

Empirical Approach to Measure Employee Engagement: Evidence from Indian IT Industry

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Abstract Employee Engagement has become a very popular managerial construct in the last two decades. Organizations use different engagement building tools and methodologies in order to stay competitive and improve their performance. Though there is an increasing contribution in human resource consulting agencies on the concept of employee engagement, yet there is a shortage of academic studies on that construct, especially in emerging economies. An engaged employee is aware of the business context and works with their team members to improve performance for the growth of the organization. Organizations are also able to benefit free discretionary effort the employee is willing to make. Employee engagement is, therefore, a level of involvement and commitment of employee towards their organizations' vision and value. This engagement gap became more prominent during the ongoing recession and resource scarcity conditions prevailing in the Indian IT industry. This is an exploratory study aimed at identifying the key drivers of employee engagement within the Indian IT industry. This study focuses on how employee engagement is the antecedent of job commitment and what an organization can do to engage its employees.

Keywords Employee Engagement, Employee Commitment, Employee Engagement Drivers, Empirical Study, Indian IT industry

1. Introduction

Employees are considered an important resource in any organization more so in the service industry. Globally, there has been an increase in the struggle to find the right talent, and each organization has to ensure that apart from attracting the best talent, they should be able to retain it. Retaining employees in an organization is also not enough as a person may have the best talent but may not be passionate about his/her work. Kahn (1990), who is considered as the father of employee engagement movement, stated that an employee has to be present both physically and psychologically when performing organizational roles.

Pandita and Bedarkar (2014) note that one of the toughest challenges facing Chief Executive Officers (CEOs), Human Resource (HR) and business leaders of many organizations is to ensure that when their employees report to work every day, they not only do it physically but mentally and emotionally. This means that organizations must ensure that their employees are engaged so that they are able to contribute

positively towards achieving the organizational goals.

Although engagement is a relatively new concept, research suggests that it may influence several work-related attitudes. According to Kahn (1990), employee engagement is the harnessing of organizational members' selves to their work roles. Engagement is a type of positive and fulfilling work-related state of mind characterized by vigor, dedication, and absorption (Schaufeli & Bakker, 2004). Engaged employees are more likely to express these characteristics emotionally, cognitively, and physically (Kahn, 1990) in such a way that they drive personal energies into role behaviors and display themselves within the role (May et al., 2004), therefore being highly proactive (Sonnetag, 2003) and productive (Cattew, Flynn & Vonderhorst, 2007). Since engagement entails physical and emotional behavior, it can lead to the formation of work attitudes.

Meere (2005) describes three levels of engagement: a) Engaged: -Employees who work with passion and feel a profound connection with their organization. They drive innovation and move the organization forward. b) Not engaged: Employees who attend and participate at work but are time serving and put no passion or energy into their work, and c) Disengaged: -Employees who are unhappy at work and who act out their unhappiness at work. According to Meere (2005), these employees undermine the work of their engaged colleagues every time. It is therefore important for an organization to assess the levels of engagement of its

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employees so that they can take necessary measures to boost the morale and productivity of their employees.

Employee engagement is a common topic in the human resources consultancy market. However, there are only a few academic studies about it (Robinson & Perriman, 2004). Engagement is not only desirable but has become mandatory for organizations in the current business environment. Organizations with an engaged workforce have higher levels of customer satisfaction; also they are more productive and have higher profits than companies with less engaged personnel (Harter et al., 2002). The relationship between job satisfaction and organizational commitment and some influential factors of engagement have been extensively examined. However, the effects of engagement on commitment need further scrutiny.

2. Definition of Employee Engagement

There is lack of a universal definition of employee engagement. Kahn (1990) defines employee engagement as “the harnessing of organization members’ selves to their work roles; in engagement, people employ and express themselves physically, cognitively, and emotionally during role performances”. The cognitive aspect of employee engagement relates to employees’ beliefs about the organization, its leaders, and working conditions. The emotional aspect is described as how employees feel about each of those three factors and whether they have positive or negative attitudes towards the organization and its leaders. The physical aspect of employee engagement concerns the physical energies exerted by individuals to accomplish their roles. Therefore, according to Kahn (1990), engagement means to be psychologically as well as physically present when occupying and performing an organizational role.

