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Employee Engagement

A study of employee engagement in organisations and its impact

By

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Strategic Human Resources**

RESTRICTED

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CHAPTER ONE

INTRODUCTION

Employee Engagement: "...extent to which an employee commit to something or someone in their organisation and how hard they work and how long they stay as a result of commitment."

Corporate Executive Board, 2004

The main focus of my dissertation is Employee Engagement in organisations, looking at the affects high and low engagement has on attrition, productivity and profits of a company.

Employee engagement as defined by Kahn is "Personal 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" (Kahn, W.A. 1990)

I am personally and professionally interested in the subject as I work in human resources in a financial services company. I have observed various employees leaving the Company, for reasons like location and salary but I do believe there are more reasons, which are complicated and interconnecting.

When I started the research into Employee Engagement I was interested to see that a few models have already been developed and a large amount of research carried out. The Corporate Leadership Council is a leading informant on Employee Engagement.

In the Literature review I look at the theorists and practitioners publications in relation to the subject. Most of the research was done via the Web to retrieve up to date information. I also looked at motivational theories and linked them to the engagement models to assess the relationships and strength of the models of employee engagement.

Why is it important?

In financial services today organisations are experiencing high levels of staff turnover. Organisations need to know why and understand what they can do to retain staff and survive in this competitive market place.

Focus of this study

Employee Engagement is of interest to the author due to her role within Human Resource and the immense need to find ways to decrease turnover, retaining the talented employees, increase productivity and aid the company in reaching its financial targets.

Research Questions:

Q1. Can High Employee Engagement aid in the decrease of employee turnover, improve productivity and affect the bottom line?

The reason why the author chose this research question is to fathom the effect of employee engagement on organisations and to assess if an Employee Engagement strategy is an initiative that could be introduced into the Company. With the aim of decreasing employee turnover, increasing productivity, and increasing profits.

Q2. Are A players more highly engaged than B and C players

The author is interested to assess the engagement of A, B and C players and see if there is a correlation between high engagement and A players. The aim will be to identify the various players to enable the Company to productively manager them.

CHAPTER TWO

LITERATURE REVIEW

The objective of this chapter is to review existing academic and practitioner literature relating to Employee Engagement. The aim of the research is to:

1. Define what is Employee Engagement
2. Describe how it relates to an organisation
3. Discuss how it can be measured
4. Question if the research carried out by various organisations on high employee engagement impact positively on an organisation through increasing productivity and financials, and decreasing attrition and absenteeism.
5. Relate Employee Engagement to Motivational Theories

Due to the lack of theoretical research on employee engagement the author in the second part of the chapter relates motivational theory to employee engagement models. This is to assess the validity of the employee engagement models and if they can be utilised to the advantage of business.

Engagement – Definition

Kahn defined “Personal 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.” (Kahn, W.A., 1990)

Roger D’Aprix in a conference on Employee Engagement held in New York in May 2007 stated that “if communicators want to see engagement succeed at their organization, they have to start thinking of themselves as collaborators within the organization” (Engagement: It’s not about communications stupid, Ragan, www.ragan.com 13/06/2007)

“The level of employee engagement, both emotional and intellectual, is the key.”
(Howe, C. 2003)

Howe writes that the key determinant of a great place to work is the level of employee engagement. He defines Employee engagement “as the state of emotional and intellectual involvement that employees have in an organization. Engaged employees are those individuals who want to and do take action to improve the business results of their organization.” Howe defined three key behaviours that demonstrate that employees are engaged:

1. Say: Employees speak positively about the company to colleagues, potential employees and customers (job satisfaction)
2. Stay: Employees have an intense desire to be part of the company and will stay with the company (job commitment)
3. Strive: Employees exert extra effort and take on work that contributes to the company’s success. (motivation)

Engagement Models:

ISR a global employee research and consulting firm write that the extent to which employees are engaged in their organisation affects key business outcomes such as “sales, customer satisfaction and employee turnover.” (ISR, Engagement, www.isrsurveys.com, 06/07/2007).

Corporate Leadership Council define engagement as the “extent to which an employee commit to something or someone in their organisation and how hard they work and how long they stay as a result of commitment.” By using an outcome focused definition an organisation can measure the tangible benefits of engagement. (Corporate Leadership Council, 2004)

A. ISR Model

ISR have found that in order to improve employee engagement an organisation must understand where it is currently and it must understand the components of engagement within their own organisation. They break it down to five elements.

1. Engagement Model (ISR)

ISR developed a three component model, Think, Feel and Act. All three being vital to the understanding the level of engagement the organisation has achieved and why. Figure 2.1 sets it out. (ISR, Engagement, www.isrsurveyys.com, 06/07/2007)

Figure
2.1

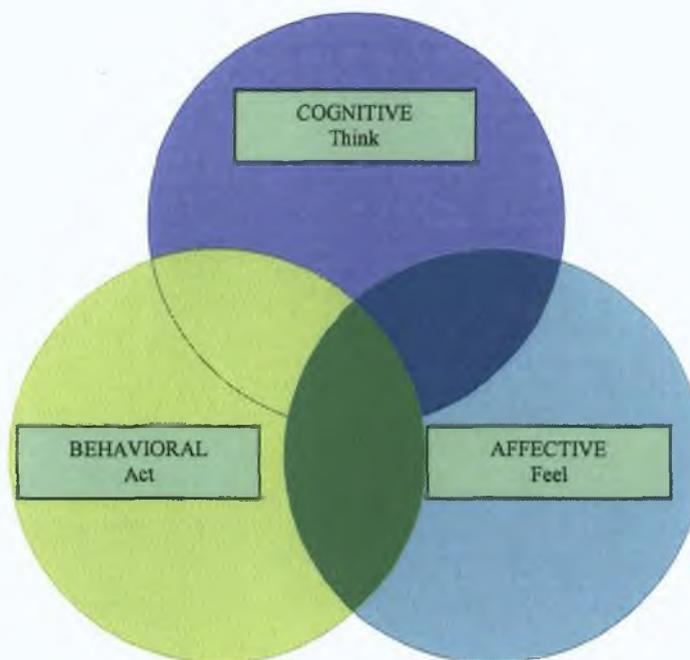


Figure 2.1 ISR Model of Employee Engagement

Referring to ISR, Cognitive (think) occurs when employees agree with the “organisation’s goals and values and decide to support them.” The employees “buy in” to the organisation and engagement will improve if there is strong buy in.

Affective (feel) – ISR write that as a consequence of buying in, “truly engaged” employees feel a sense of belonging and pride in their association with the organisation. Affective is the component of engagement most closely linked to traditional sense of loyalty.

ISR have found that the third dimension to employee engagement Behavioural (act) is the most critical, as it is employees’ willingness to act in ways that are “consistent with their beliefs and feelings.” Two facets to this component are:

1. Employees desire to stay and the unlikely hood that they consider other options
2. Willingness to put in the extra effort, going above and beyond their normal job in order for the organisation to succeed.

2. Opinion Survey process:

ISR prescribe a survey of employees to gain specific insight into the organisation drawn from three sources:

1. Items that have been empirically validated relative to the three components – Think, Feel & Act
2. Items that need external benchmarks
3. Specific items identified by the organisation that is important to their business

Strong employee engagement comes from a combination of all three components, and all three needs to be measured to be able to develop appropriate improvement initiatives. For example ISR recommend that a Cluster Analysis is carried out, to identify employees whose engagement scores are similar, so that unique issues within subunits of organisations can be found and Locator Analysis to find out where in the organisation the least or most engaged employees are. Figure 2.2 displays this.

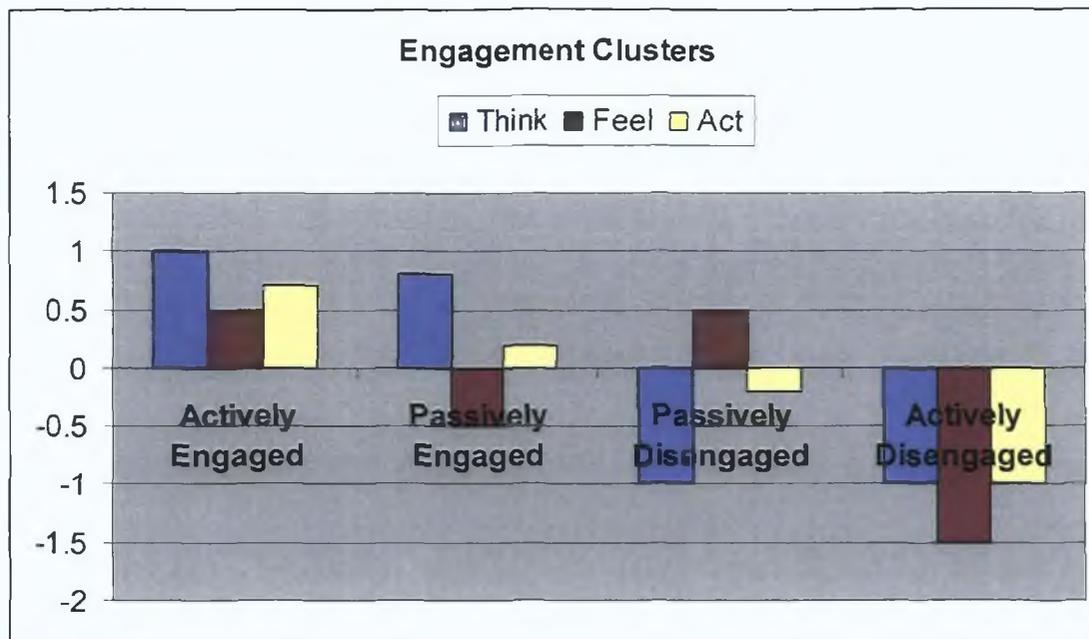


Figure 2.2 Employee Engagement Clusters

(Source: SR, Engagement, www.isrsurvey.com, 06/07/2007)

3. Linkage Analysis:

Linkage of employee engagement with business outcomes such as customer satisfaction or financial performance is required if an organisation is to understand the extent engagement is affecting their overall business. (Linked to the Goal Setting Theory)

4. Action Planning:

Action plans need to be put in place to convert the results of the surveys and linkage analysis into initiatives.

5. Follow-up Monitoring:

Regular measurement is required to ensure that objectives are being carried out.

ISR carried out a survey over 50 companies around the world including over 664,000 employees where they found clear links between employee engagement and business performance. (ISR Briefing, The ISR Employee Engagement Report, www.isrinsight.com, 06/06/2007).

B Corporate Leadership Council

The Corporate Leadership Council focused on for leverage points to create and sustain high engagement within an organisation; the business, key contributors, engagement barriers, and culture. Table 2.1 summaries the leverage points and their focus.

Table 2.1 Employee Engagement Model

(Source: Corporate Leadership Council, 2004)

Example Point 1	Example Point 2	Example Point 3	Example Point 4
Focus on the Business <ul style="list-style-type: none"> • Strategic Engagement Gap Analysis 	Focus on Key Contributors <ul style="list-style-type: none"> • Solid Performer career pathing 	Focus on Engagement Barriers <ul style="list-style-type: none"> • Cultural assessment process 	Focus on Culture <ul style="list-style-type: none"> • Culture • Leaders storytellers • *Culture change engagement cascade • +Values realisation systems
<ul style="list-style-type: none"> • Business Strategy translate to organisational capabilities • Measure employee engagement • Determine drivers • Assess risk compared to engagement data and capabilities • Build action plan to address gap 	<ul style="list-style-type: none"> • Redefine solid performers contributions • Remove barriers • Maximise life time contribution of performers 	<ul style="list-style-type: none"> • What is the relationship between culture and business results • Identify visible and invisible aspects of culture • Identify barriers • Determine cultural barriers to engagement • Create continuous cycle 	<ul style="list-style-type: none"> • *Restructure leadership to enable contribution • Involve managers • Build opportunities for contribution in the company • +Translate values into actions and behaviours • Reinforce values • Assess alignment of behaviours with values • Report to internal and external stakeholders

Overview of the six proven practices:

The Corporate Leadership council included various companies in its research. The following are a few of the results:

1. **Strategic Engagement Gap Analysis:**

Intuit Inc experienced an increase in engagement scores from 77% to 87% and customer satisfaction increased by 21%.

2. **Solid Performer Career Pathing:**

By improving the engagement and retention of Harrison's solid performers it has experienced an increase of 20% in the company's domestic retail sales in one year

3. **Cultural Assessment Process**

Caterpillar experienced a 59% decline in attrition and a 44% decline in absenteeism (savings of \$8.8 million) due to its going through the Cultural Assessment process.

4. **Cultural Change Engagement Cascade:**

Alcoa's Rigid Packaging Division has experienced an 80% return on capital since they have shifted the culture to where the employee feels accountable and involved.

