

## **Employee Engagement and Its Impact on Organizational Success – A Study in Manufacturing Company, India**

**Dr. Pratima Sarangi, Dr. Bhagirathi Nayak**  
*Head (GGPP), Head (IT & Systems) Sri Sri University, Cuttack, Odisha*

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**Abstract:** Employee engagement is the burning topic for any company during the globalized era. Engaged employees incline to contribute more of organizational productivity. It also supports in maintaining a higher level of commitment. Employee Engagement is the level of employee's commitment and participation towards their organization and its values. The organizational success depends on employee's productivity which is accelerated through employee's commitment towards his organisation. This paper is attempted to analyze the relevance of engaged employees for the growth and development of organisation and its success. This paper makes an attempt to study the different dimensions of employee engagement with the help of review of literature. This can be used to provide an overview and references on some of the conceptual and practical work undertaken in the area of the employee engagement practices in a manufacturing company in India. In this study in a manufacturing company, the factors contributing towards productivity and its overall impact on the organisation is measured through the data collected by way of questionnaire. The main objective of the study was to analyze and interpret the impact of employee engagement on success of the company using both primary, secondary data. The study uses the 6 Cs of employee engagement out of 10 Cs defined by Gambler (2007) to measure employee engagement with suggestive conclusions.

**Keywords:** Employees, engagement, performance, satisfaction, relationships. 10Cs

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### **I. Introduction**

Employee Engagement is the devotion, passion of employees and effective leadership skills with support from the top management to the employees. Human resource leaders set the drive and creed of their company and spread that positive morale to the employees in the company. A review of the article based on the 10 C's for employee engagement by the author, George Ambler (2007) pulled the facts and highlights from the full story in the Ivey Business Journal and also summarized the explanation of the 10 C's as follows:

**1.Connect:** Leaders should always show and make known that they value employees. Good employee engagement is only going to happen if employees feel positive and strong about their relationship with their boss. If they have a negative attitude towards their boss or feel that the boss has a negative attitude towards them, employee engagement is not going to happen.

**2.Career:** Management and leaders should provide work for their employees that's not only challenging but also meaningful work. They should also provide opportunities for career advancement. Most people want to look forward to a new challenge or job title. For example, management should establish goals that lead to career advancement and high rewards. If there are no such opportunities for some positions, they should be created. A simply visual description of a career ladder would illuminate this as well.

**3.Clarity:** Leaders must communicate a clear vision. Communication is always important in any relationship. The clearer a leader or manager is about what they want from the employee as well as the overall picture of how that job affects the company, the better. If the employee doesn't have a clear vision of not only their job but also the goal of the company and its entire picture, there will be tension between employees and management as well as frustration.

**4.Convey:** Leaders need to clarify their expectations about employees and provide constructive feedback on their functioning in the organization and how that fits into the entire picture of the company.

**5.Congratulate:** Always make sure to give recognition to a job well done by an employee. Too often management and leaders focus on the negatives and mistakes of an employee and forget to congratulate them on a job well done.

**6.Contribute:** Leaders should make their employees feel important. An employee is going to be much more engaged if their manager asks their input on a job or function of the company. Let the employees feel like they are contributing to the company's success and its future.

**7.Control:** Employees need and value control over the flow and pace of their jobs. Leaders can create opportunities for employees to exercise this control. A feeling of "being in on things," and of being given opportunities to participate in decision making often reduces stress; it also creates trust and a culture where people want to take ownership of problems and their solutions.

**8.Collaborate:** Employees that work in teams typically have the trust and cooperation of their team members. These individuals will be overall better employees and outperform individuals and teams that don't have the trust and strength in work relationships. Team builders end up being great leaders because they bring everyone together and build a good team that has trust in each other. Team building should be stressed.

**9.Credibility:** Leaders should always strive to maintain a company's reputation and demonstrate high ethical standards. Once there is a lack of credibility or it gets out that a leader has been involved in some sketchy business, there is no order in the company. Employees and clients will not trust that manager and it will affect the image of the company severely.

