



Employee engagement through effective performance Management-A Theoretical Perspective

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Engagement, human resource programs, predictors, strategic driven

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ABSTRACT

Performance management is not a fixed sequence of events but a continuous process that is constantly renewing itself as performance unfolds, especially as key events create opportunities to demonstrate expertise and contribute to organizational goals. In fact elements of performance management are not stand alone human resource programs. They are a part of an integrated system and actions that should be aligned with organizational objectives under the conditions of integration and alignment. The entire process has to move away from being event driven to strategic driven in perspective. This paper is all about how Employee Engagement can be increased through Effective performance management in today's organizations. This paper highlights about the drivers and predictors to the Employee Engagement.

1. Introduction

Whether you are a manager or a practitioner in the field of human resources, there are certain valid questions you might have heard something about employee engagement at a conference, at a seminar or through any consultant sponsored webcasts or read something about it in popular press or a book or academic literature. Chances are also there where you find the concept of employee engagement something hard to define if not confusing. Based on research experience the definition of employee engagement is an expanded view of performance management and its related processes, tools and techniques are the key drivers to drive employee engagement.

1.1. Objectives of the study

This paper aims at presenting a conceptual view of Employee Engagement based on the existing literatures. The main objective of the paper is to present a review and research analysis of various drivers of employee engagement and the effect of employee engagement on productivity of the employees

1.2. Research Methodology

Literature review method has been implemented and the article is purely based on the findings of research studies and reports studies of Gallup, SHRM, XINC Corp, IRS, Blessing White & HR Anexi, Hay Group.

2. Defining Engagement

An Engaged Employee is someone who feels involved, committed, passionate and empowered and demonstrates those feelings in work behavior. It can be considered as a trait, a state and a behavior that an employee demonstrates. For example challenging the status quo being innovative or just being a good organization citizen (Macey and Schneider, 2008).

In some aspects employee engagement is similar to employee satisfaction. A satisfied employee can engage himself better and also take action in support of organization. Employee satisfaction remains highly important and is been linked to customer satisfaction and employee engagement goes further. Engagement is strongly co-related to a number of individuals, group and corporate performance outcomes including recruiting, retention, turn over, productivity, better service, loyalty, increased profit margins and revenue growth rates.

3. Literature Review on Employee Engagement

Employee engagement has been linked to superior performance and higher levels of organizational commitment by a number of researchers (Woodruffe, 2006; Lockwood, 2006). Engaged employees leads to engaged customers, and this, in turn converts into long term profitability. Luthans and Peterson (2002) state that Gal up has empirically determined employee engagement to be a significant predictor of desirable organizational outcomes, such as customer satisfaction, retention, productivity and profitability. It was found that employees scoring high on engagement (top 25%) performed better in the areas of sales, customer complaints & turnover in comparison to the employees scoring low on engagement score (bottom 25%) (The Gall up Organization, 2004). The Corporate Leadership Council (CLC) survey revealed that employee engagement leads to 57% improvement in discretionary efforts (Corporate Leadership Council, 2004). The CLC contends that emotional engagement has four times the power to affect performance as compared to rational commitment.

In a comprehensive review of literature on employee engagement, Stairs et al. (2006) point out that employee engagement has also been linked with higher employee retention (DDI, 2005; Harter, Schmidt and Keyes, 2003; Wright & McMahan, 1992), greater employee effort and productivity (Corporate Leadership Council, 2004), increased sales (Hay Group, 2001), greater income and turnover (Maitland, 2005; ISR, 2006; Harter et al. 2003), greater profitability (Harter et al. 2003), and faster business growth and higher likelihood of business success (Hewitt Associates, 2004). There are several models and theories in literature to provide a framework for how to enhance employee engagement (Bakker & Demerouti, 2008; Kahn, 1990; May et al., 2004). However, the academic literature has not properly addressed how the employees' level of satisfaction with human resource practices of the organization influence their level of engagement with work. Wright et al. (1994) viewed HR practices as the means through which employee perceptions, attitudes, and behaviors are shaped. Furthermore, investment in employee development is believed to facilitate greater obligation by employees towards the organization and therefore increase employees' motivation to work hard to support organizational effectiveness (Lee and Bruvold, 2003). Bailey (1993) contended that human resources are frequently "underutilized" because

