

Employee Engagement-A Global Perspective

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Abstract:

Employees are a critical component to every organization, and their engagement serves as a barometer of organizational health. By examining employee engagement, employers can create an engagement strategy to address employee motivation, behavior, productivity and subsequent business results. The research methodology consists of a survey called the Healthy Workplace Index survey

Some of the key findings include, engagement levels are on the rise globally but shifting across regions. Another finding reports 4 out of 10 employees are not engaged. This paper concludes with suggested actions leaders and managers can take to improve engagement levels and become better positioned for future success.

Keywords: employee engagement, drivers of employee engagement, healthy workplace index.

Introduction:

Employee engagement is a concept that has become increasingly mainstreamed into management thought over the last decade. It is generally seen as an internal state of being – physical, mental and emotional – that brings together earlier concepts of work effort, organisational commitment, job satisfaction and ‘flow’ (or optimal experience). Typical phrases used in employee engagement writing include discretionary effort, going the extra mile, feeling valued and passion for work.

Definitions of Employee Engagement

- The extent to which employees commit to something or someone in their organization, how hard they work and how long they stay as a result of that commitment.(corporate executive board 2004, cited in Macey and Schneider 2008, pg 8)
- Employee engagement is “an individual employee’s cognitive emotional and behavioral state directed towards desired organizational outcomes.” Shuck and Wollard, 2010:103
- Employee engagement is the involvement with and enthusiasm for work.” The Gallup organization cited in Vance (2006) pg 3

In its work with the Kingston Engagement Consortium, the CIPD has defined employee engagement as “being positively present during the performance of work by willingly contributing intellectual effort, experiencing positive emotions and meaningful connections to other”

This definition gives three dimensions to employee engagement:

- Intellectual engagement – thinking hard about the job and how to do it better
- Affective engagement – feeling positively about doing a good job

- Social engagement – actively taking opportunities to discuss work-related improvements with others at work.

However, it is worth noting that numerous definitions of employee engagement exist, each with their different emphases. For example, one of the most enduring is that from the Utrecht University group of occupational psychologists. This sees engagement as having three elements, which overlap with the CIPD definition (above) as

- vigour (energy, resilience and effort)
- dedication (for example, enthusiasm, inspiration and pride)
- Absorption (concentration and being engrossed in one's work).

Operational Definitions:

The researcher defines an engaged employee as someone who 'Says', 'Stays' and 'Strives'. The three terms are explained as:

- **Say:** Engaged employees recommend their organisation as a great place to work, advocate the products/services and feel proud to work for their organisation.
- **Stay:** Engaged employees demonstrate a sense of loyalty and commitment to their organisation, and intend to stay working there in the near future.
- **Strive:** Engaged employees willingly invest extra effort above and beyond their usual duties to help their organisation achieve its goals.

Objectives:

- To explore the picture of global employee engagement.
- To identify and understand what is driving employee engagement at a global level and how countries are performing on these drivers.
- To continue to identify how sustainable employee engagement is, at a global level, using 'Healthy Workplace' Index (HWI)

Discussion:

Global Employee Engagement

The economic recession that began in 2008 still looms over businesses across the globe. The complex landscape of human capital challenges mixed with financial constraints forced organizations to make tough decisions on where to invest their people, time and resources. These management decisions have impacted employee engagement levels and perceptions globally. Engagement levels are on the rise globally but vary across regions. On a regional level, organizations in North America are outpacing other geographies, with engagement levels averaging 72 percent, up from 69 percent in 2012. Companies in the United States have seen engagement levels rise to 73 percent, up from 70 percent in 2012. Employees in the U.S. are feeling greater pride in working for their organizations (+4 percentage points) and are increasingly willing to recommend their organizations to friends and family as places to work (+6). While engagement levels in Canada are unchanged from 2012 (69 percent), they are also above the global average. Engagement is rising in Europe, but still below global average. Engagement levels in Europe have risen to 66 percent, pulling even with the global average. While Poland (62 percent), the Czech Republic (63 percent), and the UK (65 percent) all remain below the global average, gains are evident in each of these

