

# Employee Engagement: A Comparative Study on Selected Indian Organisations

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## Abstract

*This comparative study on the Employee Engagement, in profit and non-profit organizations from different sectors, examines the correlations between different factors of engagement and their impact on the engagement. In doing so it also prioritizes the possible areas where these organizations need to work upon by fulfilling the expectations of the employees which vary according to the organization. Through this research the employees are asked what they want from work and whether they are getting it. With this information in hand, many simple and inexpensive opportunities can be tapped to create an engaged work-force.*

**Key Words :** Engagement, Employee, Satisfaction, Motivation, Commitment

## Introduction

Engagement means the extent to which people value, enjoy, and believe in what they do. Employees are engaged when they are motivated, satisfied, and effective. Engaged employees are committed to their organization and its bottom line; have tremendous pride and job ownership; put more discretionary effort in terms of time and energy; and demonstrate significantly higher levels of performance and productivity than those who

are not engaged. Engagement overlaps with the concepts of commitment and organizational citizenship behavior, but there are also differences. In particular, engagement is two-way: organizations must work to engage the employee, who in turn has a choice about the level of engagement to offer the employer. Rafferty et al. (2005) indicates that this concept originated from consultancies and survey houses rather than academia. Engagement goes further than 'commitment' and 'motivation' in the management literature (Woodruffe,

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2006 as cited in CIPD, 2006a). As pointed out in Rafferty et al. (2005), employee engagement has as its foundation, the two concepts of employee commitment and organizational citizenship behaviour.

### **Commitment**

Silverman (c.f., Robinson et al., 2004) notes that recent research on organizational commitment stresses its multidimensional nature that implies it cannot be realized through one single human resource (HR) policy. People are motivated by a range of factors, which differ from person to person. Commitment and engagement are not considered to be the same. While commitment is an important element of engagement, engagement is considered to be much more. Tamkin (2005) reviews commitment in the literature and highlights an early model by Allen and Meyer (1990), which defines three types of commitment:

- Affective commitment - employees feel an emotional attachment towards an organization;
- Continuance commitment - the recognition of the costs involved in leaving an organization; and
- Normative commitment - the moral obligation to remain with an organization.

As noted by Tamkin (2005), not all of these forms are positively associated with superior performance - employees who feel high continuance commitment for whatever reason, but lower levels of affective and normative commitment are unlikely to produce huge benefits for the organization. The closest relationship with engagement is 'affective' commitment as explained by Silverman (c.f., Robinson et al., 2004, Appendix 1). It emphasizes the satisfaction people get from their jobs and their colleagues, and the willingness of employees to go beyond the call of duty for the good of the organization. It also goes to capture the two-way nature of the engagement relationship, as employers are expected to provide a supportive working environment. This point is expanded upon by Meere (2005), who highlights that organizations must look beyond commitment and strive to improve engagement, as it is engagement that defines employees' willingness to go above and beyond designated job responsibilities to promote the organization's success.

### **Organizational Citizenship Behaviour (OCB)**

The review of OCB literature by Barkworth (c.f., Robinson et al., 2004, Appendix 2) defines its key characteristic as behaviour that is discretionary or 'extra-role', so that the employee has a choice over whether they perform such behaviour. These behaviours include voluntarily helping of others, such as assisting those who have fallen behind in their work, and

identifying and stopping work-related problems in the first place. As these types of behaviour are not normally part of the reward system, absence of such behaviours is therefore not punishable by the organization but performance of them should lead to effective running of it.

### **Effect of Organizational Environment**

Two lines of research study the effects of organizational environment on workers' quality of life and performance. The first line studies effects of stress and health represented by person-environment fit theory (French, Caplan & Van Harrison, 1982). It argues that performance and quality of life are hindered by strain (too much challenge) or boredom (too little challenge). The second line of research originates with the behavioral, cognitive and health benefits of positive feelings and positive perceptions (Isen, 1987; Warr, 1999). Proponents of this perspective argue that the presence of positive emotional states, positive appraisals and healthy relationships within the workplace improve performance and quality of life. When environment provides interesting, meaningful, and challenging tasks, individuals in these situations are likely to have what Csikszentmihalyi (1997) has described as optimal states. J. K. Harter, F. L. Schmidt and C. L. Keyes (2002) have concluded that the well being perspective is applicable to business and as managers focus on satisfying basic human needs in the workplace clarifying desired outcomes and increasing opportunity for individual fulfillment and growth they may increase the opportunity for the success of the organization.

