

Employee Engagement – A Leading Indicator of Employee Retention**Mrs. R.Anita****Associate Professor, Contact Address: St. Joseph's Degree & PG College****5-9-1106, King Koti Main Road, Hyderabad – 500 029, Telangana**

Abstract: Employee engagement is more than just a buzzword in the modern era. Employee engagement is to HR what customer loyalty is to marketing and sales. It is often elusive frame of mind that goes beyond satisfaction which ensures the long-term and productive tenure of the faithful employee with the employer. The Corporate Leadership Council (2004) found that the most engaged employees (87%) are less likely to leave their organisation. Research confirms that engagement lowers employees' intention to leave. There is no "one size fits all" answer to employee engagement as every organisation is different. A critical task for a leader is to create a climate that enables employees to unleash their full potential. It is not the job of a CEO to make employees listen to what he/she has to say; it is about setting up the system so that people want to listen. The combination of the right environment and a culture makes an employee to work for his needs/wants instead of desires. Leaders must show that they value their employees and care for them. When the leaders show the concern and recognise the employee's services it enhances their morale and commitment to the organisation. Considering that replacing an employee can cost one and a half times their salary, retention has a significant impact in an organisation's bottom line. Not only can the costs of replacing employees be a drain on resources, but once new employees are in place they can take several years to generate the same revenue. From this we can understand that retention enhances not only productivity but also the profitability of the organisation. Primary data using questionnaire is collected from employees of IT Sector. Hence ***the primary objective of this paper is to understand how employee engagement can be a leading indicator of employee retention.***

Key words: Employee engagement, commitment, Retention, profitability

I. INTRODUCTION

Employee engagement was originally defined as “an employee's willingness to invest discretionary effort on the job.” This is no longer applicable in the new normal. The problem is “willing” doesn't guarantee “execution,” and the initiatives and strategies that worked 6 years ago, are not effective in this current environment. Employee Engagement is the degree of an **employee's positive or negative emotional attachment** to their job, colleagues and organization that strongly influences their willingness to learn and perform at work. It's *emotional* commitment the employee has to the organization and its goals. This means engaged employees truly care about their work and their company. They don't work just for the money or the next promotion — *They work on behalf of the organization's goals.*

Employee engagement is a workplace approach designed to ensure that **employees** are committed to their organisation's goals and values, motivated to contribute to organisational success, and are able at the same time to enhance their own sense of well-being.

Simply stated, engaged employees are less likely to leave their job. If an employee has no emotional commitment to their job, there is a greater chance that they will leave to pursue a job that offers, for example, higher remuneration or more flexible work conditions (Haid & Sims, 2009; Schaufeli & Bakker, 2004). Low employee engagement can also lead to lower profits and levels of customer satisfaction. It is the employee's manager or even the CEO who is the key driver in employee engagement. They are the ones who directly influence employee opinions and attitudes. Employee engagement is a direct reflection of how employees feel about their relationship with the boss. Not giving people the knowledge and tools to be successful is unethical and de-motivating; it is also likely to lead to stress, frustration, and, ultimately, lack of engagement. Hence it is the responsibility of the management to see that the required resources are allotted.

Research Methodology:

Data Sources:

Primary Data: Primary data is collected from 45 IT Professionals working in the companies located in Hi-Tech City, Hyderabad using Questionnaire.

Secondary Data: from the websites, e-journals, magazines, newspapers and books.

Objectives of the study

1. To understand how employees can be engaged to enhance the performance of the organisation.
2. To study Employee Engagement in select IT Firms in Hitec City, Hyderabad.
3. To suggest based on the study how best we can engage the employees to get maximum productivity.

The following are the twelve C's of employee engagement that can enhance employee productivity.

THE TWELVE C'S OF EMPLOYEE ENGAGEMENT

1. **Care:** Leaders must show how much they care for their employees through good welfare practices and value their contribution.
2. **Connect:** Leaders must be able to connect to their employees. They should know how to value their employees and maintain the rapport with them. If relationship is affected even no amount of perks will persuade employees to perform at top levels. Employees look at whether organizations and their leader walk the talk.
3. **Challenging assignment/work:** Leaders should provide challenging and meaningful work with opportunities for career advancement. Most people want to do new things in their job. Good leaders challenge employees; but at the same time, they must instil the confidence that the challenges can be met.
4. **Clarity:** Leaders must communicate the organisation vision clearly. Employees should be clear about the organisation vision, and the expectations of the management from them. They should also be clear with the goals that leaders or departmental heads have for the division, unit, or team. Success in life and organizations is, to a great extent, determined by how clear individuals are about their goals and what they really want to achieve. Employees should also be clear about the roles and responsibilities given to them.
5. **Communicate:** Leaders should be able to communicate clearly their expectations to their employees and provide constructive feedback on their functioning in the organization. Good leaders establish processes and procedures that help people master important tasks and facilitate goal achievement.
6. **Congratulate:** Employees expect the praise and recognition for their performance. This influences them to enhance their performance.
7. **Contribution:** People want to know that their input matters and that they are contributing to the organization's success in a meaningful way.
8. **Control:** Employees value control over the flow and pace of their jobs and leaders can create opportunities for employees to exercise this control.