Employees often perform below their maximum potential and that organizational efforts to elicit discretionary effort from employees are likely to provide returns in excess of any relevant costs. Practices at the workplace environment level are designed to motivate workers in different ways and encourage them to put forth discretionary effort (Berg, 1999). These motivational process link job resources with organizational and individual outcomes via employee engagement (Schaufeli and Bakker, 2004). Based on this premise we can consider the human resource management practices as a predictor of employee engagement

Researchers studied 49,928 work units, including nearly 1.4 million employees. This latest iteration of the meta-analysis further confirmed the well-established connection between employee engagement and key performance outcomes:

- customer ratings
- profitability
- productivity
- turnover (for high-turnover and low-turnover organizations)
- safety incidents
- shrinkage (theft)
- absenteeism
- patient safety incidents
- quality (defects)

Top Aspects Contributing to Employee Engagement in 2013

- Relationship with co-workers
- Opportunities to use skills/abilities
- Relationship with immediate supervisor
- The work itself
- Contribution of work to organization's business goals
- Variety of work
- Organization's financial stability

Source: Employee Job Satisfaction and Engagement (SHRM, 2014)

From the SHRM Survey the top engagement factors related to *conditions* in 2013 included the following:

- 73% of employees said they were satisfied with their relationships with co-workers.
- 70% of employee said they were satisfied with their relationship with their immediate supervisor, and 70% also said they were satisfied with the opportunities to use their skills and abilities in their work.
- 68% of employees said they were satisfied with the work itself (their work is interesting, challenging, exciting, etc.).

Employee engagement factors were also analyzed according to a variety of demographics, including age and gender. The relationship with immediate supervisor was cited as an important aspect of engagement by employees of all age groups and both genders.

The top engagement factors related to *behaviors and opinions* in 2013 were:

- 79% of employees said they were determined to accomplish their work goals and were confident they could meet them.
- 69% of employees said they frequently feel like they were putting all their effort into their work. 66% of employees said that while at work, they were almost always completely focused on their work projects.

Several recent studies of Employee Engagement levels have pointed on the Indian workforce as being more focused in helping the organizations they work to achieve its goals. A recent study done in partnership between Business world and

two human resource consulting firms - HR Anexi and Blessing white - again points at significant differences between what motivates workers in India and what motivates workers in other countries. This study identified 5 different employees segment -

1. The Engaged High contribution and high satisfaction.
2. Almost Engaged - Medium to high contribution & satisfaction.
3. Honeymooners & Hamsters - Medium to high satisfaction but low contribution
4. Crush & Burn - Medium to High contribution but low on satisfaction.
5. The disengaged - Low to medium contribution & satisfaction.

Table 1 here about presents statistical data about the study conducted by Blessing White and HR Anexi also found out that just over 34% Employees in India are fully engaged and 13% are actually disengaged. Indian workforce proved to be the most focused and satisfied globally.

Table 1: General statistics

Region	Disengaged	Honeymooners & Hamsters	Crash & Burn	Almost engaged	Fully Engaged
India	13%	13%	11%	29%	34%
Australia & NZ	20	18%	12%	24%	26%
Europe	21%	15%	13%	28%	23%
China	33%	9%	16%	32%	10%

Though Indian firms have benefited from rapid growth and healthy profitability, HR Processes have suggested keeping up with the growth and dynamic nature of India's workforce. Right Management study showed that organizations that seek to improve engagement measures experience significant differences country wise in engagement levels from 45% in India to only 11% in Japan.

4. Drivers to Employee Engagement

So the question begins like what a manager has to do drive employee engagement in their organization?

