Jumpstart on Employee Productivity

Via

SDF's Employee Engagement Framework

A white paper presenting SDF's proprietary research-based point of view on employee engagement, its key drivers and specific actions organizations can take to enhance employee engagement and hence business outcomes

Introduction

Employee engagement has long been seen as a significant predictor of business success and has also been identified as a significant aspect of management research. Time and again, research firms and academic studies have demonstrated that **engaged employees are more productive, innovative, ambassadors of an organization's employment brand and involved in their work,** thereby acting as a means to drive their organization forward. Given that engaged employees play a significant part in business success, organizations spend billions of dollars on annual surveys and programs to gather employee feedback; and enhance their engagement levels. But when we look at aggregated levels of engagement across time and countries, it demonstrates the sad state of engagement. For example, a 2019 poll by ADP Research Institute shows that only 16% of employees' worldwide feel engaged at work. Thus, organizations strive to find ways to help and facilitate employees to become engaged in their work.

Concerning the enhancement of engagement levels, two primary problems remain. The first problem pertinent to engagement is that there is no commonly accepted definition of the term; it has been conceptualized through many different descriptions and measured in a variety of ways. The second problem is that there is a wide variety of factors that influence the levels of engagement. Although there is an ongoing debate on the precise definition and impacting factors of engagement, we have found striking similarities in the various definitions offered and a consensus that organizations benefit when employees reach this state. More specifically, using the insights gained by integrating academic-industry employee engagement models, we have developed SDF's employee engagement framework. Thus, this paper aims to **present SDF's proprietary research-based point of view on employee engagement:** what cognitive, emotional, and behavioural states define engagement, and what are the key drivers of employee engagement? Moreover, we go beyond simply demonstrating the scientific process followed for developing SDF's proprietary framework, by presenting the specific actions organizations and managers can take to enhance employee engagement and hence business outcomes.
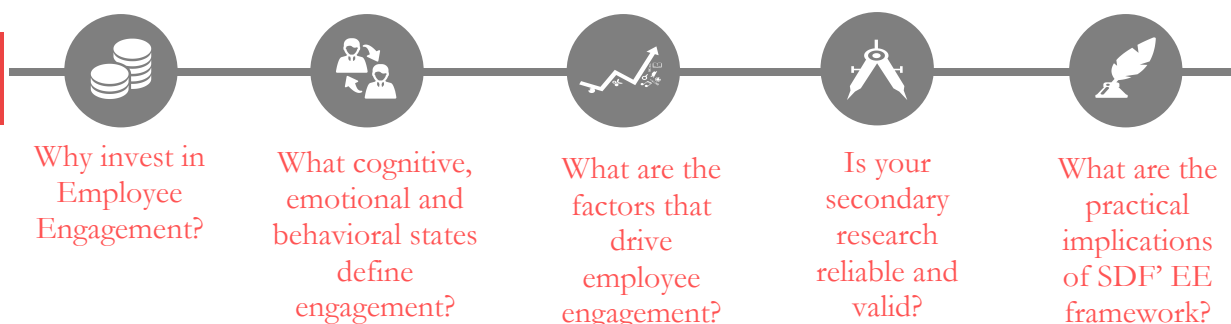
Why invest in Employee Engagement?

What cognitive, emotional and behavioral states define engagement?

What are the factors that drive employee engagement?

Is your secondary research reliable and valid?

What are the practical implications of SDF' EE framework?

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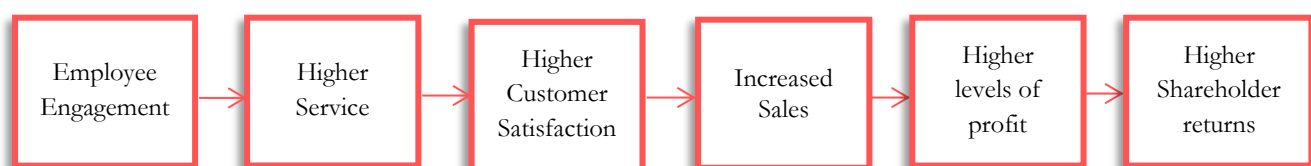
Why invest in Employee Engagement?

"When people are financially invested, they want a return. When people are emotionally invested, they want to contribute" (Simon Sinek)

A simple search for the keyword "employee engagement" on Google produces about "35,20,00,000" results. This shows that the popularity of this concept is almost overpowering.

Employee engagement is viewed as one the most important areas of interest for leaders, CHROs and CEOs seeking to enhance business performance and drive bottom-line results. Several decades of research has time and again shown the high positive correlation between employee engagement and the 'soft' factors of business, such as lower level of turnover, absenteeism, high organization citizenship behaviour, employee well-being, etc. In turn, these soft factors produce hardcore business elements, such as greater profitability, productivity, and increased customer satisfaction. Various studies set out a simple, yet effective way to build profitability in business. They have presented a series of sequential steps that enable engagement to lead to better shareholder returns (figure 1).