9. **Collaborate:** Studies show that, when employees work in teams and have the trust and cooperation of their team members, they outperform individuals and teams which lack good relationships. Great leaders are team builders; they create an environment that fosters trust and collaboration.
10. **Credibility:** Leaders should strive to maintain a company's reputation and demonstrate high ethical standards. People want to be proud of their jobs, their performance, and their organization.
11. **Confidence:** Good leaders help create confidence in a company by being exemplars of high ethical and performance standards.
12. **Career growth:** Employees feel happy and committed when they are able to see career growth in the organisation.

II. REVIEW OF LITERATURE

Goffman (1959, 1961) was one of the first to use the term "embracement" to describe the investment of self and energy into one's role. For Goffman, role embracement involved an admitted or expressed attachment to the role and an active engagement or spontaneous involvement in role activity; that is, a visible investment of attention and effort (Goffman, 1961). Kelman's (1958) highest level of motivation involved the investment of not only physical and cognitive resources, but also involved an investment of emotions. At this level of motivation, individuals are engaged in their work role through an emotional connection between themselves and their role. This view is consistent with Kahn's (1990), who noted that role engagement was the highest when people were emotionally connected to their work activity.

Gallup (2006) studied approximately 24,000 organizations and compared the top quartile and bottom quartile financial performance with engagement scores. Organizations with employees having engagement scores in the bottom quartile averaged 31-51 percent more employee turnover, 51 percent more inventory shrinkage and 62 percent more employee accidents. While those with engagement scores in the top quartile averaged 12 percent higher customer advocacy, 18 percent higher productivity and 12 percent higher profitability. Sarkar's study of employee engagement practices in the manufacturing sector in May 2011 reflected that engaged employees in an organization are drivers of high productivity and high customer satisfaction. She has suggested that the most likely benefits of having engaged employees in an organization are, decreased attrition rates, employees support in downturn of the business also decreased absenteeism and employees become brand

ambassadors of the organization

When Gallup surveyed 150,000 workers and found only 30% of employees are engaged in their jobs. That's a whopping 7 out of every 10 workers who may be seeking employment elsewhere! MolsonCoors, it was found that engaged employees were five times less likely than nonengaged employees to have a safety incident and seven times less likely to have a lost-time safety incident. (Source: Effective practice guidelines: Employee engagement and commitment. SHRM).

Unnamed Fortune 100 manufacturing company reduced turnover from 14.5% to 4.1%, while absenteeism dropped from 8% to 4.8%. (Source: Employee Engagement: The Key To Realizing Competitive Advantage, Development Dimensions International)

- Employees with lower engagement are four times more likely to leave their jobs than those who are highly engaged. (Source: Driving performance and retention through employee engagement. Corporate Leadership Council)
- 66% of highly engaged employees reported that they had no plans to leave their company, while only 3% of them were actively looking, compared to 12% and 31%, respectively, for disengaged employees. (Source: Towers Perrin 2004 European Talent Survey: Reconnecting with Employees: Attracting, Retaining, and Engaging, Towers Perrin)
- There is a negative .43 correlation between a company's level of employee engagement and their voluntary turnover rate. (Source: Linking People Measures to Strategy. The Conference Board)
- Highly engaged employees were 87 percent less likely to leave their companies than their disengaged counterparts. (Source: Driving performance and retention through employee engagement. Corporate Leadership Council)
- Study of 23,910 business units compared top quartile and bottom quartile engagement scores and found that those in the bottom quartile averaged 31% – 51% more employee turnover. (Source: Gallup Q12 Meta-Analysis, Gallup)
- Engaged employees in the UK take an average of 2.69 sick days per year; the disengaged take 6.19. (Source: Employee Engagement: How to Build a High Performance Workforce. Gallup). Engaged employees are 87% less likely to leave the organization than the disengaged. (Source: Driving performance and retention through employee engagement. Corporate Leadership Council)

- Watson Wyatt further found that companies with highly engaged employees experienced 26% higher employee productivity, lower turnover risk, greater ability to attract top talent, and 13% higher total returns to shareholders over the last five years.