**10.Confidence:** Excellent leaders help create and spread confidence throughout their company by being exemplars of high ethical and performance standards. If employees see their leader as a confident and ethical person, they will strive to be like their leader. (Ambler, 2007)

The 10 C's a common thread is that almost every one of the 10 C's has to do with leadership or management? As H. Norman Schwartzkopf, retired U.S. Army General once stated: "I have seen competent leaders who stood in front of a platoon and all they saw was a platoon. But great leaders stand in front of a platoon and see it as 44 individuals, each of whom has aspirations, each of whom wants to live, each of whom wants to do good." (Crim&Seijts, 2006)

Studies of Gallup, Mercer, Hewitt and Watson Wyatt (consulting companies) asked workers number of questions relating to their job satisfaction. Gallup being one of oldest the consulting organisation {in conducting engagement survey} creates a feedback system for employers that would identify and measure elements of worker engagement most tide to the bottom line. Things such as sales, growth, productivity and customer loyalty are all accessed. After Hundreds of focus group and thousands of interviews with employees in a variety of industries, Gallup came up with Q. 12, a twelve-question survey that identifies strong feelings of employee engagement. They have identified 12 questions that most effectively measure the links (the Gallup Q12).

Employee Engagement, the degree of an employee is emotionally bonded to his organization and passionate about the work. Organizations believe that engagement is a dominant source of competitive advantage. Results from research organizations and corporate results have demonstrated there may be a strong link between engagement, employee performance and business outcomes. The key drivers of employee engagement identified include communication, opportunities for employees to feed their views upwards and thinking that their managers are committed to the organization.

Robinson et al. (2004) defines employee engagement as "a positive attitude held by the employee towards the organisation and its values. An engaged employee is aware of the business context and works with colleagues to improve performance within the job for the benefit of the organisation." Markoset al. (2010) argues that employees that are not engaged are more likely to waste their efforts on low priority tasks, fail to fully commit to tasks and will only remain with the business for a short period of time.

## **II. Literature review**

West (2005) argues that when individuals feel positive emotions, they are able to think in a more flexible, open-minded way and are also likely to feel greater self-control, cope more effectively and be less defensive in the workplace.

According to Robinson (2006), employee engagement can be achieved through the creation of an organisational environment where positive emotions such as involvement and pride are encouraged, resulting in improved organisational performance, lower employee turnover and better health.

Kahn started a qualitative study on the psychological conditions of personal engagement and disengagement by interviewing summer camp counsellors and staff at an architecture firm about their moments of engagement and disengagement at work. He defined disengagement as the decoupling of the self within the role, involving the individual withdrawing and 5 defending themselves during role performances (May et al 2004). Disengaged employees displayed incomplete role performances and were effortless, automatic or robotic (Kahn 1990). Kahn found that there were three psychological conditions related with engagement or

disengagement at work: meaningfulness, safety, and availability. He argued that people asked themselves three fundamental questions in each role situation: (i) How meaningful is it for me to bring myself into this performance; (ii) How safe is it to do so? How available am I to do so? He found that workers were more engaged at work in situations that offered them more psychological meaningfulness and psychological safety, and when they were more psychologically available. In the only study to empirically test Kahn's (1990) model, May et al (2004) found that meaningfulness, safety, and availability were significantly related to engagement. They also found job enrichment and role fit to be positive predictors of meaningfulness; rewarding coworker and supportive supervisor relations were positive predictors of safety, while adherence to co-worker norms and self-consciousness were negative predictors. Resources were a positive predictor of psychological availability, while participation in outside activities was a negative predictor. Overall, meaningfulness was found to have the strongest relation to different employee outcomes in terms of engagement.