The ROI comes from the Engagement-Profit Chain

Figure 1: Engagement- Profit Chain

Employee Engagement → Higher Service → Higher Customer Satisfaction → Increased Sales → Higher levels of profit → Higher Shareholder returns

Source: Recreated from *MIT Sloan Review*, 2015 article, "Measuring the benefits of employee engagement" by V. Kumar & A. Pansari.

Rightly so, companies with **engaged employees outperform those without by 202%,** meaning any investment you make into improving engagement is likely to see positive returns (Source: Dale Carnegie).

Some quick facts on the business impact of employee engagement

- 💰 **21%** higher profitability
- 🪑 **17%** higher productivity
- 🤝 **10%** higher customer satisfaction
- 🐞 **70%** fewer quality defects
- 📋 **41%** lower absenteeism
- 📉 **59%** lower turnover

High engagement levels also have significant impact on:

- Innovative work behaviour
- Quality for products and services
- Employer Branding
- Motivation
- Talent retention
- Team spirit

On the flip side, one of the central questions for effective employee engagement that comes to mind is how do we ensure our employees are engaged and focused on meeting current and future needs of the business? Realistically, the answer is not that simple and involves multiple sub-questions such as, is our engagement strategy linked with organization's strategy? Are we meeting employees' expectations? Are employees motivated, taking the onus of their own engagement?

Unfortunately, in today's world of work, practices, attitudes, strategies, technologies, values and ways of working are evolving and changing at a rapid pace, whereas organizations remain stagnant. As this spread grows so does the rate of disengagement. This happens because employee expectations, needs, and wants are not met. **A single disengaged employee at the average salary level costs almost $16,000 per year.** Thus, to create an engaged workplace, organizations must shift their focus from employee engagement to workplace excellence. In this changing time, there is a need to have a fresh look on engagement.

Below sections aim at presenting the scientific process followed for developing SDF's proprietary employee engagement model by highlighting the robustness of each step.

A fresh look at engagement

The term employee engagement was first brought into the field by professional societies and consulting groups (e.g., The Gallup Organization, Towers Perrin, the Corporate Leadership Council, and SHRM) who quickly staked their claims to expertise in the employee engagement arena, each with its own strategy and framework.

In 2002, Gallup survey developed a satisfaction approach to engagement and provided the first robust study on engagement. This study utilized a massive database of 7,939 business units across multiple industries and found that engagement was positively linked to business unit outcomes.

It was only later that 'employee engagement' gained acceptance among academicians, and research using scientific methods was carried out to further understand and refine the concept. In 2006, Gallup's study was followed by an academic research on the antecedents and consequences of employee engagement, which established an empirical link between engagement and its drivers (Saks, 2006). In this study, engagement was defined as "a distinct and unique construct consisting of cognitive, emotional and behavioural components that are associated with individual role performance". A few researchers later disagreed and described engagement as both an individual trait and stable characteristic, and a state or temporary situation.

While different definitions or conceptualizations of engagement exist, some models focus on describing types of employees (trait-based) and others how they feel (state-based). A general agreement exists that employee engagement is the interplay of three factors: Cognitive commitment, emotional attachment, and the behavioural outcomes that result from employees' connection with their company.

To build the robustness of our scientifically proven EE framework, we mapped our EE dimensions with these factors and presented SDF's point of view on the definition of Employee Engagement.

## SDF conducted a robust study on Employee Engagement

Below sections describe the scientific process followed by SDF to reach on a concise definition of employee engagement and the factors that affect engagement the most.

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Methodology: A Scientific Process

For the reliable and in-depth analysis of the employee engagement research, we adopted a **systematic literature review** approach. This approach allowed us to identify and present the scientifically proven definition and impacting drivers of engagement in a systematic manner (figure 2 & 3).