C. Hewitt Associates Canada

The findings from Hewitt Associates Canada global analysis state that best employers execute their vision through the following headings: (Howe, C. 2003)

1. **Leader, behaviours, accountable (See Social Learning and Reinforcement Theory)**

- a. Ability to distinguish what their employees value
- b. Select the right leader who will enforce the right behaviours (reinforcing and building capabilities to continually up hold the desired behaviours)
- c. Leaders are held accountable throughout the organisation

2. Execution of people practices (See: Maslow Hierarchy of Needs, Herzberg's Motivator Hygiene Theory)
 - a. Day to day recognition of performance
 - b. Execution of performance management
 - c. Employee development
 - d. Sharing the direction of the company
 - e. Aligning staff to business goals (See: Path Goal Theory)
 - f. Leaders belief and values cascaded to staff

3. Clear understanding of the company business model (Path Goal Theory)
 - a. Leaders will understand the appropriate business practices and core capabilities required to deliver the company's strategy
 - b. Understand and aware of the company culture

4. Invest time, effort and resources (See: Path Goal Theory, Maslow Hierarchy of Needs, Reinforcement Theories)
 - a. Share the goals and direction of the business with staff that "touches employees in a personal way."
 - b. Translate these goals into personal requirements of each individual done through offering the right resources, time and appropriate decision making

D. Michigan University

Theresa Welbourne, Associate Professor of Organisational Behaviour and Human Resources Management at the University of Michigan Business School discuss similar findings in her article. She cites that to move the employee engagement from HR to managers and employees the following must happen: (Welbourne, T. Employee Engagement, 2003)

1. Measure engagement more than once a year. Performance measures must be used in conjunction with surveys. This is to ensure the organisation knows what they want and need the "above and beyond" behaviours to be.

2. Engagement goes from top down and must be done by “leadership through example.”
3. Managers must find out what the barriers against employee engagement are and break them down – individual to each organisation and each working unit. (See: Expectancy Theory)
4. The process must be continuous learning, improvement, measurements and action to maximise productivity.

Welbourne writes that HR should not be the corporate owners of Employee Engagement or it will become another fad. The power of employee engagement is that the manager owns the day to day management and they are held accountable. This is similar to B&Q case study in the article by Hilpern, as they hold their managers accountable if they do not get good scores in the survey. (Hilpern, K., 2007)

Comparison:

All above findings and recommendations of engagement models are very similar. They are based around the following; behaviours, linkage to business strategy, surveys to assess employee engagement, development of plans to decrease gaps and risk and recommendation that engagement levels should be assessed continuously.

The Corporate Leadership Council however bring it a step forward by linking it to culture, as Schein would say “how we do things round here.” The Council say that the culture of communication, integrity and innovation is most critical to engagement. Their model requires that companies look at the invisible and visible aspects of culture that affect behaviours, create the stories that connect individual employees to the organisation. As Liam Gorman said in his article it is the stories, myths and symbols that make up the culture of the organisation. (Gorman, L. 1987)

The Corporate Leadership Council model is more comprehensive and covers the various facades of a business tying it in to Employee Engagement. Author would recommend this model for future introduction into the company she works with.

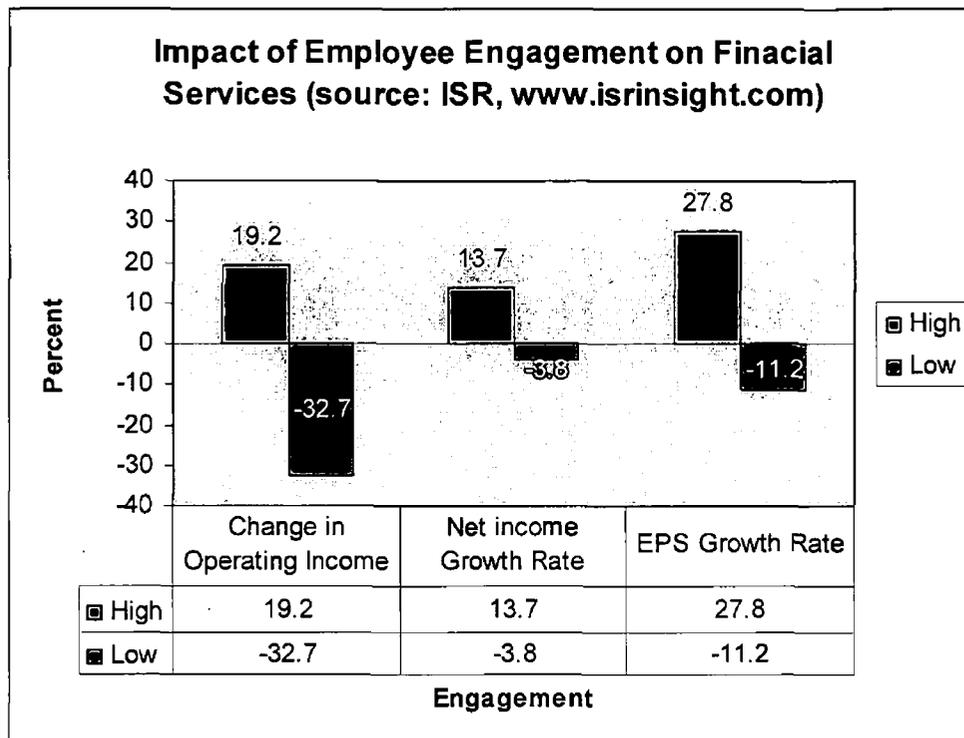
Other research: Positive impact of employee engagement on business:

Financial performance:

Previous ISR research found that high employee engagement in an organisation had lower levels of turnover, absenteeism, high customer satisfaction and loyalty with enhances sales performance. The research was carried out on organisations over a 12 month period – engagement varying from organisation to organisation. The following are the findings: (Amble, B. Employee Engagement gives big boost to the bottom-line, Management Issues, 24/08/2006, <http://www.management-issues.com>.)

1. Organisations with highly engaged workforce realised an increase of 19.2% over the 12 months compared to a decrease of 32.7% in organisations with low engagement.
2. 13.7% improvement in net income growth rates (highly engaged) compared to decrease of 3.8% in the less engaged organisations.
3. Earnings per share increased by 27.8% in the highly engaged companies whilst the organisations with lower levels of employee engaged experienced a decline of 11.2%.

Figure 2.3 Impact of employee engagement on financial performance.



Towers Perrin findings agree with ISR research, as they found that companies with higher levels of employee engagement outperformed their competitors in terms of profitability. The research looked at the impact employee engagement has on three financial indicators and the operating margin. The results found that those organisations with higher levels of employee engagement out performed their competitors by 17% in terms of operating margin. (Paton, N. Employee Engagement may be key to improving profits, Management Issues, www.managementissues.com 20/08/2006)

Relevance to study:

From this section it can be seen clearly what the impact of high employee engagement has on an organisation compared to the negative impact low engagement has. This section inspires the Author to introduce an employee engagement strategy into the company – due to the current environment of high turnover, absenteeism and the increasing competitive market.



Gender, Age and employee engagement

According to market information group TNT and the Conference Board lower paid employees are motivated by the quality of the treatment they receive from their immediate manager together with fair performance evaluations and compensation. (Hertzberg's Hierarchy of Needs)

Women also focus on issues of fairness in salary, opportunities for advancement, whilst men focus on the company brand and the performance of the company's leaders. Higher paid employees also want prestige and are motivated by recognition for their contributions, image of the company they work with, career advancement, departmental collaboration and gaining new skills through training. (Amble, B. Employee disengagement undermining workforce effectiveness, Management Issues, www.managementissues.com, 24/08/2006).

Towers Perrin also carried out research in relation to age of employees, their findings concluded that older employees are more motivated to exceed expectations than younger ones which is correlated with engagement. (Paton, N. Engagement and motivation increase with age, Management Issues, www.managementissues.com, 24/08/2006).

In the same article Paton refers to US economic and demographic projections that suggest by 2012, nearly 20% of their workforce will be aged 55 years and older. Employers will no longer be able to rely on a pool of younger employees but will have to change their recruitment strategies and retention policies if they want to attract the highly effective older individuals.

Relevance to study:

From these findings the Author would recommend to change the recruitment strategy with the aim of attracting an older age group (though this has to be in line with the Equality Laws).

Recognition and Challenge

Research by Accenture suggests that no matter where in the world employees are they desire challenge and recognition in their job. They carried out the study on more than 4,100 job seekers in 21 countries world wide. For example 60% of those surveyed wanted a role that challenged them, 58% polled wanted to work with a company that gave them recognition and reward for accomplishments in work, and 42% want to work with a company that focuses on its people. See figure 2.4 (Paton, N. Job-Seekers want a challenge and recognition, Management Issues, www.managementissues.com, 30/08/2006

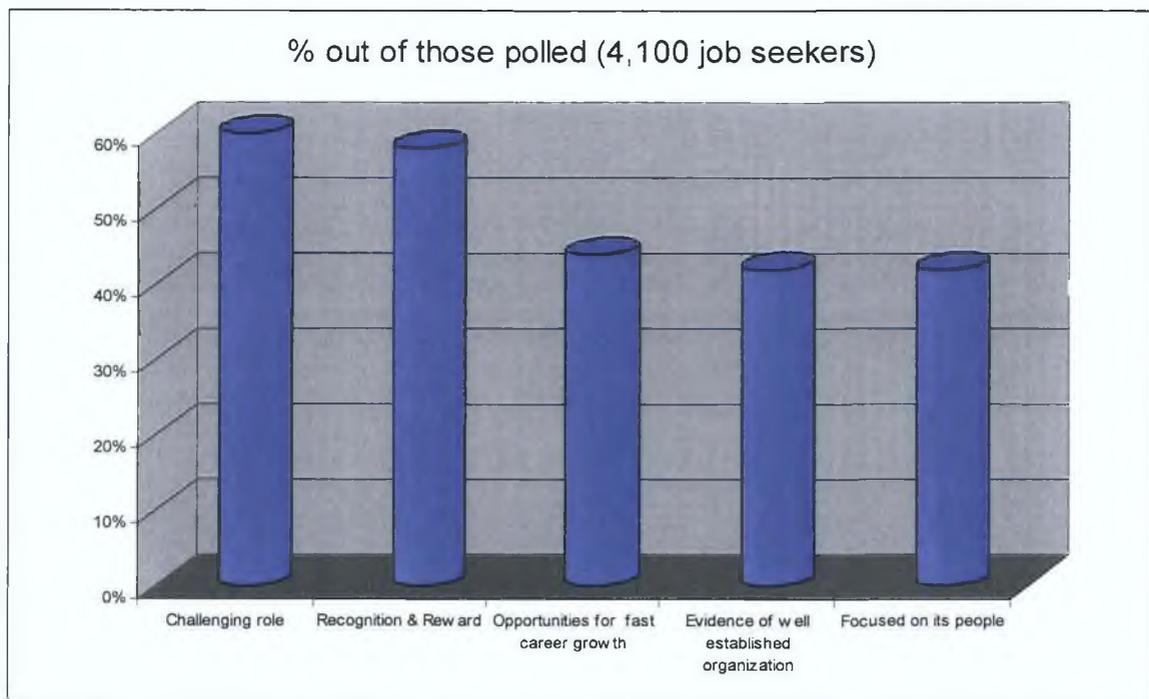


Figure 2.4 Job Seekers want challenge and recognition

(Source: Paton, N. Job-Seekers want a challenge and recognition, Management Issues, www.managementissues.com, 30/08/2006)

Hewitt Associates Canada carried out a global analysis over four years into what makes an organisation a great place to work. They included the following countries – United States, Canada, Australia and ten Asia-Pacific countries. They found that the two ‘universal drivers’ were work activities and opportunities. This would lead to the belief that each country and organisation within a country has to identify what is

important to their employees and what drivers will engage them, what is unique to them. (Howe, C. 2003)

Validating this Towers Perrin carried out their global survey over 16 countries across four continents among 85,000 employees and find various range of results from country to country. The highest recorded levels are in Mexico (40%) and the lowest in Japan. (Amble, B. Employee disengagement a global epidemic, Management Issue, www.management-issues.com , 24/08/2006)

Relevance to study

From the above research and findings the Author would recommend that the Company will need to reassess all roles within the Company and look at making specific role more challenging. The above also relates to the findings from Corporate Leadership Council where they recommend that correct reinforcement is given in the invisible and visible aspects of organisational culture. (Reinforcement Theory. – Social Learning, Rotter).

The desire for recognition and reward can also be tied into Ulrich and Brockbank's Michigan Approach of total reward and Michael Sisk recommendations that Total Reward is aligned to the business strategy. (Sisk, M. 2005).

Positive Belief and Attitudes – increases employee engagement

Positive engagement means that the employee holds positive beliefs and attitudes about the company whilst having a perception that the company enables them to perform well. Positively engaged personnel also can see the bigger picture and are willing to go the extra mile. This is intangible and not easily measured but by increasing engagement levels an organisation could experience an increase of up to 20% in performance and 87% decrease in intent to leave. (Corporate Leadership Council, 2004).

Majority of employees are up for grabs, with only 11% of employees being classified as True Believers (strong commitment, high performer, and only as half as likely to leave in comparison to the next 76% the Agnostics). Staff will stay working with a company for more emotional rather than rational reasons. They will exert extra discretionary effort if they believe in the job and the organisation. (Corporate Leadership Council, 2004) See figure 2.5.