countries except the Czech Republic. France continues to face the greatest threat from employee disengagement, with engagement levels falling to 61 percent. Worryingly, 52 percent of French employees do not feel motivated by their organizations to give discretionary effort, with a similar percentage looking to leave their current employers within the next five years. Austria (76 percent), Spain (72 percent), the Netherlands (71 percent), Belgium (69 percent), Italy (69 percent), Germany (68 percent), and Russia (66 percent) are all at or above global standards. Workers in Austria report that their organizations are doing an excellent job of motivating them to contribute more than what is required (68 percent). Organizational pride has risen in Spain to its highest point in the last five years (85 percent).

Mixed picture in Asia Pacific

Companies in the Asia Pacific region saw engagement rise to 64 percent on average, an increase over 63 percent in 2012. But, at a country level, results were variable. Engagement in India reversed a 2012 decline, with a five point increase to 73 percent. Australia (66 percent) also fared positively with a three percentage point gain, with engagement now on par with the global average. Japan also evidenced a three point rise in engagement over the last twelve months to 62 percent.

Elsewhere in Asia, the picture was less favorable. Employee engagement in Singapore is unchanged at 62 percent, while engagement in Hong Kong has remained at 61 percent for the last three years. Within China, engagement levels fell one percentage point and are now similarly at 61 percent. Perhaps due to the opportunities a competitive labor market has created for skilled employees, while 57% of employees in China plan to leave their current organizations in the next five years.

Latin America engagement levels decline, but remain above global average:

Companies in Latin America saw engagement decline to 71 percent, but engagement levels still remain above the global average. Brazil saw engagement fall by two percentage points to 70 percent, with employees indicating they are less motivated by their companies to contribute beyond what is required (-6). Continued improvements in engagement scores in Europe were the strongest among all four regions (up 5 percentage points, from 52% to 57%), followed by Latin America (up 3 percentage points, from 71% to 74%), contributing to the overall upward movement of global engagement. North America declined 1% (with the U.S. declining 3% between 2012 and 2013) and Asia Pacific experienced no change.

Middle East and Africa enjoys rising engagement

The largest regional improvement was in the Middle East and Africa, where engagement rose by four percentage points to an average of 68 percent. The United Arab Emirates (UAE) presented the brightest picture at a country level, with engagement levels rising by five percentage points (to 74 percent). Among employees in the UAE, five-year highs were established in both pride in working for their organizations and the extent to which employees are motivated by their organizations to work beyond formal job responsibilities (67 percent).

Drivers of Employee Engagement:

All these areas of the work experience impact employee engagement. However, some areas impact engagement more than others. These “key engagement drivers” are identified through statistical analysis that prioritizes them based on both strength of

statistical relationship with engagement and the opportunity for improvement in the driver area itself. The table that follows displays the results of a meta-analysis from 2,560 organizations in the researcher’s database representing more than 3.8 million employees across the globe. Rankings indicate the aspects of the work experience that most frequently emerged as highly important and having the greatest opportunity to improve engagement—the key drivers.

Table 1-Global ratings of key drivers of employee engagement across different countries.

Key Drivers of Employee engagement	2012 Global	2013 Global	Perception change 2012 to 2013	Asia Pacific	Europe	Latin America	North America
Career Opportunities	1	1	3%	1	1	3	1
Organizational reputation	3	2	-2%	4	2	5	3
Pay		3	2%	2	3	4	
Recognition	2	4	5%	3		1	5
Communication	4	5	7%				4
Managing performance	5		5%				2
Innovation			5%		5	2	
Work processes					4		
Brand alignment				5			

Source: 2013 Trends in Global Employee Engagement, AON Hewitt

Blessing White claims that Pay as an element of employee engagement has grown over the last 12 months.