Secondary Research: Industry-Academic Research Mapping

Figure 2: Process followed for reviewing Employee Engagement dimensions
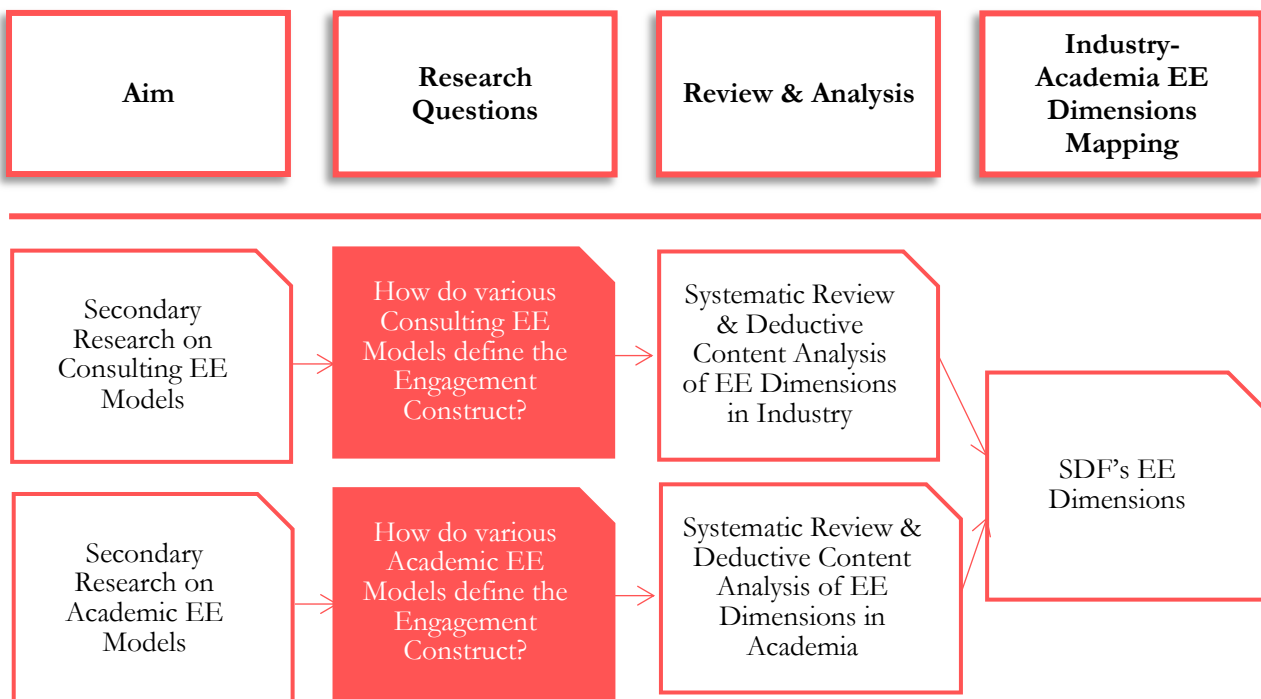
Review & Analysis: EE Dimensions in Industry

We conducted a deductive content analysis of EE models of around 8 top consulting firms. Our aim was to find out how different consulting models define the term employee engagement? And in their view, what are the different factors that affect employee engagement?

To analyse voluminous data, we did a deductive content analysis using a priori first and second levels of coding. The aim of first level of coding was to organize the data into discrete parts for a

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more general content analysis and form the concepts/labels, which served as a foundation for a second level of coding where discrete parts were refined, unique themes were identified and then, similar themes were combined together to create overarching themes. Consequently, we came up with the 3 EE dimensions:

Advocacy: An engaged employee speaks positive about the organization to co-workers, potential employees and customers and recommends their organization as a place to work.

Passion for work: Engaged employees not only enjoy and are fulfilled by their work, but they are **willing to go that 'extra mile'** to further their organization's success and reputation.

Commitment: An engaged employee has a high intention to stay with the organization.

Review & Analysis: EE Dimensions in academic literature

Figure 3: Process followed for conducting systematic literature review
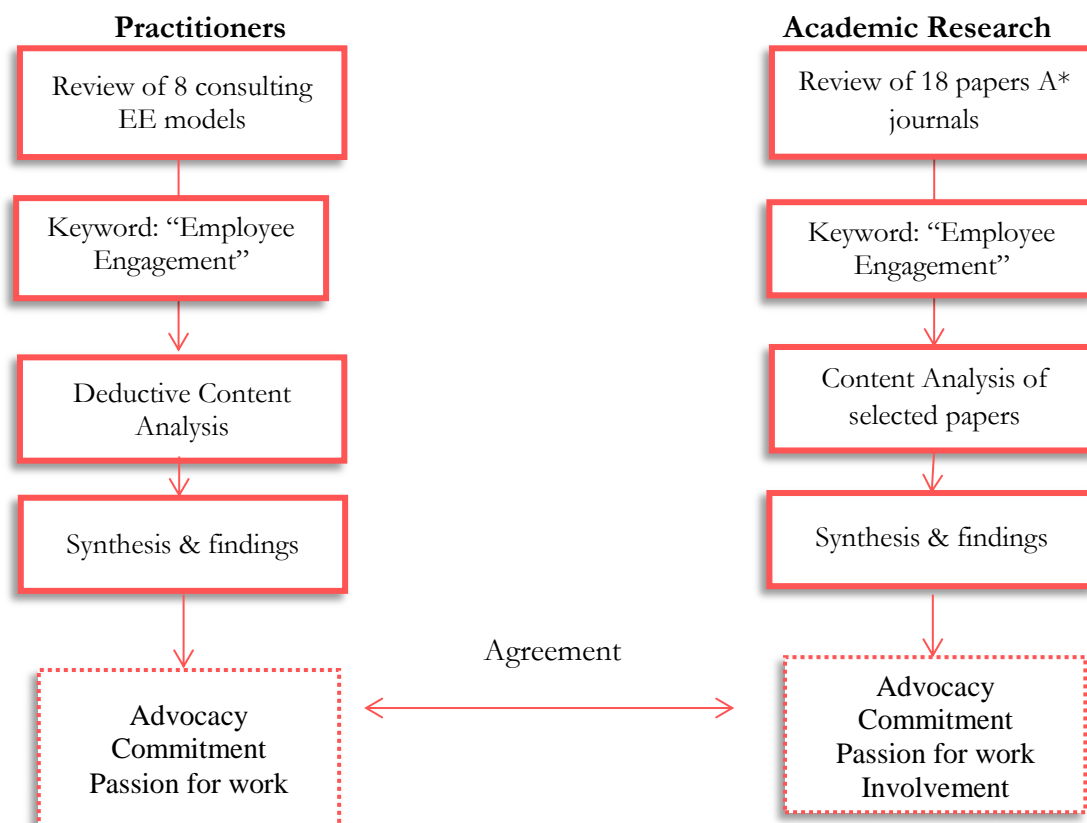
Our aim was to synthesize and integrate nearly two decades of research on EE and also review top consulting industry models and arrive at a common consent. To achieve the review