Research confirms that engagement lowers employees' intention to leave. The Corporate Leadership Council (2004) found that the most engaged employees are 87% less likely to leave their organisation. The same study found that the 100 best places to work (according to their research) had an average voluntary turnover rate of 13% as compared with the average of 28.5% of other businesses in the same industries. What's more, other large scale research has found that 12% of disengaged employees have no intention to leave, while that proportion rises to 66% in engaged employees. Similarly, over half of disengaged employees would consider leaving their current job for another opportunity, while only 25% of highly engaged employees would consider leaving. (Towers Perrin, 2003).

Considering that replacing an employee can cost one and a half times their salary, retention has a significant impact on an organisation's bottom line. Not only can the costs of replacing employees be a drain on resources, but once new employees are in place they can take several years to generate the same revenue.

III. DATA ANALYSIS

When the survey was conducted in Hitech city in Hyderabad and taking opinion of 45 employee working in IT companies through structured Questionnaire it was found that most of the employees opined that more trust and care leads to loyalty, commitment and hence productivity in the organisation. They felt that 70% of time the management does not show that care and concern for the employees. Though the benefits are on the paper they are not communicated to the employees and most of the employees were not aware of it and they are not able to take the advantage of the benefits. 54% of the Employees feel that they do not get the required support that they expect from their superiors because the superiors are busy in their own work, not willing to spend so much time to give them the feedback and assist in their work. Employees also opined that the change of management also affects the engagement of the employees. Most of the employees are not willing to stretch beyond their scope of their work and spend more energy than required because dissatisfaction of HRM practices that exist in their organisation and implementation of the same. 73% of IT organisations feel that the team spirit and coordination among the employees is not as much and the employees are not able to contribute as much as they can. Employees stated that they

come to work as it necessary for them to work. Only 49% feel that they are valued at work. Nearly 84% of them felt that they do not get the opportunity to contribute to the decisions that affect them.

IV. SUGGESTIONS

Management best practices must involve hiring the right employee for the right job so that employees remain content with their work and employer. Businesses should keep their job descriptions realistic and have an orientation program that thoroughly familiarizes employees with the workplace and their job roles and responsibilities.

The following are the suggestions given by the employees who were surveyed.

1. Organisation need to identify and assign company values
2. To have trust, openness, transparency and show care while dealing with the employees
3. Have teams create their own set of values in line with company values
4. Give regard and respect to employees
5. Empower employees
6. Support enthusiasm in the workplace
7. Have flexitime or a compressed workweek and generous leave benefits
8. Have fair compensation/pay
9. Have equity
10. To remind people company's mission and vision
11. Encourage employees to spend 10% of their time on their personal projects which can contribute to the organisation.
12. Assign a mentor for every newcomer so that they can guide them in the right direction as expected by the management
13. Encourage innovative ideas/thoughts
14. To have themed office days like Ethic day, dress down day.....
15. Office Wellness programmesto boost trust and engagement!
16. To have team/department/group photos
17. To encourage charity/social responsibility activity
18. Employee-focused initiatives such as profit sharing and implementing work-life balance initiatives
19. To encourage volunteering

20. Communicate and celebrate achievements/ have workplace awards
21. To give and receive feedback/. Offer Real-time Progress Reports
22. Encourage Open Communication
23. Encourage learning and sharing knowledge
24. Socialise /having outings and get together
25. Make sure that people have all the resources they need

If necessary a business should hire a professional consulting company to issue surveys to employees before making improvements to increase employee engagement. While a business owner can create surveys himself, a specialized consulting company experienced in increasing engagement can suggest areas of improvement to the business owner after analyzing survey results.

The about activities allow management to form a personal bond with employees, which increases the emotional satisfaction of their workers.

CONCLUSION

Happy employees are good, but happy employees when they contribute to the business by performing in exceptional ways are better. It's also critical to remind employees and management that engagement is a two way street – the company will do great things for employees and employees will do great things for the company. Very few companies get this right, but those that do create a virtuous cycle of employee engagement where the company does more for its people and the people do more for the company which in turn causes the company to do even more for its people. HRM practices that an organization implements permit the employees to acknowledge it as highly committed, consequently, this will lead to reinforced trust and concurrently generate higher emotional attachment with his/her serviced organization.

By implementing an employee-engagement action plan, employees will be more engaged with their work, will truly feel valued, and will know they will be recognized for their accomplishments. Company loyalty and employee retention will rise. Furthermore, engaged employees contribute to higher levels of customer satisfaction and more importantly, increased profits hence productivity. Leaders should actively try to identify the level of engagement in their organization, find the reasons behind the lack of full engagement, strive to eliminate those reasons, and implement behavioral strategies that will facilitate full engagement. These efforts should be ongoing. However, what works for one company might not work for another. Hence, it's important that the organisations need to

try and adapt, until they find the perfect system for effective implementation of employee engagement strategy. ***Employee engagement is a journey, not an end-result.***

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