All of the top five engagement drivers for 2012 improved except for organization reputation. This finding accounts for the 2% overall improvement in global employee engagement. Career opportunities remains as the top engagement driver ranking position—followed by organization reputation, pay, recognition and communication. A striking finding in these analyses is the relative placement of pay in the key driver rankings (#3), as well as the relative improvement in positive perception scores (+2%). In traditional engagement research, pay is often thought of as a “hygiene” factor—meaning organizations have to get pay right, but incremental investments do not have significant impact.

Pay's new #3 ranking as an engagement driver has significant implications. First, it could mean the pay freezes and bonus impacts of the last few years have started to meet the "hygiene threshold," and pay is factoring into employee engagement more and more. It could also mean the employment contract is changing as has been predicted and employees with less long-term loyalty value pay more and more. Finally, two of the three regions where pay showed up as a top driver, Asia Pacific and Latin America, are growing regions where the job market is competitive and pay remains a critical aspect of the value proposition to attract, retain and engage talent. There is still much work to do with the average positive perception score in key drivers at just under 50% (meaning these are the most important engagement drivers and on average, only about half of employees think their organization is delivering on these areas).

Healthy Workplace Index

For the 2013 survey, it was recognized that employees need to be engaged in a healthy manner in order for engagement to be sustainable, otherwise employees will simply burn out and engagement levels will fall. This focuses on how engaged employees are at the time of being surveyed and there is no formal index in place to ascertain how 'healthy' engagement is. Therefore questions were included in the survey to measure how healthy and sustainable engagement levels are based on the Business in the Community (BITC) Healthy Workplace model. Developed by business for business, and based on robust evidence, the BITC Work well model demonstrates the benefits of taking a strategic, proactive approach to wellness and engagement and provides practical support to help businesses take action.

There are 4 components within the BITC Healthy Workplace model:

- Better Physical and Psychological Health** – having a safe and healthy working environment and an organisation that promotes healthy behaviours.
- Better Engagement** – having a motivating work environment.
- Better Relationships** – positive relations both between employees as well as between employees and management.
- Better Specialist Support** – this refers to whether the organisation has formal processes or interventions to improve the health and wellbeing of employees.

Together, the four segments of the model cover the actions businesses need to take to create an environment where employees can make informed, healthy choices.

Fig 1: BITC Workwell Model

BITC WORKWELL MODEL

An integrated strategic approach



Source: Business in the Community developed by Business for Business

The 2013 survey includes questions based on the 4 components of the BITC workwell model and the global positive scores for the four components.

Table2-Comparison of 2012 and 2013 global positive scores

Component	Statement	2012 global positive score	2013 global positive score
Better Physical and Psychological health	Health and safety is taken seriously in my organization	48%	50%
	My organization does a good job of promoting health and well being		
Better engagement	I am sufficiently challenged and motivated in my work	58%	58%
Better relationships	The people I work with are willing to help each other even if this means doing something outside their usual activities	59%	59%
	There is a positive relationship between management and staff in this organization		
Better specialist support	There are policies/practices to support me if I experience stress or pressure.	41%	42%
	I am satisfied with the policies/practices in place to help me manage my health and well being.		

Source: Eight Recommendations to Improve Employee Engagement Tom McMullen, Hay Group

We can see that 2013 HWI scores were almost identical to those recorded in 2012. Again, Better Relationships scored the highest - unsurprisingly, colleague relationships (65) were more positive than those of staff / management (53). The promotion of health and wellbeing was less positive (44), with France, Spain and UK registering less than 40% positive responses while Japan had a mere 19%. Specialist support was least positive on a global scale, although marginally increased from 2012. Other than India and China, all had less than 50% of respondents indicate that there are policies and practices to support them if they experience stress or pressure . Better Engagement scores were steady – India and China again yielding very positive responses (77% and 73%, respectively)