The study on employee engagement by Kahn (1990) Goffman (1961) who proposed that, "people's attachment and detachment to their role varies" (Kahn 1990:694). Kahn argued that Goffman's work focused on fleeting face-to-face encounters, while a different concept was needed to fit organisational life, which is "ongoing, emotionally charged, and psychologically complex" (Diamond and Allcorn 1985). Kahn (1990) examined several disciplines. It was found that psychologists (Freud 1922), sociologists (Goffman 1961, Merton 1957) and group theorists (Slater 1966, Smith and Berg 1987) had all recognised the idea that individuals are naturally hesitant about being members of ongoing groups and systems (Mitchell 2005). For example, when individuals receive economic and socio-emotional resources from their organisation, they feel obliged to respond in kind and repay the organisation (ibid). This is consistent with Robinson et al's (2004) description of engagement as a two-way relationship between the employer and employee.

Kular et al. (2008) explored Five key areas: What does 'employee engagement' mean?; How can engagement be managed?; What are the consequences of engagement for organisations?; How does engagement relate to other individual characteristics?; How is engagement related to employee voice and representation? Robertson-Smith and Markwick (2009) throw light on what engagement is and reveals that it is an important yet complex challenge, and there remains a great deal of scope for discussing the various approaches. Simpson (2009) discussed that the current state of knowledge about engagement at work through a review of the literature. This review highlighted the four lines of engagement research and focuses on the determinants and consequences of engagement at work. Susi & Jawaharrani (2011) examined some of the literature on Employee engagement, explore work-place culture & work-life balance policies & practices followed in industries in order to promote employee engagement in their organizations to increase their employees' productivity and retain them. Work-life balance is key driver of employees' satisfaction. Ram & Gantasala (2011) investigated the antecedents and consequences of employee engagement in Jordanian Industry. Bhatla (2011) focused on the need for such employees and how their presence can improve the progress and work efficiency of the organization as a whole. Also focused on the challenges faced by the HR managers to improve employee engagement for an organization's survival. Shashi (2011) reinforced the importance of employee communication on the success of a business. She revealed that an organization should realize the importance of employees, more than any other variable, as the most powerful contributor to an organization's competitive position. Bijaya Kumar Sundaray (2011) focused on various factors which lead to employee engagement and what should company do to make the employees engaged. Proper attention on engagement strategies will increase the organizational effectiveness in terms of higher productivity, profits, quality, customer satisfaction, employee retention and increased adaptability. Siddhanta & Roy (2012) explored implications for theory, further research and practices by synthesizing modern 'Employee Engagement' activities being practiced by the corporate with the review of findings from previous researches / surveys. Singh & Shukla (2012) tried to find out what variables are significant to create an engaged workforce. The study was exploratory in nature and the data has been collected from a tin manufacturing organization.

Hewitt defines employee engagement is the energy, passion, "fire in the belly" employees have for their employees, so as they stay (desire to be a member of the organisation) say (speak positively about the organisation) and strive (go beyond what is minimally required). Luthans and Peterson (2002) elaborated on Kahn's work on employee engagement, which provides a convergent theory for Gallup's empirically derived employee engagement. They opined that to be emotionally engaged is to form meaningful connections with others and to experience empathy for them. In contrast, being cognitively engaged refers to those who are acutely aware of their mission and role in their work environment. Dvir, Eden, Avolio, and Shamir (2002) defined active engagement in terms of high levels of activity, initiative, and responsibility. Towers Perrin (2003), defines that engagement involves both emotional and rational factors relating to work and the overall work experience. Wellins and Concelman (2004) suggest that "Employee engagement is the illusive force that motivates employees to higher levels of performance. This coveted energy is an amalgam of "commitment, loyalty, productivity and ownership." they further added that it includes, "feelings and attitudes employees have towards their jobs and their organization." Robinson et al, Perryman and Hayday (2004), defines "engagement as