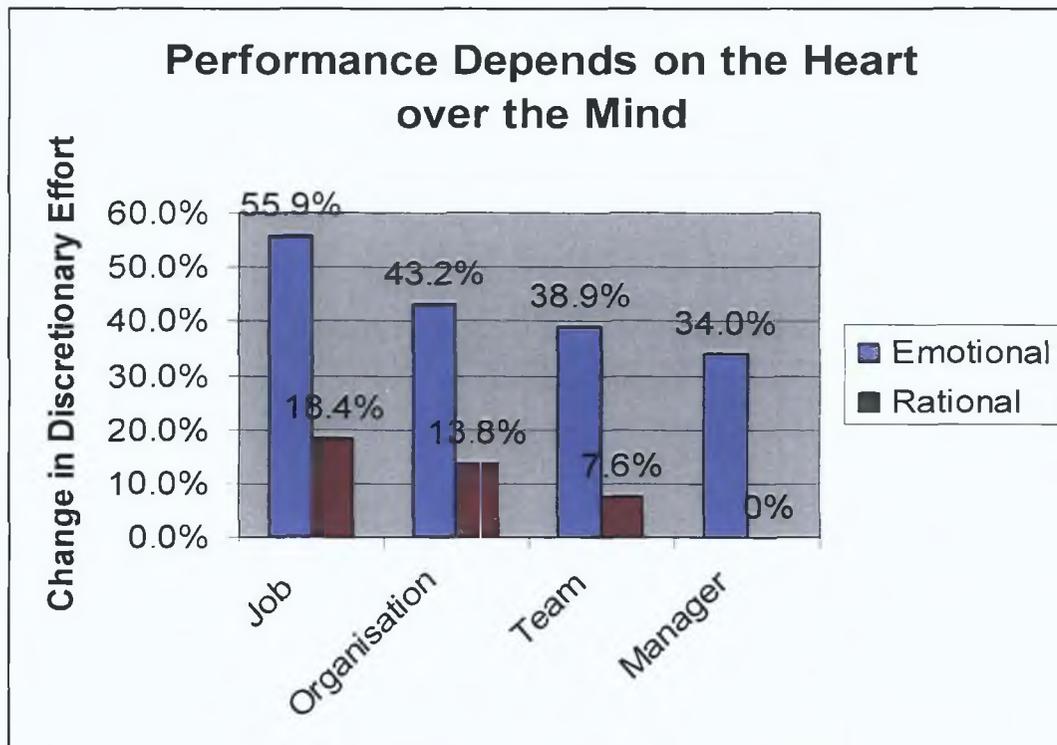


Figure 2.5 Performance depends on the Heart over the Mind
(Source: Corporate Leadership Council, 2004)

Similarly, Steve Bates believes that employee engagement has little to do with money or job satisfaction, as some employees are happy to be paid and be under performers. He discusses it is more to do with emotions and how the employee feels. Bates also refers to the discretionary effort. (Bates, S., 2004)

The manager is an enabler with the power to influence the employee to commit to the job and the organisation. The culture of communication, integrity and innovation is most critical to engagement (Corporate Executive Board, 2004).

Steve Bates writes further on the relationship between manager and employee that it is moving from paternalism to partnership. Organisations need to change from the expectations that employees should just be loyal to a loyalty based on shared values, goals and mutual caring and respect

A company could have 10 times as many committed, high effort employees when it is highly engaged compared to those companies that are not engaging with their employees.

Relevance to study:

The Author recommends from the above research and findings that Managers are recruited and trained to handle employees on an individual basis as they are the enabler in increasing employee engagement. Need to look at Herzberg's Hierarchy of Needs – need for Self Esteem (self respect, achievement and recognition.)

Why Employees Leave:

Branham looks at the reasons why employees say they leave an organisation as researched by the Saratoga Institute (Branham, L., 2005). See table 2.2 for breakdown of reasons for people leaving organisations.

Table 2.2 – Reasons for Leaving

Reasons for leaving	%	Indicating lack of:
Co-employees attitudes	1%	Trust or confidence
Benefits	1%	Perceived worth
Harassment	1%	Trust or confidence
Discrimination	1%	Trust or confidence
Supervisor - lacked technical skills	1%	Trust or confidence
Poor senior leadership	2%	Trust or confidence
Supervisor – incompetent	2%	Trust or confidence
Training	3%	Perceived worth
Poor working conditions	3%	Perceived worth
Supervisor - poor employee relations	4%	Trust or confidence
Supervisor – displayed favouritism	4%	Trust or confidence
Not recognised for my contribution	4%	Perceived worth
Unavoidable reasons	5%	Unavoidable
Work hours	6%	Perceived worth
Supervisor - Lacked leadership skills	9%	Trust or confidence
Job duties boring / No challenge	11%	Fulfilment and competence
Compensation	12%	Perceived worth
Supervisor - lacked respect / Support	13%	Trust or confidence
Limited Career / Promotion	16%	Hope

Source: Branham, L. 2005, page 20 to 22

There is mix of reasons for people leaving from supervisor and employee poor relations to the role being boring and not challenging. However it is interesting to take the findings one step further and put them in groups relating to what it indicates a lack of and as can be seen from figure 2.6 (manipulated from the data presented by Branham), perceived worth accounts for 29% whilst trust and confidence accounts for a staggering 39%.



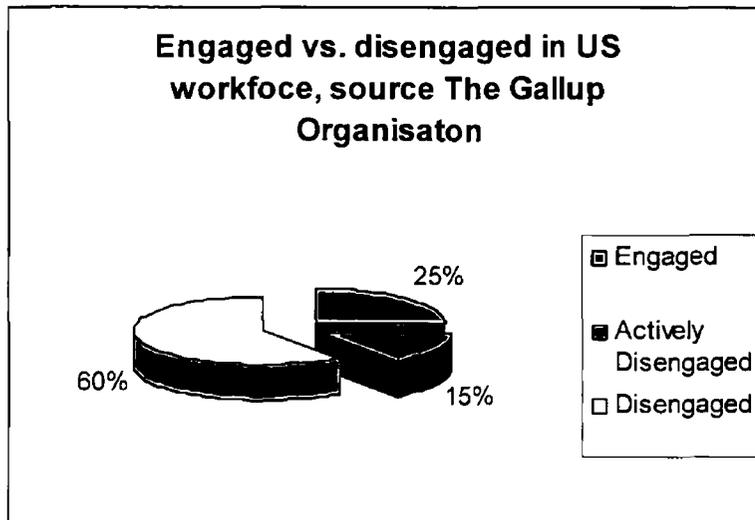
Figure 2.6 Reasons why employees leave
(Source: Branham, L. 2005)

Disengaged

Branham suggests that companies need not to just look at turnover costs alone but why people are leaving. He writes that employees become disengaged long before they actually leave the company. The Gallup Organisation reported that 75% of the American workforce are either disengaged or actively disengaged.

Figure 2.7 Engaged v's Disengaged.

(Source: Branham, L, 2005)



Branham goes on to say that disengaged employees are uncommitted, marginally productive, frequently absent and in some cases working against the organisation. These groups of employees are bad for moral, take up management time and cost the US economy "somewhere between \$254 billion and \$363 billion annually. \$40 billion is accounted to the cost of absenteeism alone.

Steve Bates in his article "Getting Engaged" quotes Curt Coffman of Gallup Organisation saying that "we're running as an economy at 30 percent efficiency. (Bates, S, 2004)

30% to 50% of payroll is being lost in organisations with average levels of employee engagement writes Keith Ayers in the article Why employee engagement is not enough. He goes on to say that employees who are not engaged take 100% of their salary but only give back 50% in productivity. He agrees with Leigh Branham that they "spread like cancer" their discontent with the company and try to undermine the good of other employees. (Ayers, K. 2007)

B&Q a world wide organisation in June 2005 came up with the idea of 'employee customer profit chain', which works on the principle if they have talented people who are highly engaged it will ultimately turn in better business performance. The company used a variety of mediums to carry out the survey from mystery shoppers,

customer surveys, business performance measures and a bi annual employee engagement survey. (Hilpern, K, 2007).

Martyn Phillips, HR Director of B&Q states that due to the linkage the organisation now has only one disengaged employee to seven engaged. But a year previous they were spending in excess of one third of their payroll bill on disengaged employees, a very “tangible asset.”

A, B and C Players:

In Ed Michaels War for Talent it discusses the improving or removing of a company's C Players to ensure that the talent pool is constantly upgraded and only holds the best or the potential to be the best. C Players are described as those employees who don't inspire others as they are not bold or innovative and they barely deliver acceptable results. (Axelrod, B. 2002).

The C Player refers to the performance of a person in a job and does not refer to the individual person. Michael's writes about embracing a talent mindset, developing a winning employee proposition, changing and rebuilding the company's recruitment strategy, proactively developing professional competencies to the end of differentiating the company's employees and engaging them. In return for this the company can now attract, choose future successors and retain the individuals desired by the company.

In relation to Human Capital Management a company needs to ensure that they are aware of who the A, B and C players are. With A players a company should continually invest in their development and future, with B the company should endeavour to raise their game and C players should be dealt with decisively – helped to improve or helped out of the organisation. (Axelrod, B 2002).

Axelrod went on further to explain that high performing companies are 33% more likely to take deliberate action on C performer than the average performing companies.

In relation to Human Capital it is an advantage to look at how the high performing companies achieve this high percentage. Axelrod describes this task as an “Iron hand in a velvet glove” as these companies developed a rigorous, disciplined process whilst treating the manager reviewed with respect.

An Executive (Senior Manager) must identify the C Players and with them they must agree on the action that should be taken to improve. The managers are then held accountable for ensuring that the action plans are put in place and delivered upon.

1. Identify C Players:

Only 16% of companies surveyed knew the high and low performers in the senior ranks. They need to clearly define goals and measures for each individual and the leadership qualities, competencies expected of the manager needs to be clearly communicated.

They must be stretching and must be consistent with the overall performance of the company. 13% of high performing companies held their managers responsible for action plans compared to only 3% in the lower performing companies. Meaning that ownership and accountability ensures that plans are implemented and that when a manager knows they are being measured on how well they up grade their talent pool they apply more attention, discipline and energy to the process. (Axelrod, B. 2002).

High performing companies also tend to be more open and frank in their communications with staff as shown in the survey 52% of Executives believed that their company was open and frank. (Axelrod, B. 2002)

Need performance quotas (Bell curve) – forced distribution and forced ranking. Though they both can be controversial companies like GE believe they raise everyone’s game.

2. Action Plans:

An action plan will depend on a number of factors the first being does the person actually want to improve and do they possess the skills that are valuable to the

organisation. The plan should be designed that improves the C Players performance to at least a B Player or it maybe moving that person to another role more suited to their skills set or it could be managing the person out of the company.

The message must be unambiguous and encouraging whilst setting out the specific skills required with the desired results. The plan should be within an agreed time frame with coaching support.

GE asks the employee to improve or go due to the company putting huge resources into C Players whilst not cultivating and growing the A and B Players.

3. Managers Accountable:

Managers must be compelled to carry out the action plans and be held accountable for their talent pool. SunTrust for example allocates 20% of the senior manager's bonus to removing C Players and increasing the talent pool overall.

All of this must be done in a fair way with dignity and respect for the employee. Otherwise it can create apprehension and a culture of distrust and non collaboration.

Relevance to study:

For this dissertation the Author must be able to distinguish the A, B and C players in her organisation. After which an employee engagement survey will be carried out to research if A players are actually more highly engaged. This is with the aim that after identifying the various players and assessing if there is a difference in engagement the Company can develop a strategy in relation to the management of the players.

Academic Literature Review on Motivational Theories

The difficulty with the literature review is the lack of theoretical research into employee engagement and the body literature surrounding it. Due to this the author has decided to research into motivation theory, job satisfaction and job commitment.

Motivational theory:

Since the beginning of the twentieth century a number of psychologists have researched human behaviour in the work place and developed various theories on motivation as follows:

Content theories focus on what variables incites and sustains human behaviour at a specific time (Hollywood S. & Whiddett S. 2002). These theories can not predict motivation or behaviour in the future though they can give an understanding as to what “energizes (motivates) individuals” (Bowditch J.L. and Buono A.F.2002).

Examples of static content theories include Maslow’s Hierarchy of Needs, McClellands Achievement/Power Theory, Rotter’s Internal-External control theory and Herzberg’s Hygiene Theory.

Process theories focuses on the factors that channel or direct behaviour. How behaviour is sustained over a period of time. Examples of process theories include Drive Theory, Expectancy Theory, Path Goal Theory of Motivation, Goal Setting Theory and Management by Objectives.

The last bundle of theories is the environmentally based theories. These theories look at how a particular desired behaviour is sustained over time and describes motivation as a dependant variable. A number of these include J.S. Adams Equity Theory, Social Learning Theory, Skinner’s theory of Operant conditioning and reinforcement, and Organisational Behaviour Modification (OBM).

John Adair in Effective Motivation 1996 described motivation as the “sum that moves a person to action.” He went on to explain that motives can be mixed and they range from a consenting to an unconscious mind. (Adair, J. 1996)

Motivational theories have progressed through the ages from Classical Management, Neo Classical, and Modern Management to Organisational Behaviour Theory of motivation.

For this study the Author will tie in various Motivational Theories to Employee Engagement to assess if motivation can be identified as a component of Employee Engagement.