Most often employee engagement has been defined as emotional and intellectual commitment towards the organization (Baumruk 2004, Richman 2006, and Shaw 2005) or the amount of discretionary effort exhibited by employees in their job (Frank et al., 2004). Although it is acknowledged and accepted that employee engagement is a multi-faceted construct, as previously suggested by Kahn (1990), Truss et al. (2006) define employee engagement simply as ‘passion for work’, a psychological state that is seen to encompass the three dimensions of engagement discussed by Kahn (1990), and captures the common theme running through all these definitions.

3. Literature Review

Though there are many factors that influence employee engagement, this study paper reviews a few from previous researches. Factors discussed are leadership, social support, growth, communication, and job characteristics.

Ologbo and Saudah (2011) found that employees need to be confident with their organization and this confidence can

be built through reliability of the leadership. Trust in leader, support from the leader, and creating a blame-free environment are considered as components of psychological safety, a condition proposed by Kahn, which leads to employee engagement (Xu and Thomas Cooper, 2010).

A study by Papalexandris and Galanki (as cited in Pandita and Bedarkar, 2014) identified two factors that are positively linked with engagement namely, management and mentoring behaviors, such as imparting confidence to followers, power sharing, communication, providing role clarification, and articulation of vision which could be characterized as inspirational, visionary, decisive, and team-oriented. Men (2015) notes that although studies have revealed significant effects of authentic leadership on employee engagement, these effects are usually mediated by factors such as employee-organization relationships, internal reputation, and transparent communication.

Social support refers to support that employees get from colleagues and supervisors. Social support from colleagues and supervisors has been found to have a positive association with engagement (Ologbo and Saudah, 2007, Schaufeli and Salonova, 2007). It has also been found that supportive colleagues and proper feedback from supervisors increases the likelihood of an employee being successful in achieving work goals (Bakker and Demerouti, as cited in Sakovska, 2012). Schaufeli and Bakker (2004) assert that social support satisfies employees’ need to belong.

Study by Kahn (1990) suggested that supportive and trusting interpersonal relationships as well as supportive management promoted psychological safety. It revealed that employees feel safe in work environments that are characterized by openness and supportiveness. Supportive environment according to Kahn (1990) allows members to experiment and try new things and even fail without the fear of consequences. May et al. (2001) found that supportive supervisor relation was positively related to psychological safety.

According to Ram and Prabhakar (2011), two variables that are likely to capture the essence of social support are perceived organization support and perceived supervisor support. Perceived organizational support (POS) refers to employees’ beliefs that an organization values their contribution and cares about their well-being (Rhoades’ and Eisenberger, 2002). Kahn (1990) asserts that the amount of support and care employees’ perceive to receive from an organization influences their psychological safety, and enables them to employ their selves without the fear of negative consequences.

Perceived supervisor support refers to the way employees feel about the help they get from their supervisors. Rhoades and Eisenberger (2001) state that because employees tend to view their supervisors’ orientation towards them as indicative of the organization support, the perceived supervisor support is likely to be an important predictor of employee engagement (Ram and Prabhakar, 2011). Maslach et al. (2001) found out that a lack of supervisor support was

an important factor linked to burnout. Though studies have shown connection between social support and engagement, study by Saks (2006), did not find a significant connection between perceived supervisor support and employee engagement.