a positive attitude held by the employee towards the organization and its values. An engaged employee is aware of the business context, works with colleagues to improve performance within the job for the benefit of the organization". They further add that organization must develop and nurture engagement which is a two way relationship between employer and employee. The Gallup Organisation (2004) found critical links between employee engagement, customer loyalty, business growth and profitability. Gallup finds that higher workplace engagement predicts higher earnings per share (EPS) among publicly-traded businesses. The findings can be considered as reliable as the variability in differing industries was controlled by comparing each company to its competition, and the patterns across time for EPS were explored due to a "bouncing" increase or decrease which is common in EPS (Ott 2007). Gallup's meta-analyses present strong evidence that highly engaged workgroups within companies outperform groups with lower employee engagement levels, and the recent findings reinforce these conclusions at the workgroup level. Lucey, Bateman and Hines (2005) have deciphered that "Employee Engagement is how each individual connects with the company and the customers" Development Dimensions International Inc.(DDI) (2005), head-quartered at Pittsburgh, define employee engagement as "the extent to which people enjoy and believe in what they do and feel valued for doing it." There are three aspects of this definition: enjoyment i.e. people enjoy what they do as a part of their job or otherwise in the organisation; belief, that in doing so, they are making meaningful contributions to the organisation; and value i.e. they are being recognized for making such efforts Truss et al (2006), define employee engagement simply as „passion for work“, a psychological state which is seen to encompass the three dimensions of engagement discussed by Kahn (1990), and captures the common theme running through all these definitions. He found that group in the public sector had a more negative experience of work, they reported more bullying and harassment than those in the private sector, and were less satisfied with the opportunities they had to use their abilities. Saks (2006), a stronger theoretical rationale for explaining employee engagement can be found in social exchange theory (SET). SET argues that obligations are generated through a series of interactions between parties who are in a state of reciprocal interdependence. A basic principle of SET is that relationships evolve over time into trusting, loyal, and mutual commitments as long as the parties abide by certain „rules“ of exchange (Cropanzano and Mitchell 2005). He argues that one way for individuals to repay their organization is through their level of engagement. In other words, employees will choose to engage themselves to varying degrees and in response to the resources they receive from their organization. Macey and Schneider (2008) looked at engagement attitudinally and behaviourally. They distinguished three broad conceptualizations of employee engagement, namely state, trait, and behavioural engagement. Sarkar (2011) opined that employee engagement is a barometer that determines the association of a person with the organization

### **III. About the study**

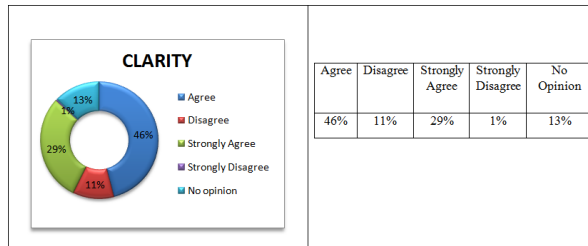
The study has been conducted to identifying the current level of employee engagement and the work related aspects which needs to be improved for the purpose of employee engagement. The present research will help leaders to highlight the areas for improvement in human resource management. The results of the research will help to give specific recommendations to the company regarding engaged employee in human resource management which areas to pay more attention. The manufacturing Company brought about a paradigm shift in the Indian watch market when it introduced its futuristic quartz technology, complemented by international styling. It continues to grow and set new standards for innovation and quality.

### **IV. Research Methodology**

The sample size for this research is 200. Questionnaire is used as the tool for data collection. Questionnaire is a self-report data collection instrument that each research participant fills out as part of a research study. Primary and Secondary both sources are used for data collection in this study. The aim of this study is to find the employee engagement and its impact in manufacturing sectors. Here the 6 Cs as major parameters has been taken with five questions each and total thirty questions are designed for the questionnaire survey. The 6 Cs are: i) Clarity ii) Confidence iii) Convey) Connect v) Credibility and vi) Carrier to measure employee engagement at their work-place. The Likerts five point scale has been implemented in this study on the points agree, disagree, strongly agree, strongly disagree and No option for primary data collection.

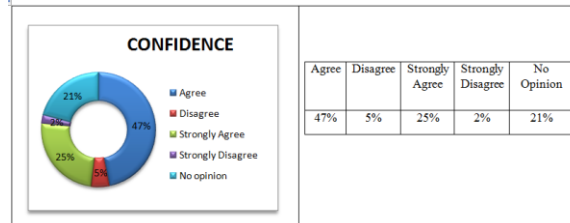
#### **Analysis**

Response of employees with regards Clarity.