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Content Theory/Static Content Theory on Motivation

Maslow's Hierarchy of Needs Theory

‘Man is a wanting animal and rarely reaches a state of complete satisfaction except for a short time. As one desire is satisfied, another pops up to take its place. When this is satisfied, still another comes into the foreground. It is a characteristic of the human being throughout its whole life that he is particular always desiring something. We are faced then with the necessity of studying of the all the motivations of each other and we are concomitantly faced with the necessity of giving up the motivational units in isolation if we are to achieve the broad understanding that we seek for.’ Maslow A. Motivation and Personality (1954) – (Adair, J. 1996)

In Maslow's opinion motivation is based on five basic levels sorted into a hierarchy, the lower needs being satisfied first before attempting to satisfy the next need. (Table 2.3) Table 2.3 Maslow's Hierarchy of Needs

				Self Actualization
			Esteem	Growth
		Social	Self-Respect	Accomplishment
	Safety	Belonging	Achievement	Personal
Physiological	Security	Acceptance	Status	Development
Hunger	Protection from	Social Life	Recognition	
Thirst	Danger	Friendship &		
Sleep		Love		

Physiological needs are the lowest needs according to Maslow, once the need for food, water and rest is realised the person then looks to satisfy their need for safety. Maslow described the need for safety in relation to work as a person's desire to obtain a job with tenure, savings accounts and insurance. (Maslow, 1954). Overall the first two needs in a work setting can be related to pay (allows the individual to meet their basic needs to buy food, water and accommodation) and job security.

When the first two basic needs are satisfied the person in a working environment starts to desire to satisfy their Social need of belonging, acceptance, interpersonal relationships and friendship. According to Maslow if a person need for Social acceptance is not satisfied 'a person will hunger for relations with people in general – for a place in the group or family – and will strive with great intensity to achieve this goal'

Esteem needs according to Maslow is made up of two types of desire:

1. Desire for strength, achievement, competence, independence and freedom
2. Desire for reputation or prestige, adding status, dignity and appreciation.

This can be related to Employee Engagement – Solid Performer Career Pathing. The engagement drivers are “to be treated with respect”, “to have the opportunity to get ahead” and “to have interesting work”. The expectations include flexible rewards to recognise value, challenging projects and defined accountability. (Corporate Leadership Council, 2004)

The final need is the desire for Self Actualisation. This is described as the ultimate fulfilment of “one's potential as a person”. (Bowditch J.L. and Buono A.F.2002, page 66). Later in 1962 Maslow did go on to acknowledge that Self Actualisation needs can never be fulfilled as they are endless. (Hollyforde S. and Whiddett S. 2002).

Higher needs are usually satisfied internally rather than externally like the lower end needs. They are somewhat based on feelings – how the person feels they belong in a group for example. This can be related to IRS model – “Think, Act and Feel”

Various theorists have criticised Maslow's Hierarchy of Needs – mainly due to the perception that the Hierarchy is rigid in its form. However Maslow's did not actual state this, he did say that once a lower need is satisfied another one emerges. Further criticisms of Maslow's theory relates to the difficulty in measuring the needs of others and when a particular need has been met. (Wahba & Bridwell, 1976 – Maslow Reconsidered: a review of research on the need hierarchy theory, Organisational Behaviour and Human Performance Vol. 15 pp212-40) cup

Hollyforde S. lists other problems with the category of the needs and if they hierarchy is actually correct due differing of needs from person to person. For example some people may have higher need to satisfy their need for self actualisation like an artist than their basic need for social acceptance. The theory according to Hollyforde also does not address why one levels stays as a motivator when it can be perceived to be fulfilled. C.P. Alderfer developed his ERG theory due to this issue and tried to address the shortcomings of Maslow's theory. Another problem with the theory is the simultaneous nature of desiring certain needs.

Maslow attempted to give a humanistic view on human motivation, the main strength being the categorisation of the level of needs. In a work setting if a manager can identify the need desired by an employee they can attempt to use that as a motivator to drive or enhance performance. The theory identifies that a need may or may not be realised outside of work. For example an employee with potential may not wish to be promoted as they fulfil the need for Self Esteem outside of work – maybe the local football team. Therefore all employees can not be motivated in the same way, the theory requires that managers and organisations are flexible in their approach and tailor incentives. This is considered to be time consuming and impractical.

In relation to Employee Engagement:

The most highly engaged are the “True Believers” who exhibit very strong commitment. They constantly look at ways to improve their jobs, help others and volunteer for other duties and they exhibit higher levels of discretionary effort. (Corporate Leadership Council. 2004)

This can be related to the Hierarchy of Needs – the need for Esteem and Actualisation. Also to improve employee engagement it is recommended to improve recognition and reward which can relate to the Hierarchy of Needs – Esteem (need for recognition).

All of the Engagement Models are centred round treating each person as an individual. In Hewitt Associates model the manager is expected to find out what the employee values.

Socially Acquired Needs Theory

In 1961 David McClelland and team carried out a number of tests on the behaviour of a wide range of people including those working in business in achievement orientated activities. From the data they created the theory that clarified three needs:

1. Achievement
2. Power
3. Affiliation

McClelland proposed that all employees at different times will have the desire to satisfy one of the needs. This will be dependant on the person's behaviour, the desire to undertake an activity that the person thinks they can be successful at and the belief that the outcome is of value to them. Each individual will have dominant need forged due to life experiences and socialisation. In a work setting dependant on the need of the individual they might be motivated by rewards or by their interpersonal relationships to fulfil the need for affiliations. (Bowditch J.L. and Buono A.F.2002)

Using McClelland's theory other studies found that a person with a high need for achievement finds satisfaction in good performance, sets themselves higher goals in comparison to those colleagues with lower need for achievement, are more effective in managing their own time and handles feedback positively by improving performance. (McClelland, D.C. Business Drive and National Achievement, 1962, Harvard Business Review, 40, no 4 pp 99-112) cup

If a manager can identify who has a high need for achievement or train a person into desiring the need they can tap into the potential performance of the person. Therefore with the right training programme individuals or groups of employees could be influenced to increase their motivation for the need for achievement.

McClelland's theory highlights that motivation is changeable and can be changed by external factors and that is not an independent variable.

In relation to Employee Engagement:

One of the key practice components in employee engagement is Cultural Assessment Process. The visible aspect includes communication, learning and reinforcement. In relation to learning, it requires that employees are given the required knowledge by effective leaders that can be used as role models.

This also relates to Huselid, M. (A Players or A Positions? 2005). Does an A player have the internal drive that was forged due to life experiences and socialisation. The author would be very interested in carrying out further studies in this area.

Hertzberg's Motivator Hygiene Theory

Frederick Hertzberg developed the two factor theory of human motivation where people are proposed to be influenced by Hygiene and Motivators. (Hertzberg, F.W., One More Time: How do you motivate Employees? 1968, Harvard Business Review, 46, no 1 page 53-62). cup

Hertzberg proposed that Hygiene factors did not improve performance but if they were absent or lacking they would create a dissatisfaction among employees.

Hygiene factors for example include:

- Working conditions
- Salary
- Status

- Security
- Interpersonal relations

To motivate an employee Herzberg proposed that certain motivation factors were required. A manager or an organization needed to factor in motivators that satisfies the employee and encourages them to perform at higher standards. Motivators include the following in order with their connection to job satisfaction: (Hollyforde, S. and Whiddett, S. 2002)

- Achievement – able to complete and solve a challenging task
- Recognition – including praise for good job, obtaining feedback on results
- Work itself – creative, challenging, opportunity to perform job from beginning to end
- Responsibility – being accountable for oneself and responsible for resources and scheduling
- Advancement - potential to be promoted

Hygiene and Motivation factors result in four conditions:

Hygiene		
High	Employees have few complaints but low motivation	Ideal Situation - employees highly motivated and little or no complaints
Low	Unmotivated employees with a many complaints	Employees motivated but have many complaints.
	Low	High
	Motivators	

The ideal situation according to Herzberg is high motivation and high hygiene factors. One of the areas an organization needs to focus on is when they have employees who are highly motivated but have many complaints as this could affect

retention and ultimately mean that the organization could lose its best talent for the reasons of salary and working conditions.

Hertzberg did emphasize that salary can be linked to both dissatisfaction and motivation factors but more closely linked to dissatisfaction if not correct. He believed that salary was a 'mover' rather than a motivator. Linking this to Maslow's hierarchy of needs it satisfies the need to be treated fairly and be able to feed and accommodate oneself.

In relation to Saratoga Institute Employee Engagement survey why people leave, they found that 39% of people left due to confidence and trust of senior managers and their direct supervisors.

In Hertzberg theory he refers to employees 'psychologically quitting' where employees do not actually leave but only do what they must to keep the job. This is backed up with Leigh Branham's book *The 7 hidden reasons employees leave*, the thirteen steps in the engagement to departure process. Branham writes that employees have disengaged long before they actually leave, through sick leave, less productivity, negative attitudes or disruptiveness.

Hertzberg referred to the link between job satisfaction and positive attitude towards the organisation. ISR link employee motivation to job satisfaction (ISR, Latest financial services research: How to motivate your call centre employees – 2007). In their research they found that job dissatisfaction had a negative effect on performance.

If job satisfaction increases productivity then a manager or organisation needs to develop a strategy to increase the effect of the motivators. The theory also emphasizes the importance of making roles more interesting to allow the employee to achieve meaningful goals.

Employee Engagement model requires that solid performers' contributions are redefined, remove barriers and maximise life time contribution of performers. This is achieved through making the role challenging, employee accountable and part of the development process.

Robbins S.P. in *Organizational Behaviour*, 2001, New Jersey, Prentice-Hall
Hertzberg's theory that when things are going well people tend to take the credit themselves or blame someone else if it is not going well. Also the relationship between satisfaction and productivity was not independently proven. (Hollyforde, S. and Whiddett, S. 2002)

Hackman J.R. and Oldham G.R. in *Motivation through the design of work: test of a theory*, *Behaviour and Human Performance*, 1996 wrote a flaw in the theory as it assumed all employees were motivated by the same factors. However it does highlight that organisations need to get certain Hygiene factors correct if they are not to be seen as dissatisfier and prevention to higher performance. (Hollyforde, S. and Whiddett, S. 2002)

The Modern Management school developed various systems like Total Quality Management, based on flexible manufacturing, outsourcing, restructures and self managed teams. Hertzberg theory was the inspiration for its development its aim being job enrichment to promote growth and achievement in doing the work itself. The jobs characteristics model identified five core dimensions – skills variety, task identity, task significance, autonomy, and feedback. Bowditch states that as the core dimensions are enhanced it drives motivation through three psychological states – meaningful work, responsibility for work outcomes (autonomy) and knowledge of the outcomes due to feedback. Ultimately making the job itself a motivating experience.

Loren Grey in her article "Rethinking money and motivation" in the *Harvard Management Update*, 2004 highlights Hertzberg theory that money is a hygiene factor. Grey believes due to the changing face of business today more and more people are getting preoccupied with the need for more money rather than identifying what intrinsically motivates oneself. She believes that organisations should have candid conversations about salaries to enable this. (Grey, L. 2004)

Process Theories of Motivation

There were many critics of static content theories. The argument is that static content theories are based on an employees need at a particular time and not on predicting behaviours. The process theories were developed to explain the factors that channel or direct behaviours.

Expectancy theory

Vroom V. developed the expectancy theory in the 1960's basing it on two main components:

1. Expectancy – when a employee carries out a particular action it will have particular outcome or rewards
2. Instrumentality – perception that a good performance will lead to certain outcomes or rewards
3. Valence – preference an employee has for a particular outcome.

The Expectancy theory provides a framework on how to understand motivation in the workplace and it is based on the balance of expected benefit against the expenditure of energy. It takes that humans act rationally however this is not always the case as employees will sometimes give more than they expect. Overall it takes the view that no two individuals in a similar situation will perceive rewards or punishment as it depends on their own assessment of what might happen or their own set of values. Managers should take into account that no two individuals are the same. (Hollyforde, S. and Whiddett, S. 2002)

Relevance to study:

In relation to employee engagement this holds true due to the changing demographic environment. In 2012 the US 20% of its workforce will be over 55. TNT and Towers Perrins carried out the research in relation to age, gender, high/low paid employees and employee engagement. The findings were that each individual group were motivated by different things. Lower paid – quality of interaction with manager, high

paid – prestige (which ties in with Maslow’s Hierarchy of Needs) and further training and development, (which relates to Hertzberg’s Motivators – intrinsic)

Goal-setting theory

Goal-setting theory was developed by E. Locke and he based it on his belief that employees are motivated to achieve challenging goals and the more difficult the higher the performance. Goals need to be specific and a person’s behaviour influence. (Locke, E.A. Toward a theory of task motivation and incentives’ Organisational Behaviour and Human Performance, 1968, Vol. 3 pp157-89) (Bowditch J.L. and Buono A.F.2002, 5th edition,) cup

Locke recognised that six incentives influenced goals as well as level of performance.

1. Money encourages employees to take on a task they may not have been interested in. However money does not motivate above a certain level. This could be linked back to Hertzberg’s satisfiers and dissatisfier.
2. Feedback when it is specific, valid and from a person of influence can act as a motivator to achieve future goals. Ivancevich and McMahon, 1982 found that self evaluation (feedback) was more motivating than external feedback. Locke also stated that if a person is given positive feedback on a low-level goal they aspire to achieve these lower goals.
3. Sufficient time needs to be given to achieve the goal.
4. Involving an employee in setting their own goals acted as a motivator.
5. Competition aids motivation
6. Praise helps to improve overall performance

Goal-setting theory can be used to motivate employees as it is based around creating specific goals to achieve required performance and outputs; however an employee must accept the goals and want to achieve them.