Table 3-HWI Country Scores – Healthy and sustainable engagement

Country	2013 Healthy Workplace Index (HWI) Score	2012 Healthy Workplace Index (HWI)Score	Ranking Difference	Trend Difference
India	69	62	○	7↑
China	63	52	7↑	11↑
USA	57	57	○	○
Singapore	57	51	7↑	6↑
Switzerland	57	57	1↓	○
Canada	57	60	4↓	3↓
Netherlands	55	-	-	-
Austria	54	49	4↑	5↑
Russia	53	54	2↓	1↓
Australia	52	57	5↓	5↓
Brazil	52	56	5↓	4↓
UK	51	53	4↓	2↓
Germany	50	52	3↓	2↓
Hong Kong	47	49	1↓	2↓
Italy	46	43	1↓	3↑
France	45	43	1↓	2↑
Spain	43	40	1↓	3↑
Japan	36	37	1↓	1↓

Main points of comparison by country:

- India and China are again leagues ahead with significant increases in scores. India had very positive responses for Better Engagement (78).
- Brazil, ranked 11th with HWI. Their 50% score for better physical and psychological health would have an effect on this. Conversely, Singapore are ranked 3rd equal for HWI.
- Australia had a significant 5 point decrease in HWI. Promotion of health and wellbeing (43) and the relationship with management (48) were particularly low compared to global norms.
- Japan again ranked the lowest with consistently low scores. Spain had the fewest respondents sufficiently challenged and motivated by their work (43%).

Research Findings:

Questions were included in the survey to measure how health and sustainable engagement levels are, based on the BITC Healthy Workplace model. The 4 components of this model are: Better Physical and Psychological Health, Better Engagement, Better Relationships and Better Specialist Support. Ratings for healthy and sustainable engagement are low in general, but consistent with scores from 2012. The report for the 2013 **perspectives** survey suggested that employers on the whole need to become better at supporting a more sustainable form of engagement – this is still the case in 2013. The Better Support component remained particularly low and, as India and China scored well, may be a valuable area to focus on for other countries.

The questions were analyzed using the Factor analysis. Statistical analysis was carried out on results to provide categories of questions that were answered in a consistent way. These were:

organisation and leadership , my job and working environment, benefits and wellbeing, company culture , job fulfillment and career development.

Statistical analysis split the survey into 5 groups of questions that were answered in a consistent way. 'The organisation and leadership' is the largest category and has the most drivers of engagement – the way an organisation operates and its leadership is the most important part of having an engaged workforce. Employees' trust for senior management was a prevalent theme here – India and China responding positively, whereas Spain, UK, France and Russia employees responded negatively. The ability to truly enjoy day-to-day tasks was a key driver analysed by country for my job and working environment. India, Brazil and Netherlands scored very well and a strong presence of neutral responses suggested the enjoyment may not be considered relevant in some countries, despite its impact on employee engagement. Benefits and wellbeing received less positive responses generally. At least 20% of respondents from most countries believe there are no policies in place to support them if they experience stress of pressure, which is a concern. Company culture questions regarded how employees are supported in their work. Commitment to customer satisfaction is a key driver of engagement and there was significant change in this measure internationally since the 2012 Survey. For job fulfillment and career development, India, China, USA, Canada and Netherlands get a strong feeling of personal accomplishment, whereas Italy and Russia had particularly low scores.

Conclusion:

Drivers of employee engagement: Key driver analysis identified the 8 questions that are having the greatest impact on employee engagement at the global level.

The top 3 drivers of engagement in 2013 are:

- Believing the organisation is well managed as a whole
- Having positive relations between staff and management
- Truly enjoying day-to-day tasks these are the same as the 2012, which shows how these concepts are not only crucial, but enduring drivers of engagement.

The 'Healthy Workplace Index' introduced in 2012 is continued in the 2013 survey. Questions were included to measure the health and wellbeing of employees as well as sustainability of engagement.

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