objectives, we searched for the articles from the electronic databases devoted to the human resource management issues. These databases encompass a wide variety of peer-reviewed journals in the field of social sciences. With regards to the search options of the electronic databases, we ensured that the search included magazines, journals, and quality conference proceedings.

Initially, a total of 127 research papers were at first retrieved from scholarly A-Star journals such as Academy of Management Journal, Journal of Applied Psychology, Journal of Management, Journal of organizational Behaviour and many more.

In order to identify studies closer to the aim of the review, abstracts of 127 papers were analysed. Out of 127 papers, 87 were found relevant for qualitative content analysis.

The content analysis of the 87 papers allowed us to present a comprehensive outline of employee engagement in academic research, basis which the selected papers were categorized into two content areas:

1: How are various academic models defining the EE construct?

2: What are the factors that drive employee engagement?

To analyse voluminous data, we did a deductive content analysis using a priori first and second levels of coding. The aim of first level of coding was to organize the data into discrete parts for a more general content analysis and form the concepts/labels, which served as a foundation for a second level of coding where discrete parts were refined, unique themes were identified and then, similar themes were combined together to create overarching themes.

Accordingly, based on the analysis of nearly a decade of research we picked up maximum repeated/saturated themes (captured the common theme running through all these definitions) and come up with 4 dimensions of employee engagement:

Advocacy: An engaged employee is one who recommends their organization as a place to work, feels pride and talks positively about the organization.

Passion for work: An engaged employee is one who is passionate and enthusiastic about their work and as well as sharing their company's goals. Engaged employees not only enjoy and are fulfilled by their work, but they are **willing to go that 'extra mile'** to further their organization's success and reputation.

Commitment: An engaged employee is one who identifies himself with the organization and accept its values and objectives as reflecting his own interests. He has a high intention to stay with the organization.

Involvement: An engaged employee is one who is fully absorbed by his work.

Finally, based on the Industry-academic EE models mapping, we came up with the 4 employee engagement dimensions (Refer figure 4 below for the final themes saturated from the Industry-Academic research mapping of EE dimensions).

Figure 4: Themes emerged from the Industry-Academic mapping of EE dimensions
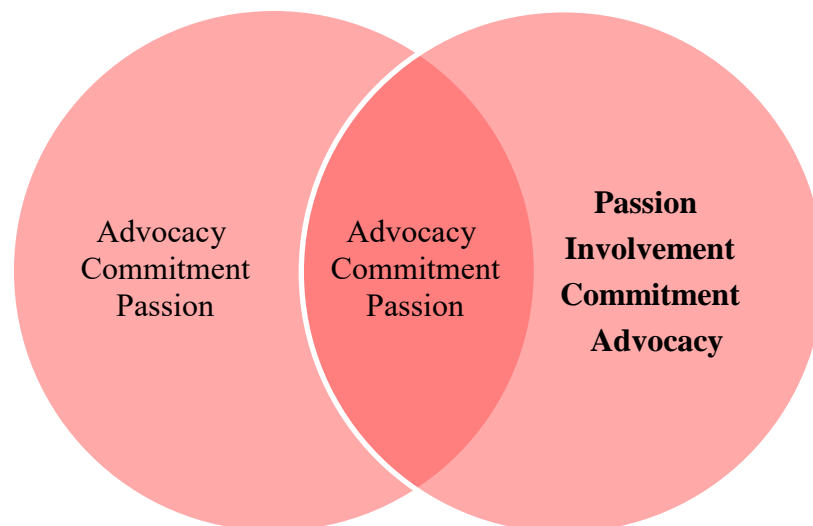
SDF's employee engagement framework consists of two elements:

-Employee Engagement Definition (interplay of 4 dimensions)

-Employee Engagement Drivers (factors that affect EE)

