extra effort and productivity increases. Herzberg’s factors are identified below,

<table>
<thead>
<tr>
<th>Motivational Factors</th>
<th>Hygiene Factors</th>
<th>Other factors</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Growth/ Career Development</strong></td>
<td>Company Policies &amp; Administration</td>
<td>Equal Opportunities and Fair Treatment</td>
</tr>
<tr>
<td>:- This includes actual learning of new skills, with greater possibility of advancement within the current occupational specialty as well as personal growth. Effective Management of Talent Career development influences engagement for employees and retaining the most talented employees and providing opportunities for personal development.</td>
<td>:- The feelings about the adequacy or inadequacy of organization and management. This includes poor communications, lack of delegated authority, policies, procedures, and rules.</td>
<td>:- The employee engagement levels would be high if their bosses (superiors) provide equal opportunities for growth with fair treatment, and advancement to all the employees.</td>
</tr>
<tr>
<td><strong>Work Itself</strong></td>
<td>Supervision</td>
<td><strong>Empowerment Employees</strong></td>
</tr>
<tr>
<td>:- The actual content of the job and its positive or negative effect upon the employee whether the job is characterized as interesting or boring, varied or routine, creative or stultifying, excessively easy or excessively difficult, challenging or non-demanding.</td>
<td>:- The competency or technical ability of the supervisor. This includes the supervisors willingness to teach or delegate authority, fairness, and job knowledge.</td>
<td>:- Empowered employees want to be involved in decisions of their work. The leaders of high- engagement workplaces create a trustful and challenging environment, in which employees are encouraged to dissent from the prevailing orthodoxy and to input and innovate to move the organization forward.</td>
</tr>
<tr>
<td><strong>Responsibility</strong></td>
<td>Interpersonal Relations</td>
<td><strong>Performance appraisal</strong></td>
</tr>
<tr>
<td>:- This includes</td>
<td>:- The relationships between the worker and his or her superiors, subordinates, and peers. This includes both job related interactions and social interactions within the work environment.</td>
<td>:- Fair/ Transparent evaluation of an employee's performance is an important criterion for determining the</td>
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both the responsibility and authority in relation to the job. Responsibility refers to the employee’s control over his or her own job or being given the responsibility for the work of others. Gaps between responsibility and authority are considered under the company policies and administration factor.

**Achievement:** This includes the personal satisfaction of completing a job, solving problems, and seeing the results of one’s efforts.

**Advancement:** The actual change in upward status in the company. Increased opportunity changes with no increase in status are considered under responsibility.

**Recognition:** This is the recognition by others for a job well done or personal accomplishment.

- some indication of status: private office, important sounding title, secretary, company car, and other “perks.” Changes in status would be considered under advancement.

**Working Conditions:** Factors that involve the physical environment of the job: amount of work, facilities for performing work, light, tools, temperature, space, ventilation, safety and general appearance of the work place.

**Job Security:** The employee’s job tenure and/or the company’s stability or instability—objective signs of the presence or absence of job security, not the feelings of security.

**Salary:** This includes all forms of compensation and focuses on wage or salary increases or unfulfilled expectation of increases.

**FACTORS INFLUENCING PRODUCTIVITY**

The factors that exert profound influence on the level of productivity can be classified into two broad categories:

<table>
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<th>1- Internal Factors:</th>
<th>2- External Factors:</th>
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<tr>
<td>Which could be controlled at the level of the enterprise.</td>
<td>Which are outside the control of the management of the enterprise.</td>
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</tbody>
</table>
### 1.1 TECHNOLOGICAL FACTORS-

It plays a very significant role on productivity. The main technological factors are:
- Size and capacity of plant, plant layout and location, product designing and standardisation, timely supply of material, repairs and maintenance, production planning and control, material handling system, inspection and quality control, machinery and equipment used, research and development, inventory control, reduction and utilization of waste and scrap, etc.

### 1.2 FINANCIAL FACTORS-

Capital is the life blood of the business. Unless adequate amounts of capital is available to finance such requirements of productive enterprises as modernisation of plant and machinery, mechanisation, rationalisation and research and development, the productivity level will not increase.

### 1.3 MATERIALS AND ENERGY-

Efforts to reduce materials and energy consumption can bring about considerable improvement in productivity. The factors to be considered are:
- Control of waste, selection of quality material, effective stock control, development of sources of supply, optimum energy utilization and energy savings.

### 1.4 HUMAN FACTORS-

It relate the availability of suitable personnel and their job performance. Personnel (or employees) include men and women working at all levels in the organization—managers, supervisors, professional staff such as engineers and scientists, other white collar workers and blue collar workers.

The following two forces among the human resources are:

**a) ABILITY TO WORK** - Productivity of an organization depends upon the competence and calibre of its people—both workers and managers. Ability to work is governed by education, training, experience, aptitude, etc. of the employees.

