

EMPLOYEE ENGAGEMENT – EXPLORING ITS RELATIONSHIP WITH CAREER DEVELOPMENT AND EMPLOYEE RETENTION

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Abstract

Employee engagement is the level of commitment and involvement an employee has towards his organization. It is a positive attitude in the mind of the employee towards the organization and its value. Engaged employees feel connected to their role in the company, to other team members, supervisor and to the organization's objectives. It has been observed that engaged employees are more likely to be innovative and are highly effective in building and maintaining relationships. It was found that retention rate was low even in those organizations that provide high incentives and other monetary rewards, simply because the employees were not feeling oneness with the organization. As an outcome of new series of HR interventions, companies have started giving more emphasis on linking rewards system with career growth opportunities and sense of accomplishment. Employees who are satisfied with the opportunities given for growth will act as organizations brand ambassadors and will put their heart and soul in achieving the organizations goal and will remain with the organization. Objective of the paper is to study about the growing relevance of employee engagement and to analyze its relationship with career development and retention.

Key words: employee engagement, career development, retention.

Introduction:

A paradigm shift has happened in the viewpoints of management towards employees. Earlier employees were considered as those who are needed just to fulfill the needs and demands of customers. But new management school of thought perceives and practice the viewpoint of “employees first and customers afterward”. Contemporary managers disseminate that “our employees are our most important asset”. Employee engagement is the approach through which organizations want to instrument this thought. Organizations have come to realize that in today's continuously changing business scenario, the most treasured resource that needs to be leveraged is human resource. Organizations should try not only to attract the crème-de-la-crème manpower but also to retain them by keeping them motivated and committed to achieve organization goals.

Engagement is a combination of an attitude and behavior, the attitude is 'commitment' and

behavior is 'action to cooperate or going the extra mile' (John, 2010, ACAS).

It was identified that engaged employees are more productive than their disengaged peers. Unengaged employees tend to concentrate on task rather than on the goals and outcomes they are expected to accomplish. They are concerned only about finishing their work and are not concerned about improvements. Unengaged employees are found to feel that their contributions are being overlooked and their potential is not being tapped. They see negativity at every opportunity and undermine the accomplishment of the engaged coworkers. In contrast an engaged employee is one who is fully involved in and enthusiastic about his or her work and thus will act in ways that fulfill the organization's interest. Schmidt et al. (1993) has defined engagement as “an employee's involvement with, commitment to and satisfaction with work”. According to The Hay Group engaged performance is “*a result that is achieved by stimulating employees' enthusiasm for their work and directing it toward*

organization success. This result can only be achieved when employers offer an implicit contract to their employees that elicits specific positive behaviours aligned with organization's goals..."

It was explicitly observed that employees who are engaged shows a positive attitude towards the organization and express a commitment to remain with the organization. Highly engaged employee's works hand in hand with their colleagues to upsurge performance inside the job, for the advantage of the organization. Employee engagement thus acts a barometer that measures extend of association and emotional bonding between employee and organization and employees contribution to the organization.

Today's employees are more informed and showcase high willingness to work provided they are given opportunities to learn and develop themselves. Opportunities for learning and exploration has become the primary driver for employee development and engagement. Catering to the changing needs of employees by fostering employee engagement is the need of the hour.

Review of Literature

Significant correlation was found between employee engagement and desirable business outcomes such as retention of talent, customer service, industrial performance, team performance, business unit productivity and even enterprise level financial performance (Rucci et al, 1998). Organizations with high employee engagement show higher revenues and profits than those with lower engagement levels (Neti, Vipparthi, Raulapati, 2011). In 2005, Towers Perrin Survey found that companies with higher employee engagement had up to 19% higher operating margin, net profit margin, and 25% greater earnings per share than companies with low employee engagement (Neti, Vipparthi, Raulapati, 2011). According to Rees et al (2009) engaged

employees perform better than others, take less sick leave and are less likely to leave their employer.

Low level of engagement was found to be more among those employees who perceived unfairness in rewards and who believed that they are stuck in their job with no growth opportunities (John, 2010)

The highly productive companies across the world have understood the fact that it was employee engagement that made them different from other companies. Diverse companies had taken diverse initiatives to enrich the level of engagement among employees towards their jobs and the organization.

It is an established fact that there is a clear link between organizational performance and employee engagement, every organization seeking sustenance need to design and implement a customized employee engagement process to increase the levels of employee engagement. Given below are a few basic phases in this process based on the paramount industry practices. Sirisha (2013) has elaborated the process involved in employee engagement.

Process of Employee Engagement



- 1. Prepare and Design:** discover the specific employee engagement requirements of the organization and deciding the priorities. Once requirements are detailed, design a customized employee engagement programme. To increase its validity and practicability it is recommended to seek

advice of expert management consultant.

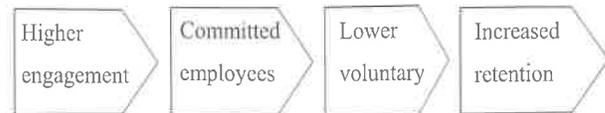
2. **Employee Engagement Survey:** Design the questions of the employee engagement survey depending upon the understanding and comprehension level of the employees.
3. **Result Analysis:** Analyze the data to find out what exactly motivates employees to perform their best and what actually disengages them and finally compels them to leave the organization.
4. **Action Planning:** 'How to turn the results of the survey in to action' is a challenging question that organizations need to deal with the utmost care. Training of line managers as well as HR professionals is very imperative in order to build their capacity to take appropriate actions to engage employees. They should also be told about dos and don'ts so that they can successfully implement the changes.
5. **Action Follow-up:** Action follow up is necessary in order to find out whether employee engagement activities are producing the desired results.