Let's start with the first element i.e. definition of employee engagement
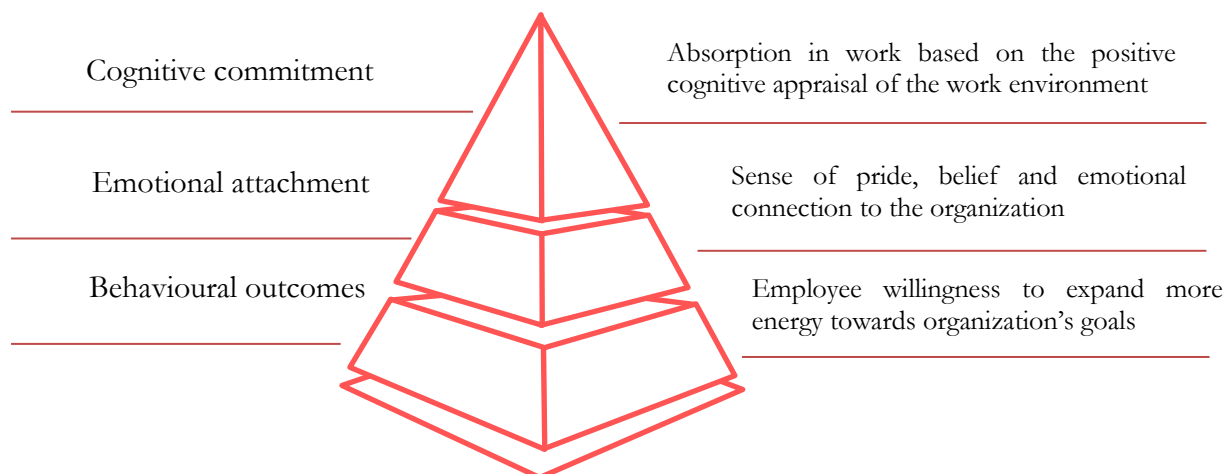
What is Employee Engagement?

The SDF employee engagement model is backed by a combination of insights from theoretical and empirical research in the organizational psychology and management literature. This research is incorporated into a framework that measures the emotional, cognitive and behavioural aspects of engagement.

A general agreement on EE dimensions in literature:

As mentioned earlier, there exists a general agreement in science on the types/facets of employee engagement. It is the interplay of three factors: Cognitive commitment, emotional attachment, and the behavioural outcomes that result from an employee's connection with their company (Refer figure 5 below for the definition of each facet):

Figure 5: Facets of Employee Engagement as defined in literature

Cognitive commitment — Absorption in work based on the positive cognitive appraisal of the work environment

Emotional attachment — Sense of pride, belief and emotional connection to the organization

Behavioural outcomes — Employee willingness to expand more energy towards organization's goals

Within SDF, employee engagement is measured as a multi-dimensional construct via four dimensions (figure 6). We then mapped the above-mentioned facets with the SDF's EE dimensions; these represent all three dimensions mentioned earlier. Cognitive appraisals (involvement), emotional (advocacy and commitment), behave (passionately).

SDF Employee Engagement Definition

It measures the extent to which employees have a desire to recommend, stay long, engross in work and apply discretionary effort towards organization's success (table 1).

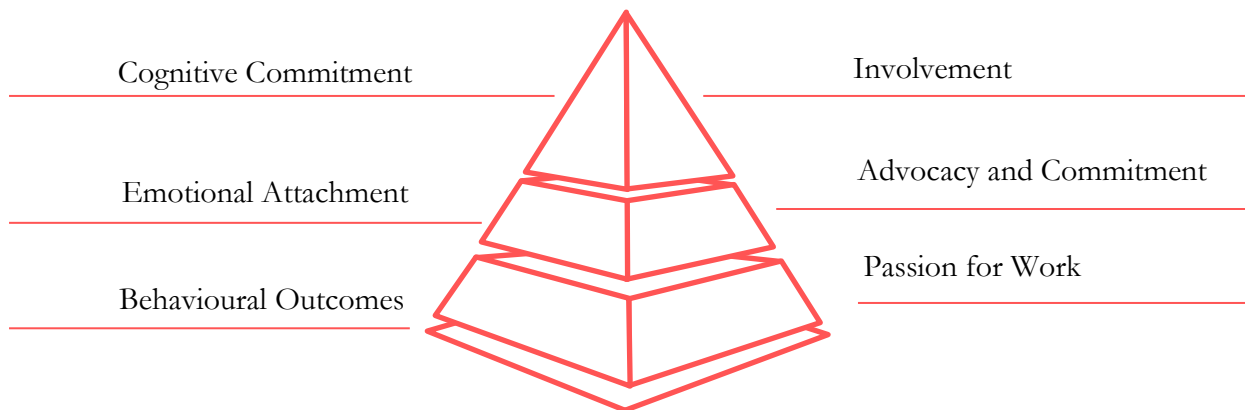**Figure 6: SDF EE dimensions mapped to EE facets in literature**

Cognitive Commitment	Involvement
Emotional Attachment	Advocacy and Commitment
Behavioural Outcomes	Passion for Work

Table 1: Definition of EE dimensions

EE Dimension	Definition
Advocacy	Sense of pride related to the organization and the extent to which employees recommend their organization as a place to work
Commitment	Have a strong sense of belonging and loyalty to the organization, and a desire to contribute to organization's success
Involvement	Strong psychological connection to the job and being happily engrossed in one's work
Passion for Work	Strong inclination toward a self-defining activity that individuals like (willing to go beyond), that they value, and in which they invest time and energy

The second element i.e. factors that enhance Employee Engagement

How to enhance Engagement?