### **Engagement**

It appears that engagement, although sharing strong characteristics with each of the two concepts is about more than commitment and/or OCB on their own. Rafferty et al. (2005) draw the distinction on the basis that engagement is a two-way mutual process between the employee and the organization. Sharpley (c.f., Harrad, 2006) also points out that it is important to distinguish between motivation and engagement, as it is possible to be motivated in one's job without necessarily feeling an attachment to the organization. In Sharpley's (c.f., Harrad, 2006) definition of engagement there must be a mutual feeling of support between the employee and the organization.

Despite conventional wisdom, employee satisfaction and bottom-line results are weakly correlated. But Gallop has overwhelming empirical evidence of measured employee engagement and desirable organizational outcomes (e.g. profit, productivity, safety, retention and customer satisfaction) over the years

(Buckingham and Coffman, 1999). The new task for human resources and executives alike is to improve the level of engagement, centered on the employees who matter the most, and view satisfaction as a fortunate side effect. According to Nicholas J Higgins and Graeme Cohen (2007), assessing employee engagement as a more complex demand than simply measuring opinion on certain potentially (un)connected matters, which has tended to be the norm carried out in industry. It is this aspect that also demands more understanding of factors of employee engagement and their relationships.

## Objective

The main objective of the study was to find the engagement levels across various organizations. Additionally it was aimed at;

- Understanding the relationship between various factors affecting employee engagement.
- Understanding the possible reasons for difference in engagement levels.
- Prioritizing the various factors that need to be worked upon depending on the type of organization and employee expectations.

## Methodology

### Organization

The Employee Engagement Survey was conducted in 3 different organizations representing information technology, power and non-profit organizations. These organizations are arguably the best in respective industry type in term of size, performance (financial and otherwise) and unique human resource practices.

- Unitech Technologies Limited : - It is a multinational information technology Services Company headquartered in Bangalore, India. It is one of India's largest IT companies, with nine development centers in India and over 30 offices worldwide. Unitech and its subsidiaries employ over 80,501 professionals (as of September 30, 2007)
- Marigold Electricals Ltd. :- It is a gas and steam turbine manufacturer in India. It is one of India's nine largest Public Sector Undertakings or PSUs, known as the navratnas or 'nine jewels'. MEL is a key player in the power sector through the construction, commissioning and servicing of power plants all over the world. MEL has around 14 manufacturing divisions, four power sector regional centres, over 100 project sites, eight service centres and 18 regional offices.

- Age Home India: - An NGO working to protect the rights of India's elderly and provides relief to them through various interventions.

### Samples

Nearly 200 respondents were contacted in Unitech, 100 in MEL and 50 in Age Home India. The success rate was nearly 60 percent in all these organisations and the figure 105, 40 and 25 executive level employees from Unitech, MEL and Age Home India represent the usable questionnaire.

### Instruments

The instrument comprises of 2 sections A and B. Section B includes 12 statements representing engagement (Gallop Q12 questions), all of which collectively comprise a single indicator of engagement. This is measure on five point scale, with "1" being strongly disagree and "5" being strongly agreed.

The section A consists of 37 items. Each item represents one of the 9 factors which are growth opportunities, compensation & rewards, quality of work, culture, leadership, work-life balance, empowerment, communication, brand equity & CSR. Section A has a reliability coefficient of 0.83 and content validated. Each item measures the engagement level on a five point scale, with "1" being strongly disagree and "5" being strongly agreed.

Positive responses to the engagement statements indicate :

- A positive attitude towards, and pride in, the job, co-workers and organization as a whole.
- Belief in the organization's products/services.
- A perception that the organization enables the employee to perform well.
- An understanding of the bigger picture and a willingness to go beyond the requirements of the job.

### Procedure

A short anonymous questionnaire was administered personally and online to a cross-section of

Employees, who were prepared to fill in and the confidentiality was maintained.

## Analysis and Results

### Results for Unitech

#### Engagement Levels

The three levels of engagement shown by Unitech employees along with the respective percentages of number of respondents at each level are as following:-

- a) Disengaged i.e. having engagement values less than 3.  
24.76% of respondents fall in this category.
- b) Middle level i.e. having engagement values from 3-4.5  
64.76% of respondents fall in this category.
- c) Engaged i.e. having engagement values from 4.5-5  
9.50% of respondents fall in this category.