Internal communication is an organization practice that effectively conveys organizational values to all employees and therefore, obtains their support in achieving organizational goals (Pandita and Bedarkar, 2014). Ologbo and Saudah (2011) note that employees need clarifications if they are to do their work well while Hakanen et al. (2006) indicate that availability of information is positively related to engagement, as access to information increases the chances that the task at hand will be completed successfully and that work goals will be achieved. However, a study by Men (2015) reveals that contrary to expectation, transparent communication did not directly and significantly influence engagement. Such effects were fully mediated by employee–organization relationships and internal reputation. Men (2015) concludes that by nurturing quality employee–organization relationships, transparent communication indirectly drives employee engagement.

Castellano (2015) notes that employees react positively to five core dimensions: skill variety, task identity, task significance, autonomy, and feedback. He further states that there is evidence from research that employees who work in jobs that are high in these dimensions show high work motivation, satisfaction, and attendance. Job enrichment has been found to positively relate to meaningfulness, and that meaningfulness, mediated the relationship between job enrichment and engagement (May et al., 2004).

In conclusion, it is important to note that the factors that influence employee engagement vary from region to region, sector to sector, and time to time. It is therefore important that organizations identify which factors precisely need to be addressed in their specific organizations. Thorten (as cited in Cawe, 2006) notes that there are many factors influencing engagement and they differ from one company to another. Therefore, in order for employee engagement to be successful, it must be tailored to the objectives and culture of each organization.

4. Objectives of the Study

Specifically, this study was undertaken to the answer the following research questions:

- What is the extent of level of engagement of the respondents regarding their job in the context of Indian IT industry?
- What are factors impacting the employee engagement in the context of India IT industry.
- Based on the study, identify suggestions to the management for improving their employees' engagement level.

4.1. Hypotheses of the Research

On the basis of literature review and research questions the following hypotheses tested.

H1: Meeting the basic needs of the employees like role clarity and necessary resource and infrastructure has influence on employee engagement.

H2: Managerial support provided to employees has influence on employee engagement.

H3: Teamwork among employees has influence of employee engagement.

H4: Growth opportunities provided to employees has influence of employee engagement.

H5: Company Image and Brand Name has influence of employee engagement.

H6: Senior management actions has influence of employee engagement.

H7: Internal formal communication process has influence of employee engagement.

H8: Work-Life balance policies has influence of employee engagement.

H9: Compensation has influence of employee engagement.

H10: Performance appraisal process has influence of employee engagement.

H11: Training provided to employees for their development has influence of employee engagement.

5. Research Methodology

The methodology this study consists of collecting primary data. This data is collected from respondents through online questionnaires. Primary data was collected from respondents. The research design used in this study is descriptive.

5.1. Questionnaire Schedule

Questions were framed in a way that the answers reflect the ideas and thoughts of respondents with regard to various factors of employee satisfaction.

- Work profile
- Relationship with immediate supervisor
- Provision of the tools and trainings an employee needs to succeed
- Offer a competitive compensation/pay package
- Management recognition of employee job performance
- Supportive management style
- Offer career development opportunities
- Honest communication
- Organization culture

The content validity of the questionnaire was established by sharing the subject matter expert in the HR domain. In this study, the questionnaire was shared with HR managers of the five IT companies and two HR professors working in India Universities in North India. The scaling technique used for

designing the questions in the interview schedule is the Likert scale.

5.2. Data Collection and Sample Size

Data was collected by distributing questionnaires to employees. The sampling frame was the pool from which interviewees were chosen. All the items in consideration in any field of inquiry constituted a universe of population. In this research, only a few items can be selected from the population for the purpose of study. The items selected constitute what is technically called a sample. Here our sample size is 510 employees from a total population of employees. Samples were selected on the basis of simple random sampling technique. The sample was drawn from onsite (United States of America) as well as offshore (India) locations.

6. Result and Discussion

The data collected through online questionnaire was coded and summarized. Statistical techniques, such as drawing percentages for generalizations, use of table for tabulating the primary, qualitative, and quantitative data and use of graphs for better pictorial representation of the analysis were used.

Primary information of both qualitative and quantitative nature was obtained by administering the questionnaire. The questionnaire contained projective and direct queries and was interpreted as per the set characteristics in the concepts. The information obtained by observation was also interpreted according to the set concepts. The intention behind every direct and indirect query was dealt in the concept of each table.

