

EMPLOYEE ENGAGEMENT TO FINANCIAL PERFORMANCE – A SURVEY PAPER

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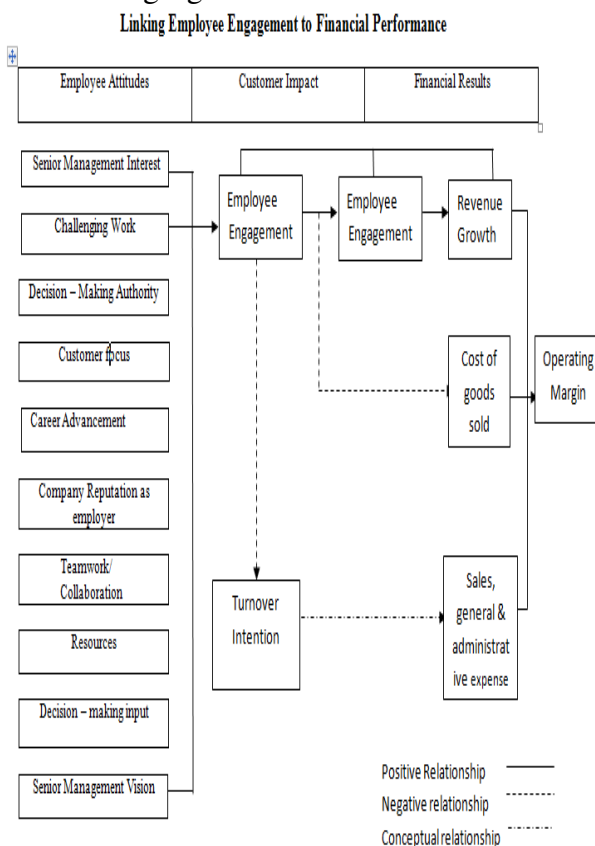
This form of co-operative is most common in agriculture, where farmers often must group together to survive in an industry that is increasingly industrial and centralized. In many cases, producer cooperatives organized in multi-level structures called federations or second-level co-cooperatives; in some cases, these secondary structures have both individual farmers and other cooperatives as their members. These make possible a balance between local control and economies of scale needed to compete with big agribusiness. Before cooperatives were organized, farmers were often trapped in a situation in which processors could dictate the prices paid for crops. This was especially true in dairy, where the product was too perishable to take to another processor, often miles away. Producer cooperatives tend to have hundreds or thousands of members, so they operate in ways that resemble consumer co-ops: members elect a board to govern the co-op and appoint a HR manager, the HR manager hires the staff, and the staff serves the members. Today's challenge for the HR managers is not only to create a highly motivated workforce which is both dedicated and involved with their work and

organization but to sustain them to a point where they become 'engaged employee'. According to The Gallup organization, engaged employees are those who 'work with passion and feel profound connection to their company. They drive innovation and move the organization forward.' Associates define employee engagement as "the state in which individuals are emotionally and intellectually committed to the organization or group." Employee engagement, therefore, pushes up the level of commitment, involvement and dedication that an employee has towards his/her organization. The concept of employee engagement overlaps with the concept of commitment and organizational citizenship behavior to a large extent but is different conceptually. The latter two concepts are uni-directional but engagement is a two-way concept—organizations work hard to engage their employees and the employees, in turn decide on the level of engagement they would offer their employers.

Why Do You Need Employee Engagement?

The answer is simple. You need employee engagement to serve as a core competency

of your organization that would provide sustainable competitive advantage. In a recent research by **Hewitt Associates**, it was found that, companies who are better able to engage their employees are better equipped to deliver superior performance and returns to shareholders. It was found that employee engagement is a key driver of double-digit growth companies. The Towers Perrin Talent Report, 2003 found significant relationship between employee engagement levels and financial performance of companies. They found that as engagement decreases employees tendency to leave organization and increases their orientation meet customer needs. It was found that the cost of production decreased as employees become more engaged in their work. It is shown in the following figure.



How Do You Know that Employees are “Engaged”?