Relevance to study:

This relates to the employee engagement model for a number of reasons – feedback and continuous assessment of employee by immediate manager. Employees

contribute to the company, are involved in the decision making and are accountable. Therefore role is enriched.

Path-Goal Theory

Another process theory of motivation is the Path-Goal theory which is based on a manager “clarifying a subordinate’s path to a desired goal” (Bowditch J.L. and Buono A.F.2002, 5th edition, page 75.)

Bowditch and Buono go on to say that a manager can motivate employees if they can “increase the personal benefits of work-goal accomplishment.” Whilst showing them the correct path to the reward by decreasing barriers.

Relevance to study:

Relevant to employee engagement as intrinsic and extrinsic rewards are involved in increasing employee engagement. It could be monetary but also intrinsic rewards for example development courses – TNT study showed that higher paid employees were interested in the further development of their skills.

Environmentally Based Theories

The Environmentally based theories views motivation as a dependent variable in comparison to the Static-Content and Process theories on motivation.

Reinforcement theory

People learn from their previous experiences and this is the pretext to Reinforcement or Learning Theories. The four main types are Positive reinforcement, Negative reinforcement, Punishment and Extinction and can be affected by schedules, frequency, perception and validity.

Hollyforde criticises Reinforcement theories by describing them as too simplistic and that is only covers the extrinsic and not the intrinsic reinforcements – e.g. pride,

growth in the job – Herzberg’s motivators. Organisations need to look at reinforcing the behaviours they want – do not reward A when you are hoping for B.

Social Learning theory

Social Learning theory is a derivative of Reinforcement theories and focuses on social influences and the value put on each goal. In a group of people there are shared predominate behaviours but each individual will differ due to behaviour potential (any given number of actions to a certain situation), expectancy, reinforcement value as perceived by the employee (degree of preference) and psychological situation. (Rotter J.B. (1954) – Social Learning and Clinical Psychology, New Jersey, Prentice Hall.) (Bowditch J.L. and Buono A.F.2002)

Rotter contends that expectancy drives the motivation of the employee to behave in certain way and if it is low, motivation in turn will be low. It is based on the personal and observed reinforcement from the group or the actual manager – lead by example. However an employee even though they may know the value of the goal they may prefer to slot into the group norm rather than work against it – reminiscent of the Mayo’s Hawthorn studies. Certain times it may also be difficult for a manager to decipher what has actually been reinforced certain behaviours.

Relevance to study:

If though there are criticisms about reinforcement theories, employee engagement is based on the behaviour and values of the manager and how they display them their team. The models recommend that the right leader, with the right skills and the behaviours required by the company are sought. This is to reinforce in employees what is required to achieve in the company.

Equity Theory

The theory is based that individuals will compare themselves to others in relation to their inputs and outputs. It proposes that if a person does not believe that they are being rewarded for similar inputs in comparison to a colleague it can act as de-

motivator. Interestingly a person who believes they are receiving more in reward in correlation to their input tends to produce higher results.

Hollyforde S. 2002 writes that in-equity may motivate people to take action to balance the discrepancy. An organisation can try to minimise the issues by creating a strategy round communication of equity, reward systems and how they work, ensuring that they are fairly applied.

Relevance to study:

Branham's study showed that employees left the company due to feeling of inequity, lack of trust and confidence, and feeling of lack of worth.

Job satisfaction:

Michael Syptak in his article "Job satisfaction: putting theory into practice" states that employees that have job satisfaction tend to more productive, creative and committed to the organisation. (Spytak, M.1999)

He quotes Kaldenberg DO article "Do satisfied patients depend on satisfied employees? Or do satisfied employees depend on satisfied patients?" in relation to studies that have been carried out on patients and staff – it showed a direct correlation between staff satisfaction and patient satisfaction.

Schein E.H. in his book Organisational Psychology, 1980, argues that employees' job satisfaction relies on two basis conditions:

1. Expectations of a employee in relation to what the organisation can provide and what they owe in return
2. Nature of what is actually exchanged – money, job security, opportunities for growth and development.

This could be substantiated by the Corporate Leadership Council who carried out an employee engagement survey in 2004 based on the impact compensation and benefits,

and effort has on employee engagement. They found that increasing total compensation provided a 21% increase in employees' intent to stay. (Corporate Leadership Council, Driving Performance and Retention through employee engagement, 2004, page 9).

Employee Satisfaction can be linked to needs theories (Hertzberg, Maslow), reinforcement theories and equity theories due to the assessing the amount of effort that is executed.

In relation to Hertzberg's his main theory was as stated previous is in relation what satisfies and dissatisfies employees – the hygiene factors and motivators.

The hypothesis that increases job satisfaction will mean an increase in productivity is - no empirical research has fully corroborated the relationship. Research has shown no direct relationship between job satisfaction and increased performance. In the 1950's it was believed that if employees were satisfied it would increase performance – now it is that high performance followed by the right reward increased job satisfaction.

Lockwood, N. 2007 –defined job satisfaction in how an employee feels about his or her job work environment, pay and benefits.

Commitment

Commitment is based on the strength of an employees feeling's of identification with and attachment to the groups/organisations task or goals and a desire to stay a member of the organisation.

Literature Review Conclusions

Whilst much has been written by practitioners on the subject of Employee Engagement there are significant gaps with respect to academic literature. Though from the practitioners research (Corporate Leadership Council, Perrins, and Hewitt Associates for example) they have carried out quantitative and qualitative research globally across industry, gender, age, pay levels and with numbers up to 664,000 individuals.

1. One conclusion drawn from the literature review is that employee engagement can be linked to motivational theories whilst the relationship is not as strong with job satisfaction and commitment. However referring to ISR model it is the interaction of the three that creates high employee engagement, Think, Feel and Act. Act being the most important component, as it is based on the behaviours of the person. Displaying the right behaviours.
2. The level of engagement determines whether employees are productive and stay with the organisation-or move to the competitors. (This is what The Company is experiencing)
3. Research has highlighted that connection to organisational strategy and goals, acknowledgment for good performance, and a culture of learning and development foster high levels of engagement. (The Company needs to improve connection of employee goals to business strategy)
4. Without a workplace environment for employee engagement and a specific employee engagement strategy, turnover will increase and efficiency will decline, leading to low customer loyalty and decreased stakeholder value. (The Company is experiencing this at the moment, turnover is 25% currently and various brokers have threatened that they will stop using the The Company service)
5. HR will need to foster positive, effective managers and employees along with workplace policies and practice to focus on employee well-being, health and work/life balance, whilst being a driver in introducing employee engagement strategy to the organisation, with the manager being the ultimate driver.

Chapter 3

Hypotheses, Research Aim and Objectives

There is evidence from the Literature review that employee engagement can positively or adversely affect an organisation dependant on how highly engaged an employee is within an organisation. The majority of the review, on engagement is based on practitioner reviews and models due to the lack of theoretical research. To validate Employee Engagement the author looked to the motivation, job satisfaction and job commitment theories.

The main motivational theories that relate to employee engagement are Maslow's Hierarchy of Needs, Herzberg's Hygiene and Motivator Theory, Path Goal Theory, Goal Setting Theory and Reinforcement Theory.

Various companies like Corporate Leadership Council, Gallup and ISR have carried out quantitative and qualitative research on the impact of employee engagement.

Some of the main findings are as follows:

- Employee engagement drives performance
 - By improving levels of employee engagement organisations can expect an increase up to 20% in performance
- Employee engagement decreases attrition levels
 - With increased employee engagement levels organisations can achieve a decrease of 87% in an employees intent to leave (Corporate Leadership Council, 2004)
- 13.7% improvement in net income growth rates (highly engaged) compared to decrease of 3.8% in the less engaged organisations. (ISR)
- Earnings per share increased by 27.8% in the highly engaged companies whilst the organisations with lower levels of employee engaged experienced a decline of 11.2%. (ISR)

They have all shown a positive impact on the organisation by the increase of employee engagement.

Hypothesis

Due to the research and findings and the major positive impact Employee Engagement has on organisations the **Hypothesis** is as follows:

Employee engagement can help decrease employee attrition levels, ^{↓ increase} productivity and profits in an organisation.

And

A players have a higher level of employee engagement, therefore are more strategically important to an organisation than B and C players.

Research aim, objectives and questions

The first objective of the research is to carry an employee engagement survey within the Company to examine the relationship between employee engagement, staff retention, productivity and overall profits in the Company. The second objective is to research the Employee Engagement level of A, B and C players to assess their impact in the Company.

From the research the aim is to develop an Employee Engagement Strategy for the organisation with the objectives of retaining the most talented and decrease staff turnover in a very competitive market whilst improving productivity and overall profits. This will require future work and research after this body of work.

Two specific research questions were identified, due to the authors own experience within Human Resources and the continually battle to hold on to most talented staff.

Q1: Can high employee engagement increase staff retention, productivity and profits?

Q2: Is there a link between high employee engagement and A, B and C players?

The objective of question 1 is to examine if high employee engagement is linked to a reduction in employee turnover and increase in productivity. It is the intent of this research to get a deeper meaning into employee engagement and it affects on employees motivation, job satisfaction and commitment.

The objective of question 2 is to see if there is a link between the highly engaged and A players as described by Axelrod in her article C Players (reference). This is with the aim of identifying the various players and assessing the impact they have strategically to the Company.

Chapter 4

Research Strategy & Research Methods

The research strategy can be best explained as a Case Study. A case study is a “research design that entails the detailed and intensive analysis of a single case.” (Bryman, A. and Bell, E. 2003, p567)

The case being studied is Employee Engagement impact on staff turnover, productivity and profits and are A, B and C players within the Company contributing different levels of impact strategically.

Why use a case study?

- It will allow the author to give a holistic account of the employee engagement within the Company.
- It will allow the author to focus on the interrelationships between all the factors, such as employees, varying levels (Administrator or Manager), and units (Central, Sales Support or Legal).
- It allows the author to use both qualitative and quantitative methods

Why did the author choose the Company? Due to

- Turnover is an issue and the author wants to introduce ways of decreasing attrition rates (working reason)
- Personal knowledge of the company, people, history and business
- The Company is a typical financial services company – with similar demographics to other companies (age, gender, nationality)

Research methods:

Questionnaires – Employee Engagement Survey

- Questionnaire (See Appendix)

The author used an existing staff survey to assess the level of engagement. The questionnaire was personally delivered to all employees, to communicate

individually the reasons for the study. It was hoped that this would achieve a greater number of responses. They were given out regardless of unit, position and length of time in the Company. Once the questionnaires were completed they were returned directly to the author.

Of the 52 employee across the Company, 45 questionnaires were returned, this accounts for 85% which can be considered a good sample. (Fisher, C. 2007). One of the reasons for non-response could be absenteeism.

- What was analysed:

When the responses to the questions were collated the author analysed each section separately with the use of a data excel spread sheet.

Each section was analysed in relation to level (Manager or Administrator) and Unit (Central, Legal and Sales Support).

- How was the data analysed:

Each question block were analysed by entering the specific numbered choice into the data excel spreadsheet except the entry went in reverse when the comment was negative.

Strongly disagree (1 score), Disagree (2), Neither agree or disagree (3), Disagree (4), Strongly Agree (5)

For example: Q2.3 "I have to get my manager's ok before I change anything with the way I do work" is a negative comment. Therefore if someone strongly disagreed with the statement the author entered in a score of 5 rather than 1 as the statement means that they don't need the ok from their manager as they can work autonomously.

Table 4.1 Scoring of each question

Question	How was each question treated in the scoring
Q1 Organisational Commitment	All questions entered into the spread sheet 1 to 5 dependant on specified choice
Q2 Employee Autonomy Frequency	Same as Q1 except for Q 2.3, Q2.4 which are negative comments
Q3 Work Intensity	All questions entered into the spread sheet 1 to 5 dependant on specified choice
Q 4 Training	Amount of Yes/No counted and assessed. Analysis on amount of training by creating charts.
Q5 Communication	Sources were analysed by amount of preferences
Q6 Communication Clarity	Same as Q1
Q7 Communication of Information	Same as Q1
Q8 Supervisory Leadership	Due to being only three choices - Regularly entered in as 5, Sometimes 3 and Rarely 1. Except the reverse for Q8.2 as a negative comment
Q9 Changes for the Employee	Due to being only three choices - Regularly entered in as 5, Sometimes 3 and Rarely 1.
Q10 Changes that the Company has made	Due to being only three choices - Regularly entered in as 5, Sometimes 3 and Rarely 1. Except the reverse for Q9.3 & Q9.8 as a negative comments
Q11 HR Practices.	Same as Q1
Note: The higher the % the more positive the engagement, view and opinions	

Scores were added for all areas, averages and percentages. Further analysis was carried out by breaking down each section comparing the units and comparing the levels.

How is the data presented?

The data is shown numerical in averages, percentages, and comparisons and in graphical form – pie charts and graphs to give a visual understanding to the results.

When the results were complete the author then assessed each section to discover where the problem areas were popping up, cross referenced from unit to level. This was to assess if there was an issue in Sales Support for example due to the engagement levels of the managers.

Interviews – semi structured interviews with A, B and C players

The author used a semi structured interview with the participants to incorporate the questions from a second employee engagement survey with open questions, to allow the participant give their views and opinions on motivation, feedback, communication, development - employee engagement.