6.1. Demographic Characteristics

The location covered were USA and India. 85 percent of the respondents were from India and 15 percent were from the United States. Out of the total sample size, 77 percent respondents were males and 23 percent were females.

It was found that 61 percent of employees were satisfied with the organization, 61 percent of employees intended to work for the next two years with the current organization, and 69 percent of employees not only believed that their organization was a great place to work but they were willing to recommend their organization to others. Overall, 64 percent of employees were found to be engaged with the current organization. Since IT industry is primarily a service industry and the organization studied was a people-based organization, this kind of employee engagement is considered high and good for the organization.

6.2. Reliability of Scales and Validity of Data

Reliability reflects the consistency of a set of items in measuring the study variable. It demonstrate the individual concerning the amount of agreement or disagreement of the

constructs or variable in studies (Malhotra, 2002). Cronbach's alpha is the most widely used method to measure the reliability of the scale (Cooper & Schinder, 2001; Malhotra, 2002). Value of cronbach's alpha ranges from 0 to 1, stisfactory value is required to be more than 0.60 for the scale to be reliable (Malhotra, 2002: Cronbach, 1951). Hence the data collected were tested by using Cronbach's alpha to assess reliability. Internal consistency (reliability) values of the measurement items were assessed before entering in to analysis.

Table 1. Variables in employee engagement measurement scale

Variable	Number of Items	Cronbach's Alpha
Basic Needs	2	0.929
Managerial Support	4	0.922
Teamwork	5	0.925
Growth	2	0.921
Company Image & Brand Name	2	0.921
Senior Management	3	0.92
Communication	2	0.92
Work-Life Balance	1	0.925
Compensation	2	0.924
Performance Appraisal	2	0.921
Training	2	0.924
Commitment Index	3	0.919

In the present study, to measure the dependent variable (Employee Engagement) and independent variables (basic needs, managerial support, teamwork, growth, company image and brand name, senior management, communication, work-life balance, compensation, performance appraisal and training), we have used 30 items . Among these 3 items were developed for measuring independent variable and 27 items were developed for dependent variable.

From the reliability test, it was found that Cronbach's alpha value for all variable range from 0.919 to 0.929, which means that all the variables have an internal consistency of 91% to 92% among each other. Overall Cronbach's alpha value for the employee engagement scale was found to be 0.929.

6.3. Regression Analysis

6.3.1. Model Summary

The value of R Square (0.543) and R (0.737) shows a moderate association between set of independent variable with the standard error of 0.690 percent.

Table 2. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.737 ^a	.543	.518	.690

6.3.2. ANOVA Test

The F value of the test for the data is 21.229. The p-value associated with this F value is 0.000 which is lower than the alpha value 0.05.

Table 3. ANOVA table

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	273.054	27	10.113	21.229	.000 ^b
	Residual	229.621	482	.476		
	Total	502.675	509			

The study demonstrated that there is significant impact of these independent variables on the dependent variable and the model applied is significantly good enough in predicting dependent variable.

6.3.3. Test of Hypothesis

At $\alpha=0.05$ level of significance the below hypothesis were tested.

Decision Rule:

H1 will be rejected if P value is less than significance level i.e. 0.05, otherwise H1 would be accepted at 5% level of significance.

Variable(s):

Dependent: Employee Engagement

Independent: Basic needs, Managerial support, Teamwork, Growth, Company Image & Brand Name, Senior Management, Communication, Work-Life Balance, Compensation, Performance Appraisal and Training.