The focus of this paper is to find out the link between employee engagement and career development opportunities and employee retention.

Employee Engagement and Career development

Organizations with high levels of engagement provide employees with opportunities to develop their capabilities, acquire new skills, obtain new knowledge and hence to realize their potential to the maximum. It is observed that when companies design for the career paths of their employees and invest in them, employees in turn will give back high productivity and organization commitment. Scope for career and personal development influences engagement level of employees, thereby motivating the most talented employees to remain with the organization.

Employee Engagement and Retention



If it was found that 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, higher remuneration or more flexible work conditions (Haid & Sims, 2009; Schaufeli & Bakker, 2004).

Research reports confirm that engagement lowers employees' intention to leave an organization. The Corporate Leadership Council (2004) found that engaged employees are 87% less likely to leave their organization. The same study also found that out of 100 best places to work, they had an average voluntary turnover rate of only 13% as compared with the average turnover of 28.5% found in 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). According to Corporate Leadership Council (2008) the highly engaged organizations have the potential to reduce the staff turnover by 87%, the disengaged are four times more likely to leave organization than average employees. It was observed that the employee retention can be improved by improving employee engagement.

Considering that replacing an employee can cost one and a half times their salary, retention has a significant impact on an organization's overall profit. Not only can the costs of replacing employees be a trench on resources, but also new employees will take several years

to generate the same revenue as old employees.

Methodology

Objective of the study was to find out the relationship between employee engagement and employee retention and career development.

From the literature review it was found that career development was found to be factor improving employee engagement and employee engagement in turn increases employee retention. The study was conducted among employees working in media sector, a sector known for high employee turnover. The study was conducted among the employees of one of the leading Indian daily newspaper which has introduced employee engagement activities to motivate the employees and hence increasing their commitment towards the organization thereby reducing the turnover ratio. The company has already introduced its employee engagement activities Phase I a year ago in order to curb the problem of high employee turnover. Before introducing its Phase II employee engagement activities, organization wanted to find out the effectiveness of Phase I activities on employee's intention to remain with the organization. The company wanted to move to second phase of employee engagement activities, before they proceeded they wanted to find out the effect of phase one employee engagement activities on career development and employees retention.

The data was collected from 276 employees working across different departments of the company. Gallup 12 questionnaire was used for collecting the data.

The data analysis shows that the Employees working with the company was found to have high employee engagement level.

One sample 't' test was conducted on the responses (test value '4' coded for the response 'agree') given by respondents. t value 2.346

which is not significant at 0.05 level shows that the mean (4.0439) of the responses did not differ significantly from the test value. High significance value (typically above 0.05) indicates that there is no significant difference between the test value and the observed mean. Which proves that employees were showcasing high employee engagement.

Table 1. One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
Employee engagement	276	4.0439	.31058	.01869

Table 2. One-Sample Test

	Test Value = 4					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Employee engagement	2.346	275	.070	.04386	.0071	.0807

After analyzing employee's engagement level, the relationship was sought after between employee engagement and career development opportunities. The relationship was analyzed between career development opportunities provided by the organization and the level of engagement that the employees are feeling with company.

Table 3. Descriptive Statistics

	Mean	Std. Deviation	N
Employee engagement	4.0439	.31058	276
Opportunity for career development	4.3225	.87032	276

Table 4. Correlation between employee engagement and career development

		Employee engagement	Opportunity for career development
Employee engagement	Pearson Correlation	1	.634**
	Sig. (2-tailed)		.000
	N	276	276
Opportunity for career development	Pearson Correlation	.634**	1
	Sig. (2-tailed)	.000	
	N	276	276

** . Correlation is significant at the 0.01 level (2-tailed).

From Table 4. It can be inferred that there is high correlation between career development opportunities provided by the organization and employee engagement. Correlation value was found to be .634 which was highly significant at 0.01 significance level. It was observed that the level of support provided by the immediate supervisor for employee development career path refinement also enhanced overall employee engagement level.

Second objective of the study was to find out the relationship between employee engagement level and their intention to remain with the organization. The relationship was found using Pearson correlation

Table 5. Descriptive Statistics

	Mean	Std. Deviation	N
Employee retention	3.9674	.24648	276
Employee engagement	4.0439	.31058	276

Table 6. Correlation between employee retention and employee engagement

		Employee retention	Employee engagement
Employee retention	Pearson Correlation	1	.579**
	Sig. (2-tailed)		.000
	N	276	276

** . Correlation is significant at the 0.01 level (2-tailed).

Table 6 shows that there is high correlation between employee retention and employee engagement. Correlation value .579 was found to be highly significant at 0.01 significance level. It can be inferred that employee engagement activities provided by the organization is motivating the employees to remain with the organization for a longer tenure as they seeing their growth with organization.

Conclusion

Today, when most of the organizations are focusing on growth and profitability, the essential element that they miss out is the need to retain the existing talent pool. It was observed that employees were leaving the organization irrespective of the financial compensation that was offered to them. Diagnosis was done to find out the reason for the same using exit interview.

As a part of organization reengineering the company came up with different employee engagement and career development activities on the basis of advice given by change agents. The study result shows that the new human resource strategy of employee engagement Phase I adopted by the company was effective to develop a positive intention in the mind of the employees to remain with the organization. The study gave the inference that the organization should carry forward with their effort to develop the feeling of oneness in the mind of the employees about the company, which will increase not only their productivity but the organization will be able to retain its talented and trained employees with the organization.

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