Given that the evidence suggests a positive effect of EE on business outcomes, an obvious question for managers is how to drive it. Refer figure 7 & 8 for the process followed for review and analysis of employee engagement drivers in industry and academia. Drivers can be defined as the factors that enhance employee engagement. Refer table 2 for SDF's EE drivers.

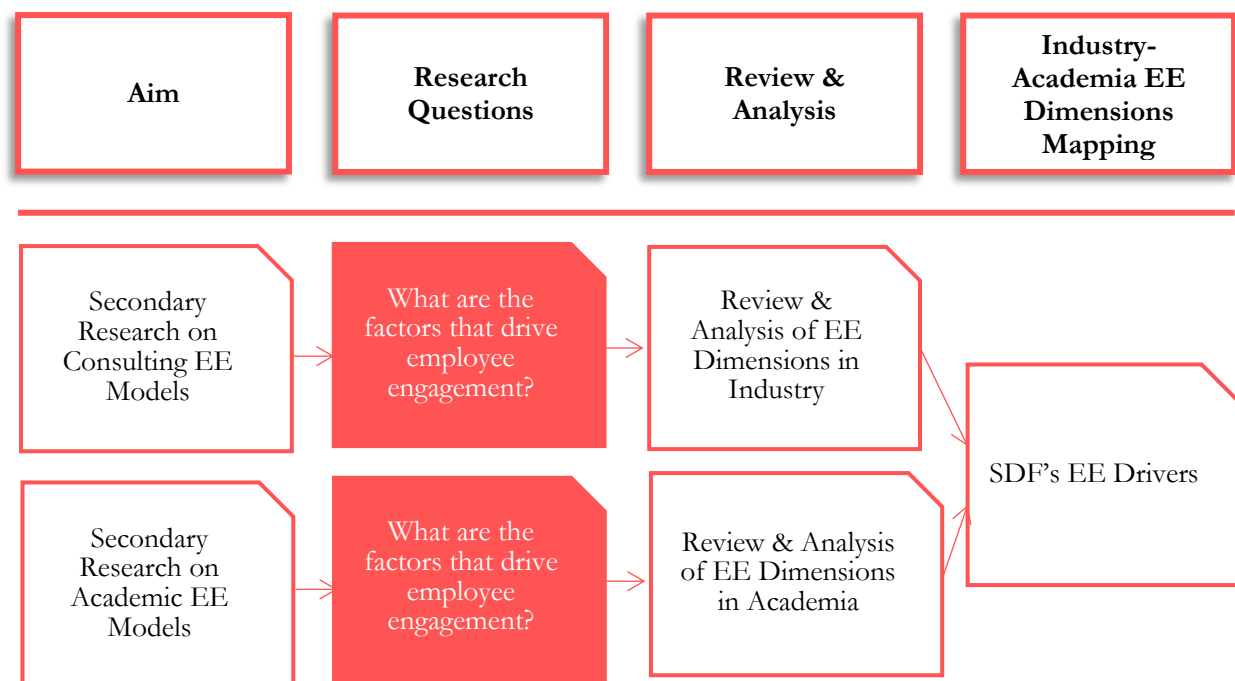**Figure 7: Process followed for reviewing Employee Engagement drivers**

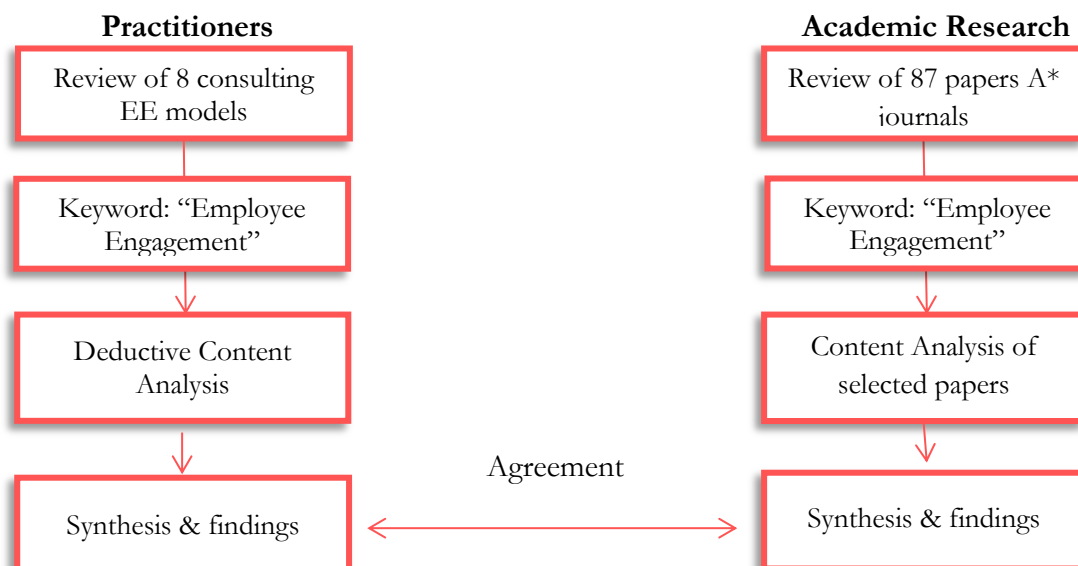**Figure 8: Process followed for conducting review and analysis of EE drivers**

