

Determinants of Employee Engagement and its Impact on Employees

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Abstract

In recent years, concept of employee engagement has gained increased importance as it leads to job satisfaction and increased commitment towards the organization. The present study was undertaken in an Insurance company in Chandigarh to identify the key determinants of employee engagement and what impact it has on the employees. A survey was conducted after taking the approval from top management . 150 questionnaire were distributed among the employees. The response rate was 130 which was 86 % of the sample. The result of the study suggested that 62% of the employees feel engaged in their job. 74% of those employees agreed that employee engagement leads to job satisfaction. The study revealed work culture, fair compensation, advancement opportunities as the key determinants of employee engagement.

Key words: Employee engagement ,job satisfaction

Introduction

In current scenario ,Employee engagement has become matter of concern for the organizations . Employee engagement is the level of commitment and involvement an employee has towards his organization and its values. It is the level of positive or negative attachment to the job and the organization. Employee engagement influences their ability to work and perform the job. If the organization fails to keep their employee engaged, this negatively affects their job satisfaction , motivation level and thus the quality of work which can lead to employees leaving the job. So, Human resource department has a big responsibility to adopt different ways/ methods to engage the employees so as to retain them. Every sector in india nowadays are facing the problem of increased employee turnover. Employees frequently change their job for better opportunity. So, it becomes a difficult task for the organization to keep them motivated enough to retain them. Organization in today's time expect high quality work and performance from their employees. They want their employees to be dedicated towards the organization and take initiative in work. In order of achieve this, various strategies are being adopted nowadays for engaging the employees.

Literature Review

The literature discusses a number of definitions of employee engagement. Employee engagement has been defined as “a positive attitude held by the employee towards the organization and its value. An engaged employee is aware of business context, and works with other employees for the benefit of the organization by improving job performance. An organization must ensure employee engagement, which is a two-way relationship between employer and employee (Robinson et al. (2004) Employee engagement has been described as a

harnessing of one's self to his or her roles at work. In engagement, people express themselves cognitively, physically, and emotionally while performing their work roles (Kahn, 1990). Employee engagement includes both behavioral and attitudinal aspect (Macey and Schneider (2008)

Cook (2008, p.20) defines employee engagement as “all about the willingness and ability of the employee to give sustained discretionary effort to help their organisation succeed”. According to Development Dimensions International (DDI, 2005) an organization can create an engaged work environment by ensuring following five elements: They are: Align efforts with strategy, Empowering the employees, Teamwork and collaboration Providing growth and development opportunities to the employees. Supporting and recognizing employees contribution

Objectives of the Study

1. To measure the level of employee engagement among employees in an insurance company in Chandigarh.
2. To identify the determinants of employee engagement.
3. To study the relationship between employee engagement and job satisfaction.

Research Methodology

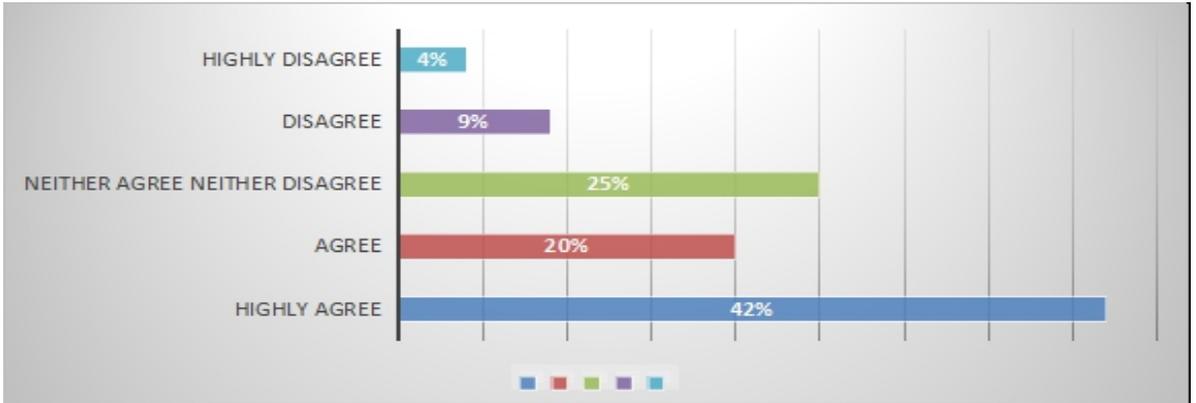
This study was conducted in an insurance company in Chandigarh. It was very essential to obtain the approval of top management of the company before administering the questionnaire. All the concerned members of top management granted permission. The opinion of employees was measured on close ended questionnaire using 5 point Likert scale ranging from strongly agree (5) to strongly disagree (1) for the primary data collection. 150 questionnaires were distributed among employees at different levels and in different departments which included Underwriting Department, Claims Department, Accounting Department and Audit Department. Instructions and purpose of the study were explained in detail to each respondent. Respondents were assured about the confidentiality of their information. The response rate was 130 which was 86 % of the total sample selected.