The following questions were asked to start up an open discussion about the topic:

Q1: What motivates you?

Q2: What do you think about training, development and education support in the Company?

Q3: Communication what are your thoughts?

Q4: Do you have autonomy in your job? Explain

Q5: Do you receive feedback on your performance? If so is it sufficient for you?

Table 4.2 Questions for open discussion

Semi formal interviews were used to investigate if there is an actual link between employee engagement and A, B and C Players. This was carried out as the questionnaire was confidential and to get further insight into the area, further

study was required where the author could identify the category of performer and assess the link between employee engagement and category of 'Player.'

The author looked for similar themes running through the interviews and assessed if they were actually specific to one group A, B or C.

Prior to the interview the author requested that the manager of each section carries out an analysis of their own unit with regard to the performance of their team members. They were then asked to categorise their staff members into A, B and C players as follows: (Huselid, M., 2005)

- **A Position (Strategic)**

Defining Characteristics: Has a direct strategic impact and exhibits high performance variability among those in the position, representing upside potential. Autonomous decision making.

- **B Position (Support)**

Has an indirect strategic impact by supporting strategic positions and minimizes downside risk by providing a foundation for strategic efforts, or has a potential strategic impact, but exhibits little performance variability among those in the position

Specific processes or procedures typically must be followed

- **C Position (Surplus)**

May be required for the firm to function but has little strategic impact

With the knowledge of category of employee the author randomly chose 2 A, 4 B and 3 C Players to attend the interviews. It was carried out this way to get a random input from the Players and due various constraints – busy, absent or in meetings for example. The interview took place in a private room.

Issues with using Qualitative and Quantitative methods:

Qualitative:

Qualitative research is criticised as being too subjective, as it can rely on the researcher's own unsystematic views about what is significant and what is important and due to the relationship between researcher and participants. This type of research can also be difficult to replicated due the lack of structure. The problem of generalisation can occur with this method also due to the lack of scope. Lack of transparency is when it is difficult to assess how the researcher came up with the study's conclusions.

Why use it then?

Author used qualitative methods as it allowed the author to identify the A, B and C players and allowed the researcher to look through the eyes of the participants, to get their views and opinions. This method also allows the author to give a description of the history of the company and where it is today.

Quantitative:

Quantitative research usually emphasises quantification in the collection and analysis of data. (Bryman, A. and Bell, E. 2003, p573)

The criticisms of this type of research method; is that it fails to distinguish people and social institutions. The measurement process can be artificial and only be interested in precision and accuracy. The reliance on instruments and procedures hinder the connection between everyday life and research and it can create a static life. (Bryman, A. and Bell, E. 2003, p86).

Why use this method?

It allowed the author to gain an understanding of what is occurring in the Company overall. Whilst allowing the author to analyse certain themes comparing them to units and levels. It gives evidence that can be assessed.

Ethical Considerations:

The author due to the research method of qualitative methods will meet a number of employees face to face to discuss their employee engagement; motivation, commitment and satisfaction. These employees will not be treated any differently to other employees and all will be treated fairly and ethically. Any information uncovered about individuals will be kept confidential and will not be used to harm them or any other person.

The author has received agreement from her direct manager, director of the company to carry out the research. This will ensure that the terms of reference gives scope to carry out the research from a company wide perspective and be allowed to come to the authors own conclusions.

If an employee decides not to partake in the research they will not be forced to do so, as they have a right to privacy. The questionnaire will not be marked in the attempt to identify an employee.

The author works presently in Human Resources but will not use any personal data held on file about an individual to build a case. This would be unethical and breach of the data protection act.

All data collected will be governed by the Data Protection Acts.

Chapter 5

Research Findings

Case Study

Background

The Company is a financial services company within a Financial Group, in a niche Title Insurance market. The Company was the first company to introduce Title Insurance branded as *Change to Ireland in 1998. Up until 2004 there were no competitors in the market, presently there are four other companies and the prospect of a further two joining the market this year. Traditionally people switching their mortgage or consolidating loans find that it can take from 6 to 8 weeks to complete the transaction. The QuickSwitch promise is that it allows the borrower to complete the loan process and get the loan cheque in as little as 10 working days.

Transactions involving mortgages require a borrower to engage a solicitor to carry out the legal aspects of the loan process. This is usually charged as a percentage of the amount being borrowed or switched. With QuickSwitch the routine time-consuming elements of the legal process for the borrower are dealt with centrally to reduce the cost and help save time.

The next cycle in the mortgage market will see an increase in remortgaging. If interest rates continue to increase, this will have positive effect on the organisation unlike main stream mortgaging. This is due to borrowers consolidating loans and carrying out equity release. The product will continue to grow even in times when the economy may be in down turn. Due to this it will attract further competition.

Remortgage sector grew at the end of 2006 to 14.2% of total transaction from 12.8% in quarter 3. See the following for a split of the mortgage market.

*Change – Company name changed



Figure 5.1 Mortgage Split

Key Challenges affecting The Company:

The Financials Services Mortgage Market is a very competitive high volume market. Title Insurance even though it is in a niche market (Porters, M. 1981) is experiencing intense competition from new competitors.

In quarter 3 to quarter 4, 2006 the mortgage market dramatically changed, overall there was a drop in volume of 5% and a decrease in mortgage transactions of 11%. This has a knock on effect for The Company as the QuickSwitch product is a remortgage product as explained above.

In relation to staff the company has a high attrition rate of just under 25% for the half year, annualised it could run to be 50%. In 2006 it was over 40%. Absenteeism is running at 4.5%, though this may be within industry norms there are a number of people who have high absenteeism.

The high turnover is putting extra pressure on teams due to the contributing factor that length of time to recruit a new candidate can take anything from one week to three months. Human Resources has to use recruitment agencies to aid in the recruitment of competent employees, this is posing a huge cost on the company with anything from 15% to 30% of a new recruits salary being paid out to agencies.

When new recruits start their competency levels are not as high as team members, therefore there is a lag between starting time and being fully competent, putting more pressure on existing team members. Due to the skills gap existing employees have had to take on more work

Overtime is not an expectation of the Company but due to recent increases in volumes employees were asked to do whatever hours' overtime they could do, to help out. The management experienced huge resistance from the team members. There is an issue with people going the extra mile, overall commitment to the Company and moral.

The Company is not reaching its targets and last year employees received the monthly bonus only two out of twelve months.

Currently Ulster Bank introduced the product offering a Switcher Mortgage with a €1,000. The Lender informed The Company one week before the introduction probably due to product confidentiality. The Company had not sufficient resources to deal with the increase in volumes.

The Company also acts a service provider to one of it's sister companies within the Group, they are receiving very bad press from the sister company and their customers due to poor service complaints.

Organisational Structure

There are 52 employees in The Company currently. The units are made up of Sales Support which is front facing with Lenders and Brokers, Legal Operations that manage the registry of deeds and central functions – HR, Finance, Marketing and Compliance.

The Company senior management team has changed twice in the last two years and internal structure has changed many times with the aim of getting that ideal structure.

The majority of roles within The Company are administration and by nature are repetitive and desk bound.

Training & Development

This year the company has recruited a designated training officer (with the company 2 months). Before this the Operational Manager and Human Resource Manager divided the role. (HR and Compliance works for two other companies within the Group)

Relevant Statistics:

Turnover rate: currently 34% for June 2006, if it continues could reach 68% for the whole year. Target for the whole year is 25% - therefore already reached the target. Last year turnover was in excess of 50%.

Sales Support administrators currently account for 61% of the total turnover.

Absenteeism: 4.5% below industry norm for a call centre but there are a number of employees with high sick leave

Targets: Not reaching presently

Service Level Agreements: Outside of SLA with Lenders (our customers)

Research questions:

Q1: Can high employee engagement increase staff retention, productivity and profits?

Q2: Is there a link between high employee engagement and A, B and C players?

On completion of the employee engagement survey the analysis was carried out as per Chapter 4. See the following for the breakdown.

Part One: Employee Engagement Survey

Total employee engagement score – 58%

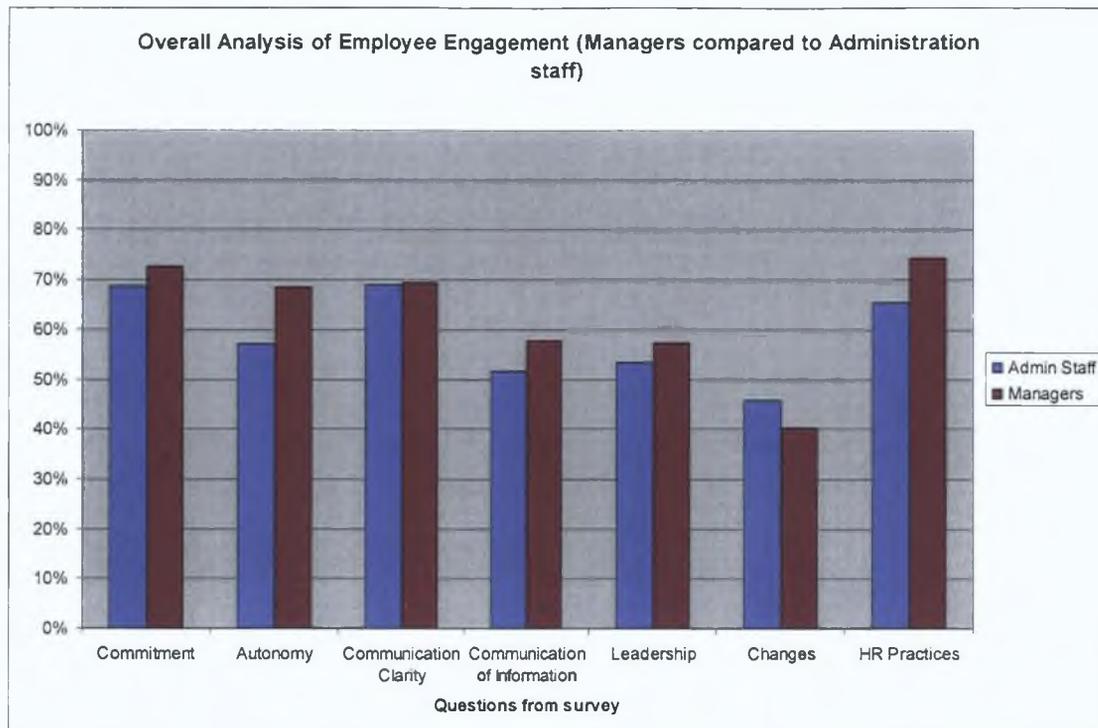


Figure 5.2 Overall analysis of survey

Question 1:

Organisational Commitment:

This refers to the overall commitment

A. Compared Managers/Team Leader to Administration employees across The Company.

Findings:

- Overall positive engagement except in relation to turning down another job with more pay to stay with The Company.
- Managers are recorded to have more “good friend in work”

Comments:

- One of the criteria for high employee engagement is the employee’s desire to stay and the unlikely hood that they consider other options. (ISR, Engagement, www.isrsurvey.com, 06/07/2007)
- The negative score on turning down a role outside of The Company is a factor in a low employee engagement.
- Maslow’s Hierarchy of needs relates to the “good friend in work” – the Social need (belonging, social life, friendship). Social events is one item the majority of employees ask about on a regular basis (Authors own experience). This socialisation adds to the overall commitment score for managers.

B. Compared units The Company

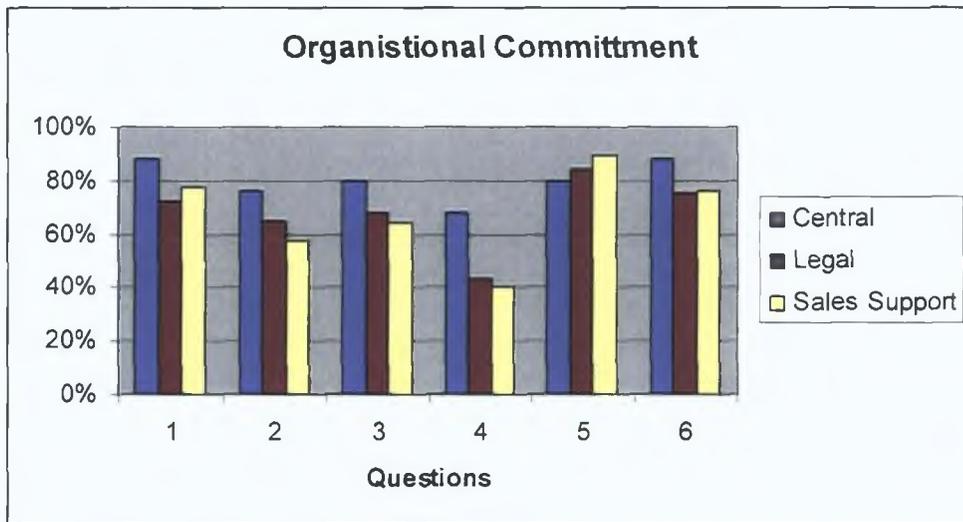


Figure 5.3 Organisational Commitment

Findings:

- Central functions have higher organisational commitment than Legal or Sales Support.
- In Sales Support similar values only account for (58%) compared to Central at (76%).
 - Through further analysis of the specific breakdown of Sales Support comparing managers (48%) and administration staff (60%) values compared to the organisation, the percentages are quite worrying

- Legal and Sales Support are lagging behind Central in question 4 which relates to leaving the Company for more pay elsewhere.
 - After further analysis managers (36%) in sales support received a very low score in relation to them leaving the company for more pay (Note: The lower the score the more negative for employee engagement)

Comments:

Hewitt Associates recommends:

- Share the goals and direction of the business with staff that “touches employees in a personal way.” From the findings this has not happened.
- Translate these goals into personal requirements of each individual done through offering the right resources, time and appropriate decision making
- Leaders belief and values cascaded to staff – yes this has happened but with a negative impact.