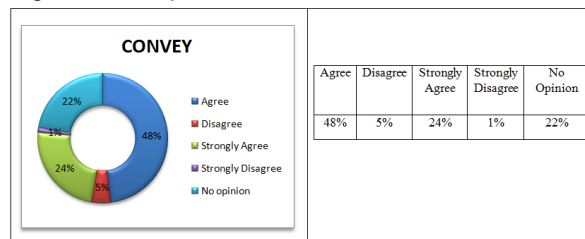
Graph 1: Response of employees with regards Clarity

Response of employees with regards **Confidence**.



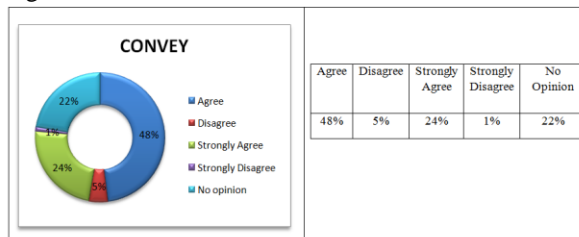
Graph 2: Response of employees with regards Confidence

Response of employees with regards **Convey**.



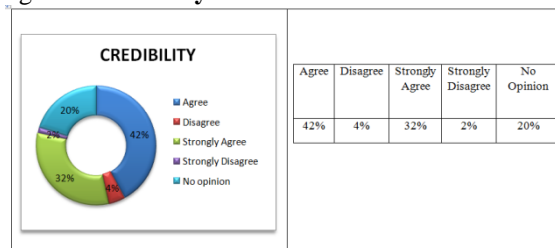
Graph 3: Response of employees with regards Convey.

Response of employees with regards **Connect**.



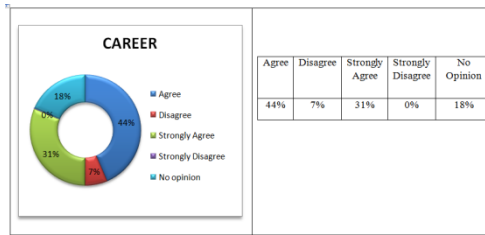
Graph 4: Response of employees with regards Connect.

Response of employees with regards **Credibility**.



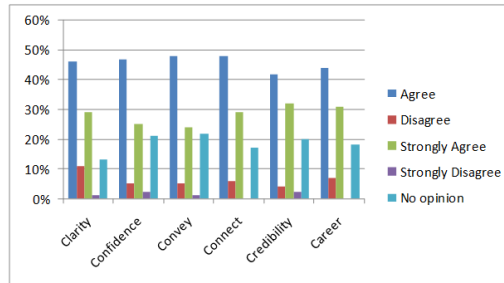
Graph 5: Response of employees with regards Credibility.

Response of employees with regards **Career**.



Graph 6: Response of employees with regards Career.

Response of employees with regards 6 Cs



Graph 7: Response of employees with regards 6 Cs.

The above analysis shows that employee engagement and its impact on organizational success is depends on 6 Cs parameters which are i) Clarity ii) Confidence iii) Convey iv) Connect v) Credibility and vi) Career. Here we are measured on parameter wise. After analysis of employee engagement and its impact on organizational success, we are getting average 45.83% employees are agree, 6.33% employees are disagree, 28.33% employees are strongly agree, 1% employees are strongly disagree and 18.5% employees are No opinion.

## V. Conclusions

This article is basically individual work responses taken from employees in manufacturing companies. We have observed that, the current level of employee engagement and the work related aspects need to be improved for the purpose of effective employee engagement. But we found through our survey and analysis the employees are having different opinion and confidence. We also found through our 6 Cs parameters like i) Clarity ii) Confidence iii) Convey iv) Connect v) Credibility and vi) Career, the employees are agreed with these parameters to improve the purpose of effective employee engagement in manufacturing companies.

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