Data Analysis

The research study assesses the extent of employee engagement, its determinants and impact on job satisfaction within the insurance company. Tables below show the results which are discussed further:

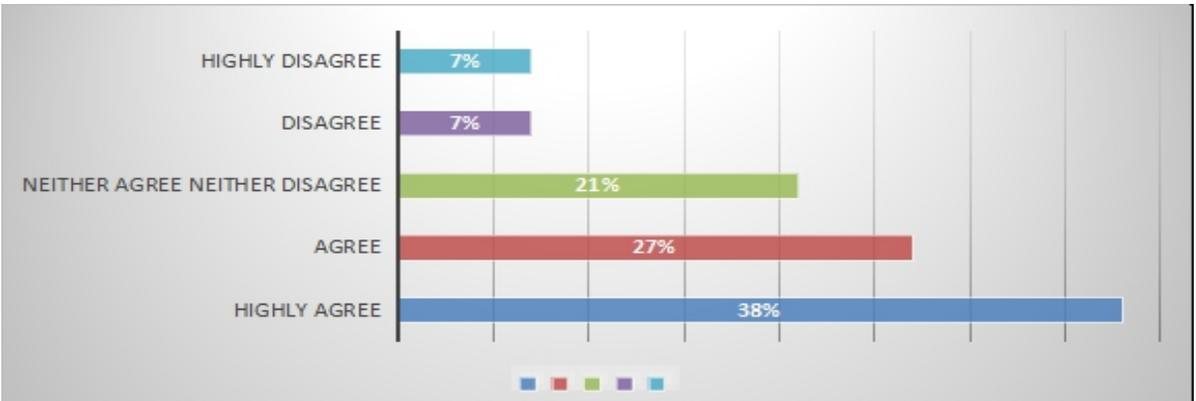
Overall do you feel engaged at work?

The majority of employees (62%) feel engaged at work (which includes highly agree and agree). Less percentage of response is towards the negative side which is near to 13%. 25% of the employees neither agree neither disagree.



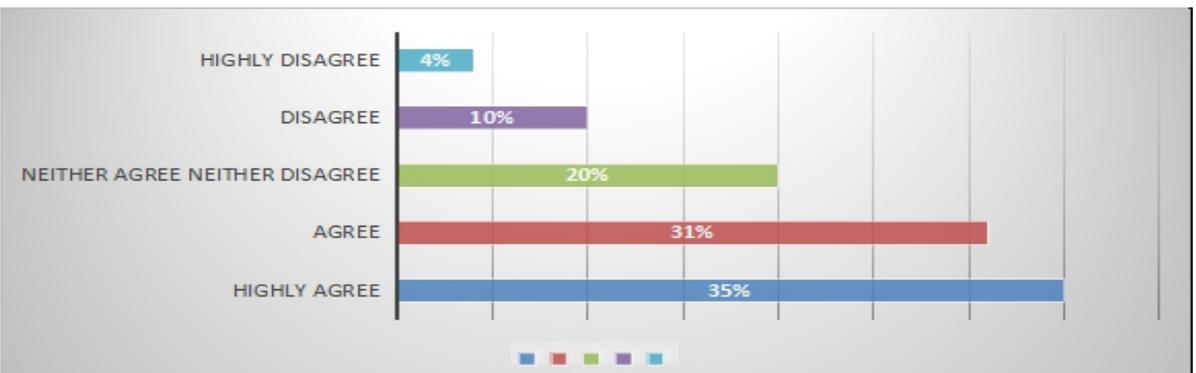
Are you given career advancement opportunities by the management of the company?