This shows that a major chunk of employees (64.76%) fall under the middle level engagement category. While a significant number of employees are disengaged (24.76%), only a small fraction (9.5%) are engaged.

### Correlation Study

Out of the 37 items of Part A of the questionnaire which were considered to be important for employee engagement, only 16 showed significant correlation (with R-values greater than 0.5) with the 10 items of Part B which actually measure the engagement levels. These 16 items are following (according to the order of priority to be given based on decreasing order of gaps):-

1. Career advancement opportunities are satisfactory
2. The work that I do matches my knowledge and skills
3. I find my values and that of my organization's values are similar
4. The prevailing compensation structure is in line with the industry trends.
5. The rewards and incentive plan is implemented largely on performance basis
6. Everyone in this organization believes that s/he can have a positive impact.
7. Roles and responsibilities of employees are clearly communicated
8. My supervisor/superior encourages employees to participate in important decisions
9. My organization is always open to new ideas and initiatives from employees
10. I am comfortable with the way of life in this organization
11. I have confidence in the decisions made by my manager.
12. Employees are provided valuable feedback regarding the performance.
13. My job allows me to identify with the final product/service.
14. Feel proud to be associated with the organization.

15. My family and friends consider this to be a great place to work.

16. I know what is expected of me at work.

### Reasons

For understanding the reasons of this high level of disengagement of Unitech employees, a look into the psychographic profile and expectations of a typical respondent is necessary. They are the young (in their early twenties) engineering graduates with a high need for achievement who are very ambitious and want a fast-track career growth. Moreover they have a heightened sense of inequity when they compare their pay-structures and job profile with others from SAP, Adobe or Microsoft. So their expectations regarding career growth opportunities, job profile and compensation are not fulfilled which makes them disillusioned. Moreover, the level of expectations of family and friends from Unitech is generally high due to its strong brand image.

### Gap Analysis and Prioritizing

The gap between the actual value and the ideal value on the above sixteen attributes was calculated and priority was given to areas having highest gap. Some salient features of the priority listing were :-

- The biggest concern of the HR department should be the career advancement opportunities which are regarded non-existent by a large number of employees.
- The second on the list is the mapping of the employee skill set with that required for the job which they perceive is not there.
- Compensation structure and incentive plans are other areas to be worked on.
- One of the lowest in the list i.e. which has a high rating is the perception of family and friends about the company which is corroborated by the fact that Unitech enjoys a very good brand image in India.

Hence, an action plan needs to be formulated according to the given priorities:

1. Growth Opportunities
2. Quality of Work
3. Compensation and Rewards
4. Empowerment
5. Culture

### Results for MEL

#### Engagement Levels

The three levels of engagement shown by MEL employees along with the respective percentages of



number of respondents at each level are as following:-

- a) **Disengaged** i.e. having engagement values less than 3.  
10% of respondents fall in this category.
- b) **Middle level** i.e. having engagement values from 3-4.5  
45% of respondents fall in this category.
- c) **Engaged** i.e. having engagement values from 4.5-5  
45% of respondents fall in this category.

This shows that a major chunk of employees fall under the high level and middle level engagement category, while only a small fraction (10%) are disengaged.

### Correlation Study

Out of the 37 items of Part A of the questionnaire which were considered to be important for employee engagement, 33 items showed significant correlation (with R-values greater than 0.5) with the 10 items of Part B which actually measure the engagement levels. These 33 items are following in the order of priority:-