There are several standardized test, toolkits and instruments available in the market that will help you to determine the level of employee engagement in organization. However, there are certain symptoms of employee behavior that are found in the organizations which have highly engaged employees. All or some of them may be found in every organization. It is important to understand that a small line of such behavior would mean that organization is already on the route of fostering employee engagement.

Let us see a few of those ‘Symptoms’

1. Feeling of creative value: Employees should feel that they are influencing and shaping their own work environment. This is very different from employee empowerment. Empowered employees have only the decision-making right and sometimes right to allocate resources. Engaged employees have one more thing- a sense of achievement emanating from adding value.

2. Having a direction to follow: Employees should have a very clear understanding about when, where and how to expend their effort. This in turn would mean that the top management of organization must have a clearly communicated strategy, and well-visioned leaders. If so, the organization is traveling well in the direction towards having engaged employee.

3. An air of trust: Very recently, one of the leading Indian Business Magazines conducted a survey on “Great Places to Work for in India” One of the most

important observation was that, the companies rated as the best place to work for had a very high rating of trust from their employees that any other companies. Thus, the element of confidence, trust and cooperation in the organization will show that the employees are engaged. It is not necessary that HR manager will find all of the above factors in the organization. Even if you HR manager find at least one, it would mean that the company has the potential to stand out as an outstanding and most preferred producer cooperative society. As a HR manager, your responsibility should be to ensure that your organization develops a culture of engagement and all the symptoms engaged shown up.

How to Develop Employee Engagement?

Creating engaged employees is not an easy task. It is the crux of HR management and plays a pivotal role in talent retention. Talent flight has become the worst nightmare for any HR manager. **It is every HR manager's dream to get the best out of every employee-willingly and happily.**

1. Top management endorsement:

Generally, organization's culture is heavily determined by the way how its senior managers and leaders behave and execute work in the organization. In the similar way, creating engaged employees should be the agenda of the top management, worked out by senior HR leaders and not the other way round. Creating engaged employees would be parallel to creating a new people philosophy in the organization and it cannot be done without the active support of the top management team. This is because it will not only require a change in the way how

people are viewed in the organization but a change in a host of factors related to people such as compensation, promotion policies, and feedback mechanisms.

2. A work environment to cherish: All of your employees should be feeling happy every Monday morning to go their office. As an HR manager, can you ensure this happiness? Of course, there are certain ways through which you can do this. It is possible take certain initiatives, backed by the top management, which would build a work environment that employees will cherish. Employees should be having a strong relationship with their manager. Employees should not only share a very close relationship with their bosses, but should also have a strong relationship with their co-workers.

3. Innovative leadership: To develop engaged employees, it is not enough to have good leaders in the organization. What is required is that these good leaders should do things in an unconventional way. Leaders can do this by building confidence in employee actions and results, above all, to provide innovative leadership, the leaders themselves must be engaged and passionately involved with the company.

4. Clear growth trajectories: The Company should take initiative to clearly communicate and chalk out opportunities for advancement and professional development. But with flatter organizational structures doing rounds these days, it is necessary to de-emphasize span of control and focus more on skill mastery, team leadership, and special assignments. The work content should become varied and challenging with

every successful assignment. A different performance management program can be installed wherein it will help people set clear goals, assess their progress in the light of these goals, identify gaps in skill sets and identify long-term opportunities.

5. One step up from commitment:

Developing engaged an employee is one step after creating committed employees. A sense of ownership, passion and pride would mark the characteristics of engaged employee. To bring the employees up to that level, it is necessary for the organization to actively involve the employees in the decision-making process. The employees should feel that their ideas and views are not only heard but are also valued and implemented.

CONCLUSION: There can be no last word on how to motivate and develop individuals. In the effort to develop engaged employees, it is very important to keep in mind that the organization should believe that its core competency lies in the knowledge, skills and abilities of its own people. No matter what, the competitors will never be able to match the quality and efficiency that employees bring to bear upon organization, if they are an engaged lot. Companies interested in developing engaged employees should first put in practice the philosophy that human resources provide to ensure that their employees are passionate and proud about their work and company. In all, a coordinated plan of employee engagement studies combined with suitable HR measures would be the preferred tool to develop employee engagement and for ensuring employee loyalty.

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