In the above chart , the majority of engaged employees (65%) feel that the management gives them enough opportunities of career advancement (which includes highly agree and disagree).Response of most of the employees is in positive direction.

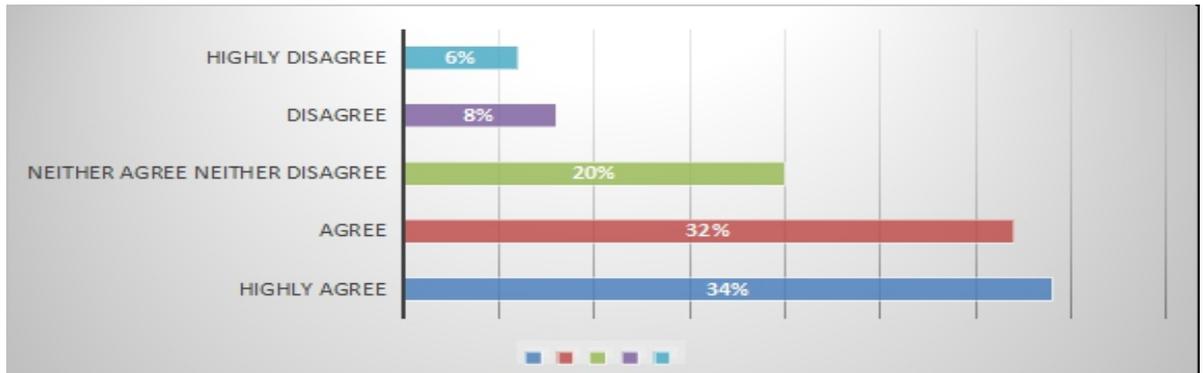


3. Does your company has a good work culture ?

From the below chart , it can be interpreted that percentage of engaged employees who feel the good work culture is exists within the company is significant (66%)



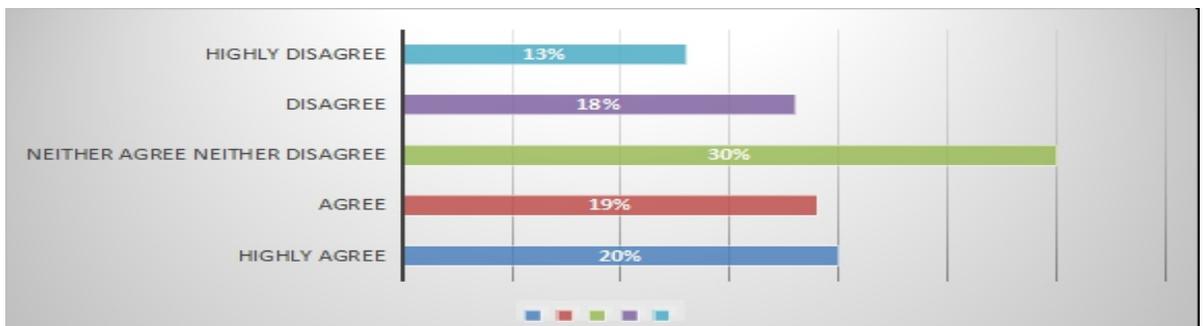
Are you getting adequate and fair compensation for your work?



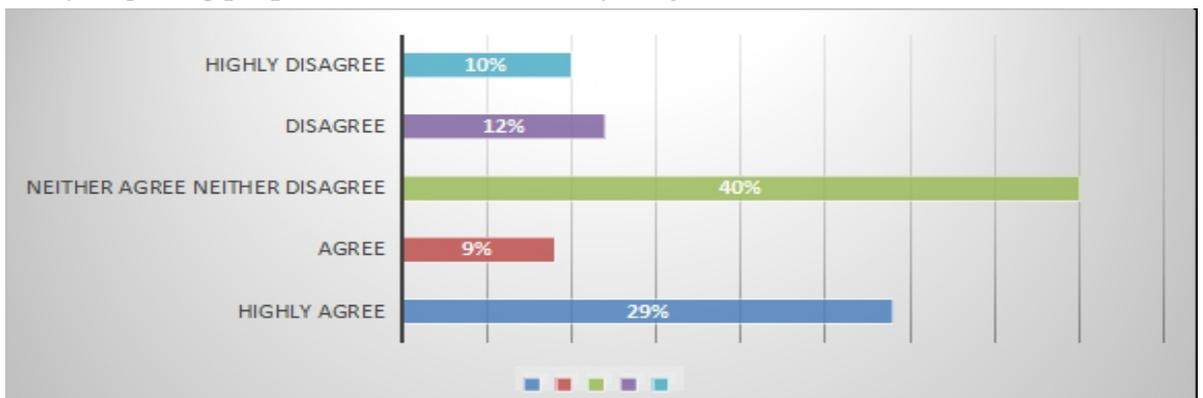
In the above chart it is interpreted that the majority i.e. 66% of the engaged employees (which includes highly agree and agree) feel positive about the compensation given to the employees.