For this a study incorporated into an employee opinion survey conducted at XINC and by the work of others (gibbons, 2006 and Schneider, 2008) the following actions are to be build in an organization for an effective employee engagement:

1. Establish a foundation of trust and empowerment with your employees.
2. Ensure your employees have challenging and meaningful work and that you classify its importance to your organization.
3. Establish clear performance goals for your employees that are challenging and aligned with overall work group and organizational goals.
4. Establish clear development goals for your employees and help them to understand the career growth opportunities available to them
5. Regularly communicate with your employees about their goals and the organizations goals to help ensure their work is aligned with corporate objectives and to help them recognize that their efforts are meaningful and valuable.
6. Recognise and reward your employees for their achievements and successes.
7. Encourage your employees to be innovative and creative.
8. Foster Team - level learning and development in support of group -level engagement and performance.
9. Monitor the overall climate and efforts of your employees and

teams, ensuring that organization do not lead to burnout.

10. Provide ongoing coaching and feedback to your employees to ensure performance and development are on track.

5. Increasing Employee Engagement

Now the question comes like how a manager can create an engaged workforce through effective performance management:

Whatever might be the company, it might be a large MNC, smaller but culturally diverse domestic firm, a corporate start-up or an E-commerce business. It might have a traditional multi-level bureaucratic structure or a small flexible structure, may be stable or undergoing a transformational change, so regardless of your organizational structure or design but the principles and ideas of performance management are same. Performance management involves the art of goal setting, feedback coaching, development, appraisal and recognition process, strategies and techniques and how to build a climate of trust and empowerment. Effective Performance management will help to create a culture that encourages Feedback and development, promotes self discretion for continuous learning and fosters employee engagement. These are the basics and the cornerstone for maintaining an engaged workforce. performance management though driven by HR, is a process that is really 'owned' by line managers and will be the most effective when it has strong execution and sponsorship (Bersin 2006). the relations existing , the perceptions of job and job conditions have an impact on th engagement feelings and levels.

Goal setting, feedback, coaching and performance appraisal the entire process moved away from event-driven to a strategic approach to bring better employee engagement in today's modern organization. Performance management done well helps employees to be more competitive and engaged which enhances leadership development, supports transformational change, which contributes to high levels of organization performance. Research conducted at XINC reports that 53% of employees surveyed believes that their Performance management process was of very value.

5.1. Feedback for Reinforcement

And the main element of performance management is the feedback which is a key driver of engagement. Feedback helps the managers to build a learning culture in organization to meet the growing business needs. Here there is an interesting thing where employees value learning and development which strengthens the organization ability to succeed is Trust.

5.2. Developing a climate of trust

Trust on a manager is also an indirect predicator of satisfaction with the resources available to do one's job, development and career progression, opportunities and total rewards. Trust develops effective individual, intragroup and cross - group relationships and provides a mindset that can lead to greater levels of performance, as well as collaboration with the organization.

5.3. Performance appraisal and compensation

Research at XINC shows that employees satisfaction with their total rewards, including company benefits , and feeling that they are paid fairly are predicators of employee engagement .although satisfaction with compensation is not a measure of engagement per se, it can affect the level of engagement in the organisation, particularly if the employees feel that they are not paid fairly.

5.4. Preventing Burnout

Research in general positions burnout as a physical , mental , and emotional response to chronic and prolonged levels of elevated stress. It is often associated with a fight-or- flight approach which has to be resolved quickly.

5.5. Professional coaching

Coaching is a process that fosters self - awareness and that results in the motivation to change, as well as the guidance needed if change is to take place in ways that meet organizational needs.

5.6. Choosing an Informal learning strategy

Learning by reflection and learning by doing are categorized as informal learning activities. So as a manager we need to help them to identify the appropriate learning style which help the employees to learn best.

6. Conclusion

Employees deserve recognition for their accomplishments, salary increase and promotions are all they need to feel recognized for their efforts. Employees who are self developers tend to have certain characteristics. They tend to be continuous learners, have a high degree of career motivation. Managers when they help them to capitalize on informal learning opportunities they themselves drive to high levels of development and performance. Self developments always create a culture that engages employees in continuous development and performance improvement.

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