1. I am involved in decisions affecting me
2. Employees are provided valuable feedback regarding the performance.
3. Career advancement opportunities are satisfactory
4. Appraisal systems are transparent.
5. I am happy with the job rotation policy.
6. The organization gives the employees an opportunity to make a difference to the society.
7. I find my values and that of my organization's values are similar
8. The organization takes initiative in addressing the social issues of the community at large.
9. The organization helps me balance my personal and professional life.
10. My organization is always open to new ideas and initiatives from employees
11. The company helps me build up by skill-sets by providing me with adequate training that is valuable to me.
12. My supervisor/superior encourages employees to participate in important decisions
13. Everyone in this organization believes that s/he can have a positive impact.
14. The culture of my organization supports the overall strategy and vision
15. I receive adequate recognition for my

contributions/accomplishments to the company

16. My family and friends consider this to be a great place to work.
17. My job provides a lot of skill building avenues
18. Roles and responsibilities of employees are clearly communicated
19. The pace of my workday is such that the related stress is manageable.
20. I am comfortable with the way of life in this organization
21. I have confidence in the decisions made by my manager.
22. Goal setting is done mutually by me and my supervisor/superior.
23. It is an enriching experience to work with my colleagues.
24. The work that I do matches my knowledge and skills
25. My job allows me to identify with the final product/service.
26. I have to work beyond conditioned hours to keep up my workload
27. My supervisor stands by his commitments.
28. I have access to all the employee related policies.
29. I do assignments crucially important for the organization
30. I feel proud to be associated with the organization.
31. I enjoy sufficient autonomy in the work that I do.
32. I know what is expected of me at work.
33. My supervisor/superior is available if I need.

### Reasons

A high number of items in part A showed a high correlation with engagement levels. It means that the employees have a larger and more diverse expectation set which needs to be fulfilled for them to be engaged. The main reason for this can be the life-cycle stage of the respondents, all of which are in their fifties, are much more experienced, are at a higher level of organizational hierarchy with a decent salary and most importantly can evaluate things from a higher context. So, what matters more to them is empowerment, open communication, job rotation policies etc. than compensation and rewards.

### Gap Analysis and Prioritizing

The gap between the actual value and the ideal value on the above sixteen attributes was calculated and priority was given to areas having highest gap. Some salient

features of the priority listing were:-

1. As is often the case with PSUs the biggest concern of the HR department should be to make the employees feel empowered.
2. The second on the list is the need for open communication.
3. Growth opportunities and compensation structure are other areas to be worked on.
4. The lowest in the list i.e. those having a high rating are leadership and clear knowledge of job expectations etc.
5. One major reason for this difference in priorities between Unitech and MEL maybe that the respondents from Unitech were much younger for whom growth opportunities are much more important.

Hence, an action plan needs to be formulated according to the given priorities:-

1. Empowerment
2. Communication
3. Growth Opportunities
4. Compensation and Rewards
5. Brand Equity and CSR

### Results for Age Home India

#### Engagement Levels

The three levels of engaged shown by Age Home India employees along with the respective percentages of number of respondents at each level are as following:-

- a) Disengaged i.e. having engagement values less than 3.  
0% of respondents fall in this category.
- b) Middle level i.e. having engagement values from 3-4.5  
50% of respondents fall in this category.
- c) Engaged i.e. having engagement values from 4.5-5  
50% of respondents fall in this category.

This shows that an equal chunk of employees fall under the high level and middle level engagement category while nobody is disengaged.

#### Correlation Study

Out of the 37 items of Part A of the questionnaire which were considered to be important for employee engagement, 16 items showed significant correlation (with R-values greater than 0.5) with the 10 items of Part B which actually measure the engagement levels.

These 16 items are following in the order of priority:-

1. Goal setting is done mutually by me and my supervisor/superior.
2. The organization helps me balance my personal and professional life.
3. I am paid in proportion to the work I do
4. My job allows me to identify with the final product/service.
5. I enjoy sufficient autonomy in the work that I do.
6. I receive adequate recognition for my contributions/accomplishments to the company
7. Roles and responsibilities of employees are clearly communicated
8. My job provides a lot of skill building avenues
9. The culture of my organization supports the overall strategy and vision
10. I know what is expected of me at work.
11. I have access to all the employee related policies.
12. My organization is always open to new ideas and initiatives from employees
13. I am comfortable with the way of life in this organization
14. I find my values and that of my organization's values are similar
15. I do assignments crucially important for the organization
16. I feel proud to be associated with the organization.

#### Reasons

A striking difference in Age Home India from other organizations is the absence of any disengaged employees. Even though the sample taken is too small to be considered as a representative sample, yet the reasons for this high level of engagement should be probed into. The dimensions on which it scored high are pride in association, feeling of doing important assignments, fit with organizational values etc. So we can safely say that being a part of a small organization working for the elderly, the employees feel proud, important, valued and have a sense of accomplishment. A very important reason for which people join an NGO at the first place is this feeling of doing something for others. So their expectations are fulfilled to a large extent.