**b) WILLINGNESS TO WORK** - Motivation and morale of people is the second important group of important group of human factors that determine productivity. Wages incentive schemes, Labour participation in management, communication system, group relations, promotion policy, union management relations, quality of leadership, etc., are the main factors governing employees willingness to work. Working conditions like working hours, sanitation, ventilations, lighting, temperature, safety measures, and welfare amenities like housing,

### 2.1 NATURAL FACTORS—

Productivity is also affected by physical, geographical and climatic conditions of the place. Thus, people of temperate countries have higher working capacities than those of tropical regions. Further, the abundance of gift of nature in the form of minerals, forests, fertile land, extractive industries, etc., tend to push up the productivity level.

### 2.2 SOCIOLOGICAL FACTORS—

Social customs, traditions and institutions influence attitudes towards work and job. Example—Biasness of caste and religion, inhibited the growth of modern industry in some countries.

### 2.3 GOVERNMENT POLICY—

The Industrial policies of the government have an important impact on the industrial productivity. The government should frame and implement such policies which may create favourable conditions for savings investments, flow of capital from one industrial sector to another and conservation of natural resources.

### 2.4 MANAGERIAL TALENT—

The significance of managerial talent has increased with advancement in technology. Professional managers are required to make better use of the new technological developments. The managers should be devoted towards the owners of the business, workers, customers, suppliers, Government and the society. The managers should have conceptual, human relations and technical skills in order to increase the productivity of the enterprise.
schools, clubs, subsidised canteen, free transport, etc. also influence the motivational level of employees.

CAUSES OF POOR PRODUCTIVITY
1- Improper design of layout 
3- Improper technology 
5- Lack of skilled labor 
7- Poor quality quality of raw materials 
9- Improper process control leading to wastages and reprocessing

2- Incorrect quality standards 
4- Improper layout 
6- Poor working conditions 
8- Break downs and accidents

IMPACT OF EMPLOYEE ENGAGEMENT
According to 2003 Institute for Employment Studies research, employee commitment had a higher correlation to customer satisfaction than employee satisfaction.

Economic analysts and policy makers compare a country's employee/labor productivity from period to period as a measure of output efficiency. An upward trend in labor productivity suggests a rising cost of living. Labor productivity is also compared among different countries to determine which are more or less productive than others.

If employees aren’t engaged with the overall strategies and objectives of an organisation, their day-to-day activities may not be focused on achieving these objectives. Those employees who are most committed perform better and are less likely to leave the organisation.

A recent report on the costs of employee disengagement has found that in companies with low employee engagement both operating margin and net profit margins reduced over years while in companies with high levels of engagement these figures increased.

Employee productivity depends on the amount of time an individual is physically present at a job and also the degree to which he or she is “mentally present” or efficiently functioning while present at a job. Companies must address both of these issues in order to maintain high worker productivity, and this may occur through a variety of strategies that focus on employee satisfaction, health, and morale.

CONCLUSION
Employee engagement is a concept with multiple definitions, arguably no form of direct measure, and bewildering crossover with other longer standing concepts. Employee Engagement affects both micro and macro levels of organization from many different directions. In order to reduce the overarching ambiguity around employee engagement, research is to clarify what employee engagement is and what makes it unique. Any company hoping to achieve controllable results using employee engagement, is advised to proceed with caution using deliberate steps and the expectation of creating a custom approach based on extensive research of company strengths and weaknesses, related concepts, and the ‘unknowns’ of employee engagement.

Engaged employees can help organization achieve its mission, execute its strategy and generate important business results. This paper has highlighted ways for an organizations to define and measure engagement in a variety of different ways, suggesting there is no one “right” or “best” way to define or stimulate engagement in workforce. The decision to invest in strengthening engagement or commitment (or both) depends on an organization’s strategy and the makeup of its workforce.

For these reasons, it is vital to consider organization’s view of engagement, as well as
its strategy and workforce composition when deciding which HR practices will receive scarce investment.

SUGGESTIONS

- The adequately skilled personnel is a precondition to an improvement in productivity, be it an economy or an organization. One reason why the level of productivity is lower in underdeveloped countries or an organization is the non-availability of skilled personnel in sufficient number.
- Engaged employees are also more likely to stay with the organization for at least five years as compared to non-engaged employees.
- High engagement employees don’t guarantee employee retention, it does increase the chances of retaining employees who are the most attractive in a competitive labor market.
- Unhappy employees are less productive and more likely to have higher absence rates.
- Satisfied employees are more productive, innovative, and loyal.
- Increases in job satisfaction lead to increases in employee morale, which lead to increased employee productivity.
- Employee satisfaction leads to customer retention.

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