The Corporate Leadership council describe the manager as the enabler to commitment to the team, job and the organisation.

This could be one of the reasons why Sales Support has lower employee engagement then legal and central. There managers would leave for more money in reverse to high employee engagement which is unlikely hood that they consider other options. (Hewitt Association)

If they are meant to be the enabler but actually scoring less than their team members they can not be acting as so. The Corporate Leadership Council report that impact of highest-scoring manager attribute on emotional commitment to team, organisation and job is and increase of 47%, 38% and 34% respectively.

Theresa Welbourne, Michigan cites that if high employee engagement is to happen engagement must go from top down and must be done by “leadership through example” (Welbourne, T. 2003)

Motivational Theory:

In relation to motivational theories we can look at it from three prospects:

1. Maslow – if managers are not engaged and they are displaying negative behaviours employees may feel that their own security is at risk. Interestingly Sales Support scores the worst in relation to change in job security in the last six months at 43% compared to Central which scores 60%.
2. Herzberg – security is a Hygiene factor. If security is threatened it can become a dissatisfier.
3. Reinforcement theory – Social Learning Theory – one of the aspects of the theory is that managers lead by example. If the manager is not highly engaged as per the statistics this theory sets out that the chances are that the employee will be too.

Question 2

Employee Autonomy Frequency

A. Compared Managers/Team Leader to Administration employees across The Company.

Findings:

- Managers (75%) have recorded positively that they have influence over the tasks they do compared to Admin Staff (57%).
- Admin staff scores show that they need their manager to ok any changes (54%) in comparison to managers (60%)
- The most negative score relates to monitoring of work performance. Administration (43%) comparing to Managers (53%).

Comments:

- Managers have more autonomy probably due to the nature of the roles. However one of the factors to achieve high employee engagement is to create a culture that builds opportunities of contributions to a company. (Corporate Leadership Council, 2004).

C. Compared units The Company

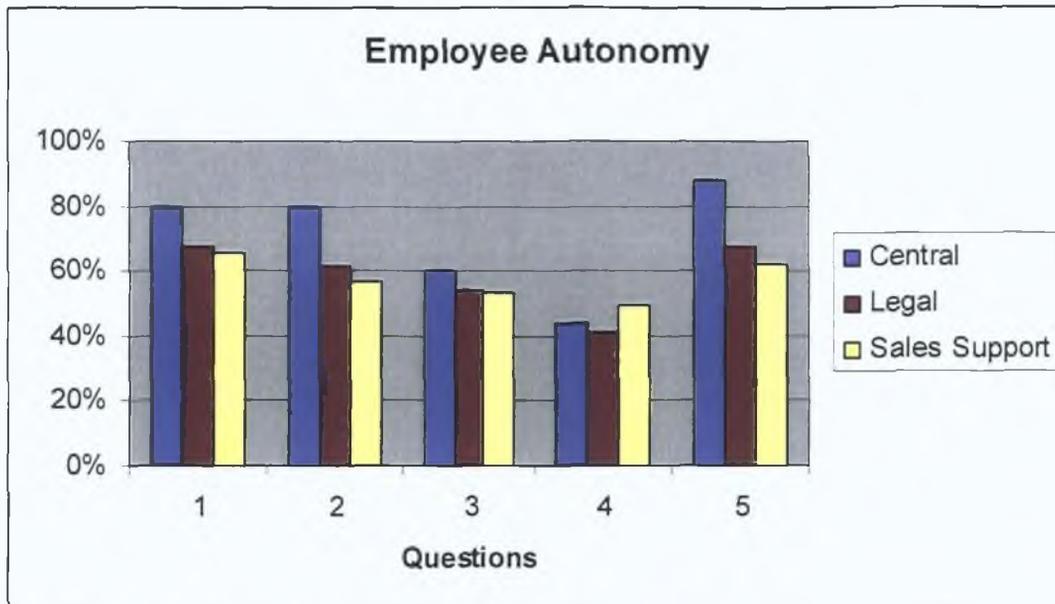


Figure 5.4 Employee Autonomy

Findings:

- Legal employees have scored low in relation to their managers monitoring their work. (Q4)
 - Employees have remarked to the Author that they feel like they are in school sometimes due to the close supervision of them by their managers.
 - Central which contains HR, Finance, Compliance and Marketing score high in both Q1 and Q2 based around decision making and influencing tasks

Comments:

- This is due to the nature of the roles in Central currently. None of these roles are really desk bound for the majority of the day in opposite to Legal and Sales Support. They have more ownership of what tasks they do next as their role is more flexible

Motivational Theories

- One of the motivators in Maslow's theory is responsibility, being accountable for oneself, resources and scheduling. If the Sales Support, Legal and Administrators in the above findings feel they do not have autonomy it can act

as de-motivator rather than a motivator that satisfies the employee and encourages them to perform at higher standards.

- The Esteem need in Maslow's Hierarchy includes a need for self respect. If employees feel they are being treated like school kids they must not feel that sense of self respect and achievement in their working environment.

Question 4

Training

Comments: Employees feel they have the right skills for their roles and interestingly 80% said they received induction training for their current role. (Figure 5.6).

However if you look at (figure 5.5) 36 employees received none or only a few hours training in the last year. Even though the survey asks to include induction it registers to the author that the employees are thinking about training that is separate, also it is reflection on the employees that are here for more than a year – they completed their induction prior and therefore received little to no training in the last twelve months,

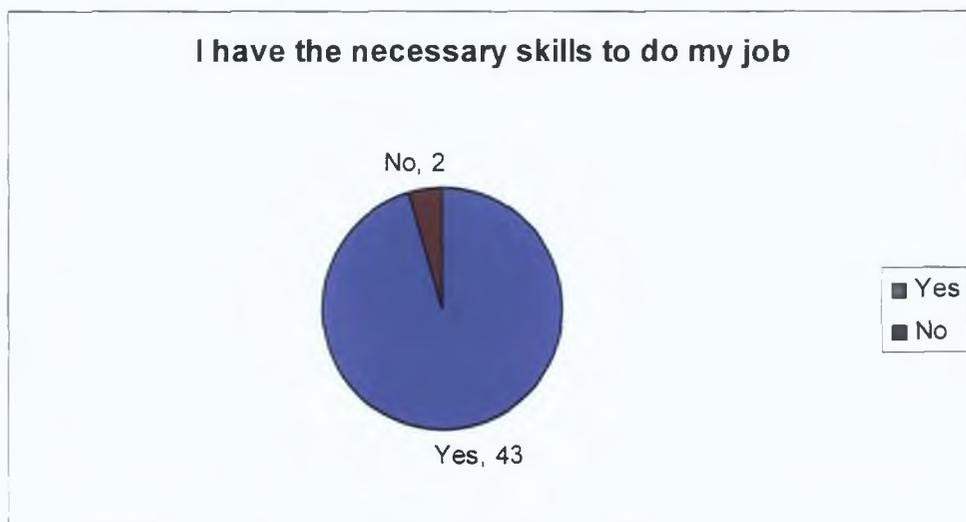


Figure 5.5 Training – necessary skills?



Figure 5.6 Induction Training



Figure 5.7 Number of days training

Question 5
Communication

Comments:

The main source of the communication is the manager which is a positive. Though note has to be taken for the 4 people who receive information from the grapevine or

customer. This would have a negative reaction to the organisation even from the perception externally to our customers.

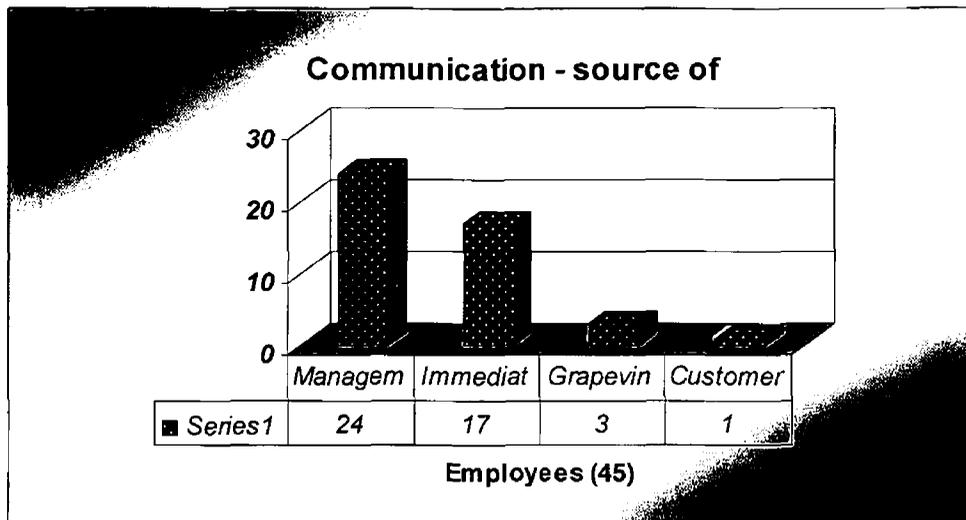


Figure 5.8 Source of Communication

Question 6

Communication Clarity

A. Compared Managers/Team Leader to Administration employees across The Company.

Findings:

- Both scores show that they see how their work helps meet the objectives of the Company.
- Interestingly managers' scores for receiving regular feedback is lower than Administration staff by 11% (51% V's 62%).

Comments:

- The above result in relation to a negative score in feedback may answer why Sales Support Managers scored low in relation to leaving the company for more pay and matching values.

- In relation to employee engagement Hewitt Associates cites the importance of day to day recognition of performance and the execution of performance management.

B. Compared units The Company

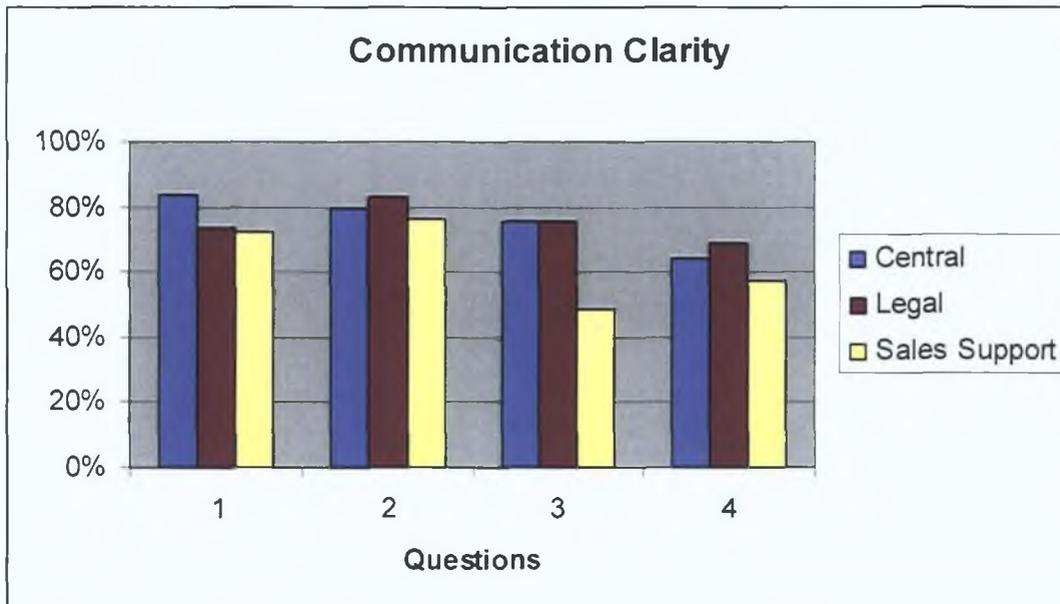


Figure 5.9 Communication Clarity

Findings:

- The Sales Support unit scores low on receiving regular feedback on performance (48%) compared to a similar score for Central and Legal (75%). Sales Support Administrators and Managers score the same (48%) when you assess it by team.
- From the authors knowledge there is a history of regular one to one's in Legal, where the manager sits down with each employee on a regular basis to discuss performance. All currently due to increase in volumes in Sales Support weekly team meetings have been postponed.

Comments:

- If Sales Support Managers are not aware of their performance and how it is contributing to the company how can they meet with their team and discuss their individual performance.

- As per Theresa Welbourne employee engagement must be from the top down. If the managers are not receiving feedback from their managers/directors this may be why they are following this behaviour (reinforcement theory)

Motivational Theories:

- Social Learning Theory – the managers in Sales Support say they are not receiving regular feedback and so do their team. This could be because there is not a culture of feedback that needs to be created and reinforced positively by the manager/senior managers' behaviours.
- Path Goal theory – requires that managers clarify the desired goals to ensure that individuals are working towards a common goal

Question 7

Communication of information

A. Compared Managers/Team Leader to Administration employees across The Company.

Findings:

- Overall communication of information to managers is only achieving 57% score and 51% to Administration staff.
- Mainly related to the lack of information around plans for the future, sales, profit and business targets.
- Administration staff on average 9% behind managers in relation to sales and targets.