Are suggestions taken from the employees by the top management?

From the below mentioned chart, it can be interpreted that suggestion taking is not a key determinant of employee engagement in the insurance company as only 39% of the engaged employees feel (which includes highly agree and agree) that suggestions are taken by the management on different matters of the organization.

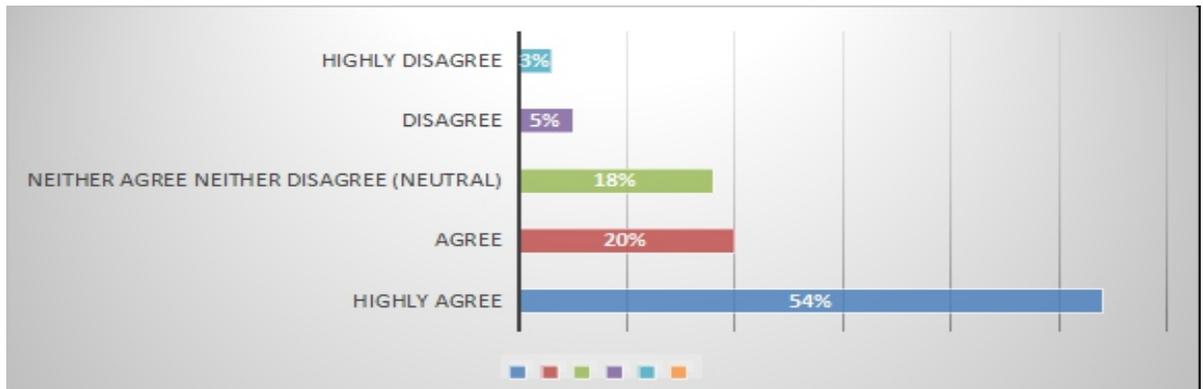


Are you getting proper infrastructure to do your job?



From the above mentioned chart, it can be interpreted that infrastructure is not a key determinant of employee engagement in the insurance company as only 38% of the engaged employees feel positive about the infrastructure.

Impact of Employee engagement on Job satisfaction



The majority of engaged employees feel positive impact of job engagement on job satisfaction (72% which includes highly agree and agree)

Conclusion

The result of the study suggested that significant percentage of employees feel engaged in their job. The study also revealed that work culture, fair compensation, advancement opportunities as the key determinants of employee engagement. In today's competitive world, every industry or organization has to realize that in order to motivate the employees and increase job satisfaction, they have to take various initiatives in long run for the success and growth of the organization and thus, it becomes very important for them to focus on employee engagement.

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HR Challenges and Strategic Management of Challenges

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Abstract

We live in an ever changing, complex environment. The introduction of tighter labour markets, economic uncertainty and globalization are some of the reasons for number of human resource management challenges (HR Challenges) that need to be address as it is an important function of any organization. The challenges are not related to the single dimension but are directed towards multi-dimensional issues that should be tackled with care. The paper addresses the issues and challenges faced by HR managers along with the strategies to overcome the challenges. The paper also suggests certain ways to effectively manage the human resources so that a HR manager can overcome the challenges.