Table 2: SDF EE model constitutes 14 drivers:

Driver	Definition
Organization support	Do they feel the organization allows them to achieve the balance they need between work and personal life?
Work resources	Do they feel the organization provides access to the right resources?
Person-job-fit	Do they feel a match between their job and skills?
Reward & Recognition	Do people feel they're fairly rewarded for what they put in?
Co-workers support	Do they feel their colleagues support them to succeed?
Agility & Innovation	Do they feel they have the right mind-set to respond quickly? Do they feel encouraged to come up with new ways of doing things?
Autonomy & Empowerment	Are people empowered in their roles and able to innovate on the job?
Meaningful work	Do they feel they are making a real contribution to accomplishing the organization's goals?
Learning & growth opportunities	Are there opportunities for people to grow and develop in the company?
Relationship with managers	Are managers supporting their teams to be successful? Are they getting enough information from the company about what's happening and do they feel they're being listened to?
Senior leadership	Do employees believe in and trust their senior leaders?
Workload	Do they feel they have been given reasonable work?
Diversity & Inclusion	Do they feel the organization is inclusive and fair to all employees?
Change Support	Do they feel the organization communicates and enables change?

SDF's Proprietary Employee Engagement Model

The deductive content analysis of industry-academic EE models led to the emergence of 14 drivers (independent variables) that influence employee engagement. Further, the deductive content analysis of industry-academic EE models led to the emergence of 4 dimensions of employee engagement (dependent variables). Integration of themes (14 drivers and 4 EE dimensions) that emerged from mapping the industry-academic EE models led to the development of the following scientifically proven EE model.

Figure 9: SDF's proprietary EE model
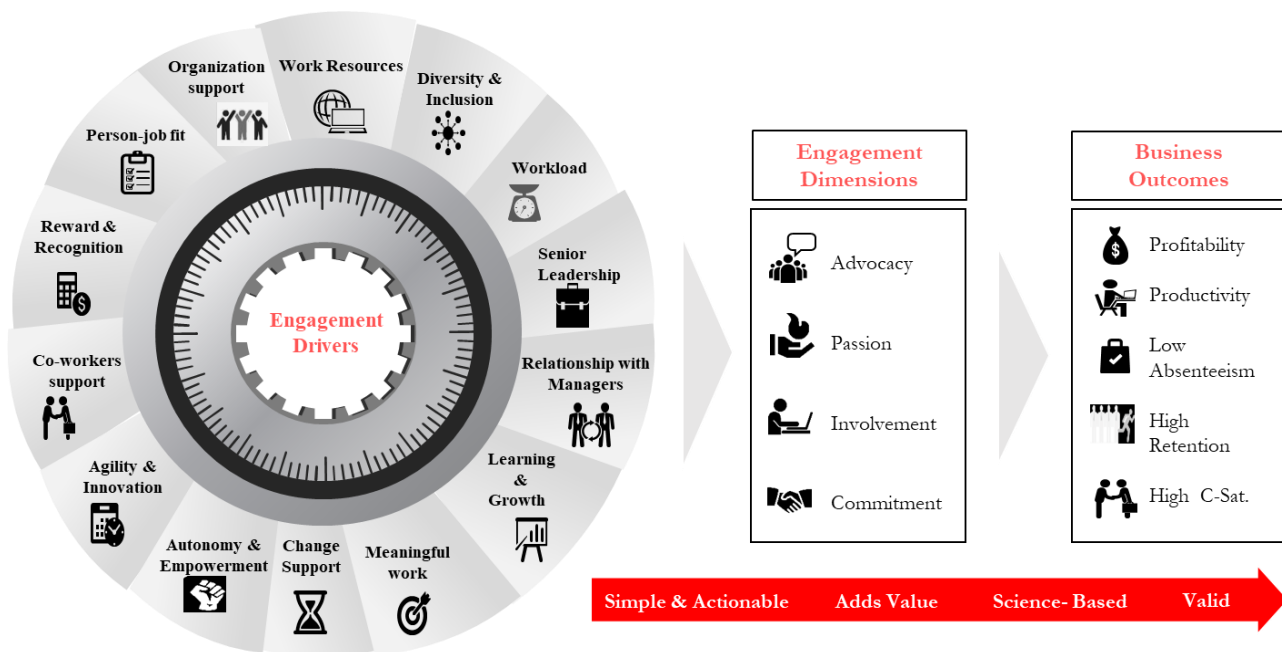
Reliability and Validity of SDF's EE framework

	What is it?	How have we established it?
Reliability	Reliability is the measurement of consistency of an instrument. It concerns 'the degree to which other researchers are arriving at the same results when the trials are repeated".	Reliability of the content analysis process was ascertained by determining the similarity with which the primary researcher and the other one co-researcher categorized the secondary data.
Validity	Validity refers to "the extent to which a test is measuring what it is supposed to measure".	Validity of the content analysis was established by mapping the findings resulted from consulting EE models with the results obtained from academic research.