Table 4. Summarized Results of Hypotheses

Dependent Variable	Independent Variable	P Value	Sig. Level	Implications
Employee Engagement	Basic Needs	0.00	0.05	Satisfied
	Managerial Support	0.00	0.05	Satisfied
	Teamwork	0.00	0.05	Satisfied
	Growth	0.00	0.05	Satisfied
	Company Image & Brand Name	0.00	0.05	Satisfied
	Senior Management	0.00	0.05	Satisfied
	Communication	0.00	0.05	Satisfied
	Work-Life Balance	0.00	0.05	Satisfied
	Compensation	0.00	0.05	Satisfied
	Performance Appraisal	0.00	0.05	Satisfied
	Training	0.00	0.05	Satisfied
Commitment Index	0.00	0.05	Satisfied	

6.3.4. Results of Hypothesis

The result of the hypotheses show that the P value of all the hypotheses are lower than significance level ($\alpha=0.05$). It helped researchers to arrive at decisions on which hypotheses are accepted. In the present study all the hypotheses are accepted by following the decision rule as explained earlier.

It means that employee engagement is greatly influenced by the factors such as meeting the basic needs, enhancing teamwork, good company image, attitude of senior management, effective internal communication, timely managerial support, creating work-life balance, transparent performance appraisal, relevant training and compensation at par with industry.

7. Drivers Found during the Study

During the course of the study, following drives were found in the organization:

- The ability of an organization to communicate its vision, mission, strategy, objective, and values to its employees on a regular basis so that these are clearly understood by employees.
- Management to provide a conducive environment to its employee to explore and innovate.
- The key role of immediate line manager is identified as one of most important drivers in achieving effective employee engagement.
- A sound grievance redressal system helps in improving employee engagement.
- Employees need to be provided role clarity in terms of their key performance areas and how they are going to be evaluated on them.
- A healthy team environment creates synergy and encourages employees to engage emotionally with the organization.

7.1. Some of the Outcomes of the Engagement

- Employees are able to get 'involved' in the organization and feel that they are genuinely participating and contributing to its performance.
- Employees have a sense of pride in their organization and endorse it as a place to work and do business with.
- Employees demonstrate real commitment towards their job and organization and are prepared to 'go the extra mile'.
- Employees are willing to stay with the organization in future.

7.2. A Few Suggestions to Improve Employee Engagement

- A transparent and efficient performance appraisal system will help employees' perception of partiality.
- Removal of bell curve-based appraisal system, which will help in giving the performance its due wherever

needed.

- Periodic discussion with employees about their career and helping them reach their career goals will help in emotional investment from employees.
- Investment in increasing brand equity of the organization will lead to a sense of pride among employee and attract best talent from the industry.

8. Limitations of the Study

The study was confined to 510 respondents only. The sample was taken from India and United States only. The study was based on the sample taken from a mid-sized IT organization. This research was conducted on a sample size significantly less than the actual number of designated employees. This was due to the inability of employees to respond, limited availability of resources, and extremely busy schedule of most of the employees. The findings and conclusions are based on the knowledge and experience of respondents that is sometimes subject to bias. Sample size of companies and employees may not be large enough to represent the unknown size of the universe.

9. Conclusions

Engaged employees lead to increased productivity, retention, customer loyalty, and profitability. Smart organizations focus on both the lead and lag indicators of business success. Therefore, business leaders need to know about the engagement levels as much as they need to know about other critical management information, such as financial, productivity, and customer data. Robust, business-oriented measurement and analysis is required to identify the key drivers of engagement for your organization. Key insights are provided when organizations know whether employees are engaged to both—the job that they do and the company that they work for. This knowledge enables organizations to predict behavior and its impact on key business metrics.

Measurement without action can do more harm than good. Simply surveying for the current engagement level and then doing nothing with that information often leads to employees feeling that they aren't being heard, which in turn can negatively impact morale and trust levels. Identifying and analyzing engagement levels and the drivers of success is the first step. The challenge is in equipping your organization to conduct this exercise at regular intervals to measure the success of steps taken. Organizations need to put in effort to ensure that change is embedded in the organizational culture so that the workforce remains focused and aligned to the business strategy. An engaged workforce is the key to sustained competitive advantage and accelerated business performance”.

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