Keywords: *Challenges, Employee, Globalization, Management, Workforce*

Introduction

During the first decade of the twenty-first century, human resource management (HRM) thinking and practice have evolved in significant new directions. Issues and approaches that were previously seen in many organisations as being peripheral have moved to centre stage as HR agendas have been adjusted to take account of developments in the business environment. The following paper talks about the various challenges that are being faced by Human Resource Management in order to provide an insight about the growing challenges in the industry including both internal and external challenges. Factors such as technology, globalization, organizational structure, managing workforce by virtue of diversity, incentive pay and performance management are continuously leading towards challenges .The paper also makes an effort to make recommendations for the challenges in order to increase productivity and achieve growth by unimaginable heights. There are certain challenges associated with human resource department which develop with the passage of time. These include both global and central challenges that are to be addressed to in order to achieve the perfect framework. In today's time, the world is shifting towards a central entity and the Human Resources department acts as the managing hand in this regard. The major challenges faced by HR managers are:

Major issues and challenges

HR challenge: Understanding the gap between present system of education and requirement of workers' qualifications and skills

As the definition of work continues to evolve, the range of skills that employees require have not been provided by the traditional educational systems. In a survey, it was reported that the current gap between the skills fostered by education and those actually needed by the employees will represent a very considerable obstacle in the coming years. As businesses expand and hire

employees globally, the need for HR to scrutinize job qualifications carefully becomes even more important. Major disparities exist between various regions and institutions in individual countries, as well as between countries. The capacity to understand these differences will enable HR department to make hiring decisions more efficiently. Through coordination with other functions of the organization, HR department can increase its understanding of qualifications and skills to ensure that hired employees are capable of executing their functions effectively. Strategic visualization and the ability to handle complexity are the most difficult skills to find among senior executives. Companies are clearly struggling to recruit people with the ability to guide them in an unpredictable and competitive external environment. For positions lower down the organization, executives lack soft skills, such as creativity, flexibility and effective interpersonal communication. Without these skills, the graduate population in some emerging markets are rendered unemployable.

Strategies to overcome the challenge

A multi-faceted approach is essential, as companies take a more practical role in securing the qualifications they are looking for.

- First, companies will need to promote a close relationship and dialogue with educational institutions and governments. Indeed, they may search potential partnerships with universities to provide technical and vocational-skills training, or continuous education opportunities. which can be beneficial in equipping the future workforce with the necessary skills to bridge the labour-market gap. An example in India is the public-private partnership (PPP), The National Skills Development Corporation, which promotes skill development by catalysing the formation of large, high-quality, for-profit vocational institutions.
- There is a need to establish an efficient internal training and development system for counteracting any deficiencies in the educational system. For example, The IT services company Infosys is reported to have the largest corporate university in the world, having skilled around 100,000 graduate recruits in writing software codes and formulating algorithms.

HR challenge: Retaining and attracting a changing workforce

It is important for the HR managers to understand what is most valued by the workers i.e. compensation, or prestige, or independence at work. In most of the cases, HR managers have to adapt their incentives, benefits policies and maintenance strategies for workers accordingly. Companies have to ensure that their people are dedicated, productive and do not leave the organization, leading to incurring of turnover costs and wastage of the previous training given to them.

As indicated by a study on the global workforce, only 13 percent of workers worldwide are engaged and are psychologically committed to their jobs. The bulk of the working population—63 percent—are “not occupied,” indicating that they lack motivation. 24 percent of the workers are actively disengaged, unhappy and unproductive and are responsible to spread negative attitudes to co-workers. Generation Y, as they are commonly known, are presumed to have low organizational loyalty. Even if these younger, skilled workers are committed, retaining

them is a major challenge and HR will have to explore varied retention techniques, adapted to the preferences of the relevant individual.

Strategies to overcome the challenge

- Smaller companies can grant autonomy to workers as a talent-management tool.
- The large sized companies can use the size of their organization as a motivational tool which allows companies to point any skills gaps as well as help in providing opportunities that many younger employers are seeking.
- Motivational strategies for younger workers are necessary where there is intense competition for candidates with the right skills.

HR challenge: Supporting technology top practices to global management strategy

The new communication technology has facilitated closer contact with the clients who are far from each other and has also allowed multinational companies to form cross-border teams, where colleagues can communicate with each other regularly, despite being located in the distant places. Thus, technology has enabled the international expansion of the business possible. Some other major benefits are: saving in business travel and relocation costs for individual workers. Virtual teams also considerably enlarge the pool of available knowledge. Culturally diverse virtual teams also stimulate innovation and creativity. However, challenges will persist, as many potential employees will lack access or adequate technological knowledge.