Instrument Development

Development of statements to measure a construct is the next step in validation. These should be designed in a way that fully and correctly represents the conceptual background of the construct, while minimizing meaning overlapping with similar concepts. Also, the statements should be designed in a way that helps managers get to the root of key issues. To this end, we identified and adapted survey measures established in prior studies, worded them simply, precisely and then modified them basis the suggestions from experts.

Item Generation and Peer Review of EE Survey

A preliminary list of items to measure dimensions and drivers of employee engagement was assembled from prior literature. Two items each representing Advocacy, Passion for Work, Involvement and Commitment, and thirty-nine items representing drivers of EE were developed.

Content validity

We established the content validity of the initial pool of 47 items in two stages. First, for preliminary EE survey review, we reached out to three subject matter expert professors (belonging to a premier management institute) with an Organizational Behaviour and Human

Resources background. They contributed to the modification of items and critiqued the entire model. We requested the experts to rate each item in terms of its relevance mapping with the construct's definition. Further, we requested them to rate the items on the clarity of language and coverage of the construct.

After reviewing the experts' comments related to the coverage and clarity of items, we deleted a few items. Based on each item scores and inter-rater agreement, we retained a few items which had "high" relevance. The inter-rater decisions, explicitly concerning the relevance of items, supported the inter-rater reliability. Based on the expert comments, some items were reworded and modified. After the refinement of the items, the experts were asked once again to analyse the final items to ensure that the instrument was designed to assess employee perceptions towards organization practices. Their agreement assisted in establishing the content validity of the measure.

Further, to make sure that the items were clear to practitioners, we reached out to two practitioners and shared the refined questionnaire. The aim of this exercise was to ensure the correct usage of terminologies prevalent in the industry and that there is consistency between the practitioners' and our understanding of the items.

Practical Implications and Contribution

The organizational cost of dissatisfied and disengaged employees is high. Therefore, SDF's EE framework has important practical implications for organizations, CEOs, and HR practitioners. From a practical standpoint, this research reveals fourteen factors that could serve as drivers of employee engagement, which in turn affect growth and success of business. More specifically, these drivers constitute a broad range of relevant factors at the individual, team and organizational levels that may affect engagement.

For example, if at an organization level, the following themes, organization support, senior leadership, change, agility & innovation and diversity & inclusion warrant interventions, we recommend a few initiatives to remediate these challenges. Leaders should ensure that employees have all the resources they need to do their job, give appropriate training to increase their knowledge and skill, adopt a management style that promotes "fairness and inspires pride" in employees, solicit information from employees prior to making decisions that impact their work, keep employees informed about organizational change. For changes that are done

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organizationally, the leaders should research the history for the change by utilizing leadership, the organizational intranet, and other sources as appropriate to understand the change so it can then be conveyed to the employees, make sure that all employees on the team have an equal opportunity to participate in any special projects or sub-committees that are formed and if they suggest an idea that corrects an existing problem, reward that individual etc.

If at a team level the following themes, relationship with the manager and co-workers support warrant interventions, we recommend a few initiatives to remediate these challenges. Managers should enhance two-way communication, make every effort to support any employee that may be dealing with tough situations, and demonstrate flexibility to assist staff that are having personal problems and maintain notes for each employee about requests, questions, clarifications they have asked for. Keeping track of such requests will communicate interest and respect. Do not ignore situations where you sense an issue between two individuals. Talk to the individuals concerned and explain how their interaction is affecting their performance and the team.

Similarly, if at an individual level, the following themes, person-job fit and meaningful work warrant interventions, we recommend a few initiatives to remediate these challenges. Managers should establish reward mechanisms in which a good job is rewarded through various financial and non-financial incentives, develop a strong performance management system which holds managers and employees accountable for the behaviour they bring to the workplace, help staff identify skills and knowledge that would be necessary to help the use their talents better. Encourage them to discuss with each other, set clear guidelines for every project including instructions, expectations, and deadlines and provide personalized career guidance, tell employees about your own success stories and what has worked for you etc.

In terms of contribution to research literature, this would be the first study of this nature in India that demonstrates the effect which different aspects of the organization have on the levels of employee engagement. Overall, this model helps leaders with the science-based, insightful and practical information to make critical talent decisions.

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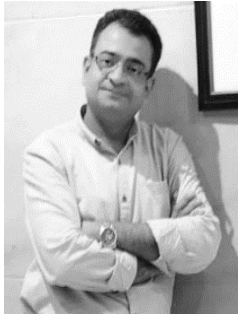
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