#### Gap Analysis and Prioritizing

The gap between the actual value and the ideal value on the above sixteen attributes was calculated and

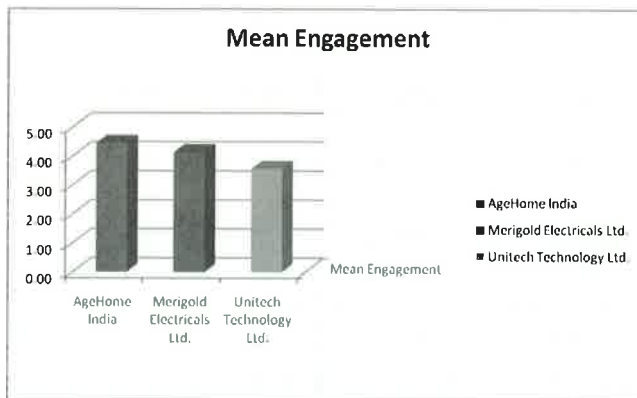
priority was given to areas having highest gap. Some salient features of the priority listing were:-

1. The biggest concern of the HR department should be the mutual goal-setting between the worker and the manager. The employee should identify with the final result or the change he had made in the society.
2. Proper work-life balance is one area where the employees feel work needs to be done.
3. Compensation structure and incentive plans are other areas to be worked on.
4. The lowest on the list i.e. which has a high rating is the pride in being associated with Age Home India working for improving other's lives.

Hence, an action plan should be formulated according to the given priorities.

1. Leadership
2. Work life balance
3. Compensation and Rewards
4. Quality of work
5. Empowerment

### Comparison Across the 3 Organizations



**Figure I : Evaluation of 3 Organizations**

- Both Unitech and Age Home India had a high rating in proud to be associated with the organization while Unitech also had a high rating in positive perception of the family about the organization.
- Career advancement is one area where Unitech is lacking more than MEL. This maybe the result of a higher ratio of younger respondents from Unitech who are more career-oriented.
- Age Home India employees want improvement in their work-life balance which is not the case with Unitech or MEL. One reason maybe excessive workload due to shortage in manpower. Another

reason maybe absence of 'Fun at Work' initiatives which are usually present in profit-making organizations.

- Though 'career advancement' does not seem to be a high priority area to be worked upon for Age Home India but 'compensation' is.
- The mature and more experienced employees of MEL are more concerned about their empowerment, open communication, job rotation etc. than monetary benefits whereas compensation is given high priority by Unitech employees who are much younger.
- The Age Home India employees seem to value mutual goal-setting, identification with final outcome and greater autonomy in their work.

Seeing the three organizations as representative of private, public and non-profit making sector, it can be concluded that for younger go-getters in private sector, career advancement and compensation matters the most which if not provided may lead to disengagement. For mature experienced employees working in public sector, non-monetary factors like empowerment, open communication matter the most. The employees of a non-profit making organization are generally satisfied with the kind of work they do as they have a feeling of accomplishment that they are making a difference to society but what they need is higher compensation and better work-life balance.

### Conclusion

By comparing the results across the three organizations, the main reason for disengagement appears to be an absence of analysis of needs and expectations of employees which vary from organization to organization. The psychographic profile and thus, the needs of employees are different in Unitech as compared to MEL or Age Home India.

- ✓ Unitech employees who are relatively younger value career advancement and compensation a lot. The engagement is low because of disillusionment due to expectation mismatch.
- ✓ More experienced employees of MEL value empowerment, open communication and job rotation etc. more than compensation.
- ✓ Age Home India employees want work-life balance, better compensation and more autonomy to make a difference to society. The engagement level is high due to the sense of accomplishment they get from working for others and seeing the actual result of their work.

So engagement building measures differ from



organization to organization and a proper need analysis is necessary for each organization because expectation management plays an important role in building an engaged workforce.

## Limitations

- The sample sizes were small for MEL and Age Home India and they cannot be considered representative samples.
- A quantitative analysis of different expectations of employees of different organizations, different age-groups etc is not done and can be scope for future research.
- The length of the instrument may have led to disinterest on the part of respondents.
- The employees from each organization belonged to only one hierarchical level.

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