Strategies to overcome the challenge

- Technology's evolving role in redefining what work means will require firms to come up with new and innovative strategies to manage their increasingly mobile workforce. These strategies will need to help mobile workers remain engaged and associated to the wider organization they serve.
- There is a need for HR departments in major global firms to engage with local governments, universities, community colleges and vocational schools to offer ongoing training for all existing and new employees as technologies change.
- With companies now engaging with a flexible and mobile workforce, performance measures will have to be reformed. Once managers prioritize outcomes, and not just efficiency or process, new evaluation models will be necessary.
- It is essential for the HR department to assess the most effective methods for managing and communicating with teleworkers, particularly across borders.

HR challenge: Handling the risks of a global business

Managing remote, cross-border teams presents management challenges, despite of their clear benefits and increasing importance. There are certain practical obstacles in running a virtual team. Time differences can also obscure organization and co-ordination. The communication may be less smooth without face-to-face interaction. Natural social bonds are very difficult to develop in a virtual team. According to a survey it is found that it is cultural and linguistic differences that present by far the most pressing challenge for virtual-team managers. Differences in culture (attitudes and values) span a wide range of areas, including attitudes toward authority, teamwork and working hours. Cultural and linguistic misunderstandings, both internally and with potential clients, can be very costly.

Strategies to overcome the challenge

- Adequate financial resources will need to be owed to the IT infrastructure, which is such a crucial element in the proper functioning of a virtual team.
- Leadership training within virtual teams is essential.
- More sophisticated recruitment policies should be implemented for the expanding global talent pool and operating risks (geopolitical, legal and financial) in the environment. They will also need to build a common work culture, having similar ethics and values, among people who come from very different cultures.
- HR department will need to become better integrated into their firm's overall risk-management. It has to understand and foresee the types of risks (such as use of child labour, toxic or substandard components, bribery or other illegal business practices) that could have a negative impact on the firm's brand and company image.

HR challenge: Hiring and retaining talent while lowering labour costs

Large labour-productivity gains over the past few decades have not been coordinated by comparable wage gains by the employees. Retention of talented workers is a challenge, as employees feel that their performances are not being rewarded appropriately and therefore, turnover rates are on increase. Companies try to avoid costly employee benefits by hiring part time. However, developing and engaging the part-time, temporary workers at all levels of the company is a growing concern for the companies. The costs of permanent workers with lower organizational loyalty, poor customer service, less focus on quality, less commitment to the company and higher levels of turnover is more as compared to hiring part time workers.

Strategies to overcome the challenge

- Searching of retention strategies and benefits models that focus on factors beyond financial compensation.
- Guidance to individual managers on how to get the most out of non-traditional staff by making them feel part of the company.
- HR department will have to discover methods to offer benefits or incentives to part time and flexible workers to retain them for future work.

Recommendations

As mentioned above, there are many challenges that are to be addressed by the management. These challenges have created problems for various firms and organizations both locally and on a global platform. In some cases, the damages are unrecoverable and have led serious hardships to the organisations. Hence, the following recommendations can be made in this regard:

- Ensuring effective teamwork by promoting teamwork.
- Management of diversified workforce by providing each with equal chances to excel.
- Addressing inevitable globalization by respecting the cultural and other values of others.
- Incentive pay system should be strengthened as it is the best alternative for increasing motivation and thus productivity.
- Ethical element should be given proper consideration and all values are to be kept in line with the legal obligations of the management and the company.

- Unions should be regarded but not given complete authority as this would result in a chaotic situation.
- Employees should be empowered timely to take decisions on its own so that it can efficiently create a superior work environment.
- A flatter organizational structure should be encouraged as in this way people would tend to be more productive.
- Create an effective training program.
- Classify principles for developing, utilizing and conserving human resources.
- Use data and statistics to make informed business decisions.
- Develop financial management and budgetary skills.

Conclusion

Hence in a nut-shell, it can be stated that the HR department is facing a lot of increasing number of challenges that are gaining international popularity in the modern era. The roles of HR managers are changing and so are the external factors which are giving birth to the above mentioned elements. The human resource managers of the future shall have to face more problems in the management of labour because of the continuous changing socio-economic, technological and political conditions. They may find themselves obsolete in the future due to changes in the environment if they do not keep informed themselves regarding important challenges which might be faced by the managers regarding management of people in business and industry. Thus, it can be concluded that these challenges are increasing tremendously and are to be addressed in order to become successful. Therefore HR professionals must play special roles in dealing with these changes and must develop specific competencies to support these roles.

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