B. Compared units The Company

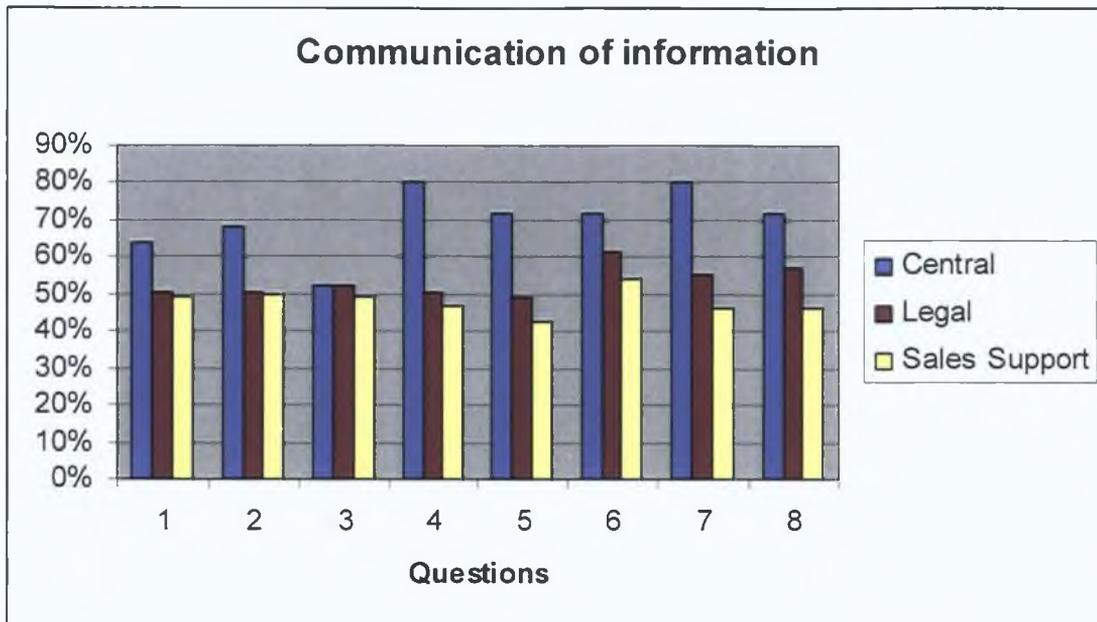


Figure 5.10 Communication of information

Findings:

- Sales Support Managers scored 48% and 52% and Sales Support Administrators scored 44% and 43% in relation to Q7 and Q8 respectively. These questions relate to information about sales, profits and targets.
- The above ties in with the previous section where this same area marked that they did not get regular feedback. If they are not getting regular feedback in relation to their performance in connection to the business targets it follows that they do not have the right or enough information in relation to sales, profits and targets.

Comments:

- Adair states that “good internal communications and developed team spirit based on upon past successes make a group much more likely to do well in its task area, and incidentally provide a more satisfactory climate for the individual.” (Adair, 1996, p92)

- Hewitt Associates model for high employee engagement requires regular feedback and communication to employees about their personal goals and how it is affecting the business goals. Through this manager share the direction of the company and align staff to the business goals.

Motivation theories:

- Communication can be defined as an exchange of information between a sender and a receiver and the perception of meaning between the individuals. “The message can be transmitted either through symbols... or the exchange of behaviours” (Bowditch, J. and Buono, A. 2002 page 101)
- Goal Setting Theory as developed by E. Locke states that when feedback is specific, valid and from a person of influence it can act a motivator to achieve future goals and praise helps to improve overall performance.
- This is achieved through two way communication – verbal and non verbal, with the display of the required positive behaviours. The ‘Act’ part of the ISR model on employee engagement.

Question 8

Supervisory Leadership

A. Compared Managers/Team Leader to Administration employees across The Company.

- This section overall in the survey is most negative
- Q: How often does your immediate boss:

Question	Administration Staff	Manager
Help to improve your performance	41%	38%
Make you feel like quitting	91%	91%
Provide you with praise and recognition	34%	29%
Support you when necessary	51%	73%
Act as a role model	51%	56%

Table 5.2 Leadership statistics

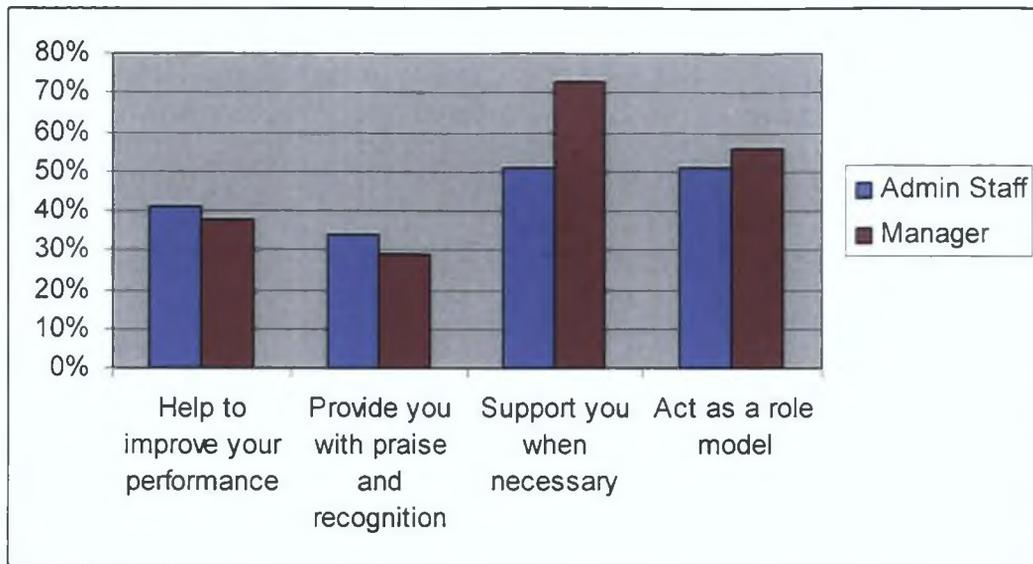


Figure 5.11 Communication of information

Findings:

- Overall the above graph is saying that immediate bosses do not help direct reports improve their performance, do not provide praise and recognition, only half the time give the support necessary to Administration staff and acts as a role model 50% of the time.
- Both groups are expressing that they do not receive the support from their direct managers/directors. Though managers do feel they get support when necessary – is this after they have asked for it or problems have occurred so the direct manager needs to get involved. This is not clear from the survey – but the author will investigate further.

B. Compared units The Company

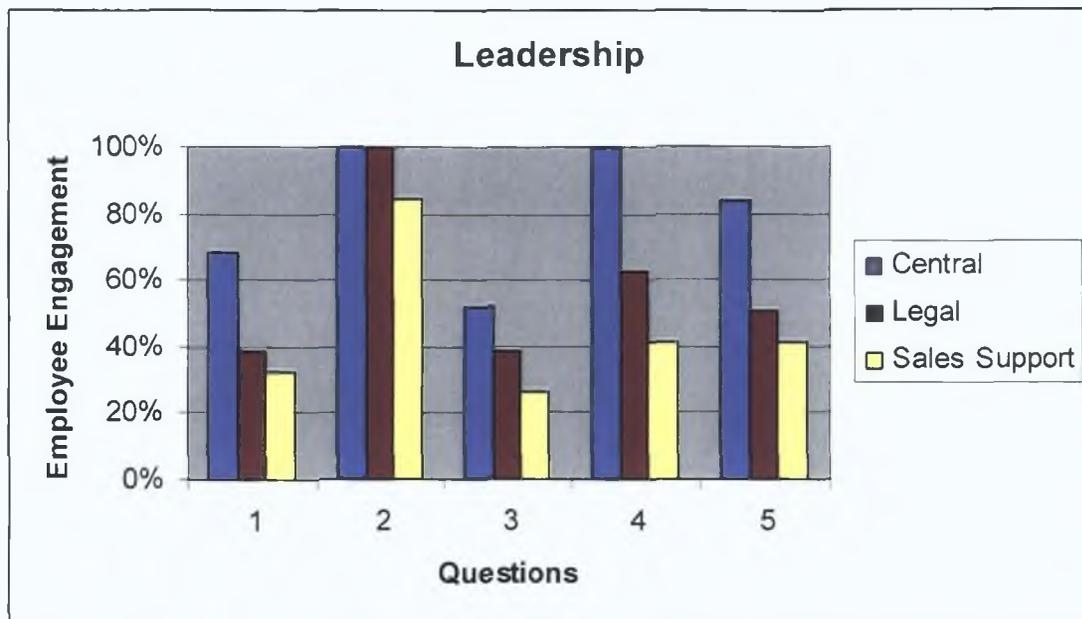


Figure 5.12 Leadership

Findings:

- Overall Sales Support scored the lowest in all questions in relation to leadership.
- Sales Support team recorded as only receiving 26% praise and recognition. Breaking this down further Administration staff account for 24% and manager 36%. The team is also recorded a negative score for support when necessary.

Comments:

- Hewitt's model of high employee engagement requires the manager to distinguish what their employee value and reinforce the right behaviours through day to day recognition and performance management cycle.
- Welbourne states that process of gaining and sustaining high employee engagement is through continuous learning, improvement and measurements.
- This can be achieved through positive and constructive feedback of the required behaviours.

Motivational Theory

- Maslow's fourth need is the need for Self Esteem achieved through achievement and recognition. If a person desire this need and it is not fulfilled according to Maslow the person will strive with great intensity to achieve this goal. If the need it not fulfilled it becomes a de-motivator.
- Locke recognised the importance of praise in the improvement of the overall performance of an employee (Goal setting theory)

Question 10

Changes The Company has made

A. Compared Managers/Team Leader to Administration employees across The Company.

Findings:

- From the findings there is a perception that The Company has cut costs over the last 6 months.
- Both Manager (33%) and Administration staff (43%) record that they feel under more pressure in the last 6 months to work harder.
- Note the lower the % the more negative the score.

Comments:

- In relation to high employee engagement the Great Places to work have introduced a work life balance to take away the pressures of work.

Question 11

HR Practices

A. Compared Managers/Team Leader to Administration employees across The Company.

Findings:

- Overall HR practices faired positively except for:
- Appraisal -- managers scored 58% compared to Administration staff compared 66%.

- Pay – both groups scored pay reflect their work and compared to external market as negative – managers 44% and administration staff 50%

B. Compared units The Company

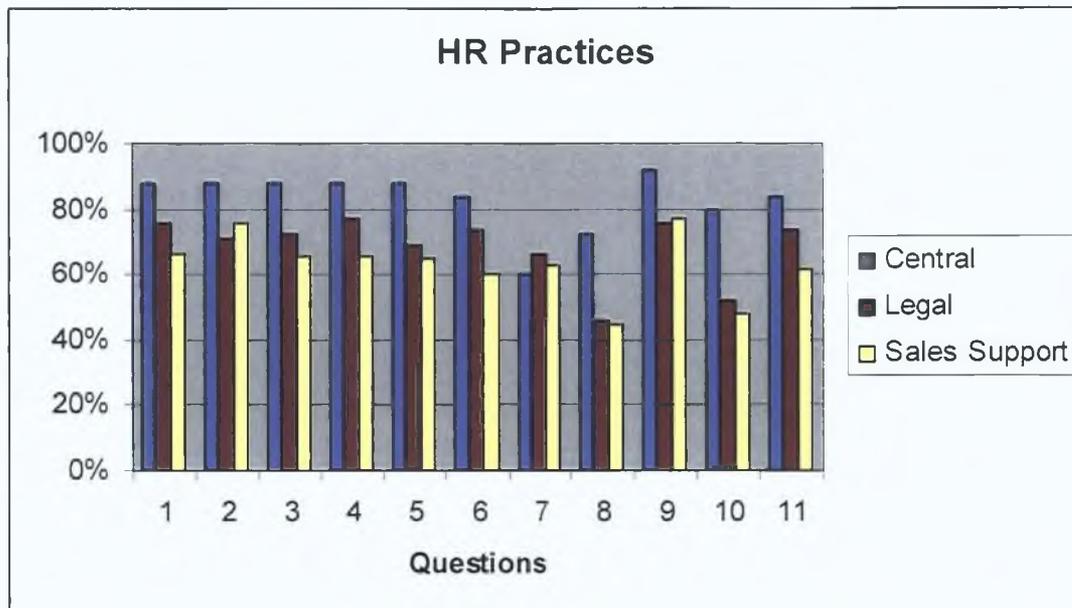


Figure 5.13 HR Practices

Findings:

- The main finding is that Legal and Sales support are not satisfied with their pay – related to their own performance and market comparable.

Motivation Theories

- Maslow relates the Safety need to a person's desire to obtain a job with tenure and relates it to pay and job security to allow the individual to meet their needs to buy food and accommodation.
- If this basic need is not satisfied according to Maslow the person can not move up the hierarchy as they are not motivated to do so. Though this may not be clear cut for the employees of The Company as they do receive a salary but it is acting as dissatisfier according to Herzberg's Motivator Hygiene Theory.
- Ideal situation according to Herzberg is high Hygiene and Motivational factors to achieve employees that are highly motivated and with little complaint.

Overall:

Graph

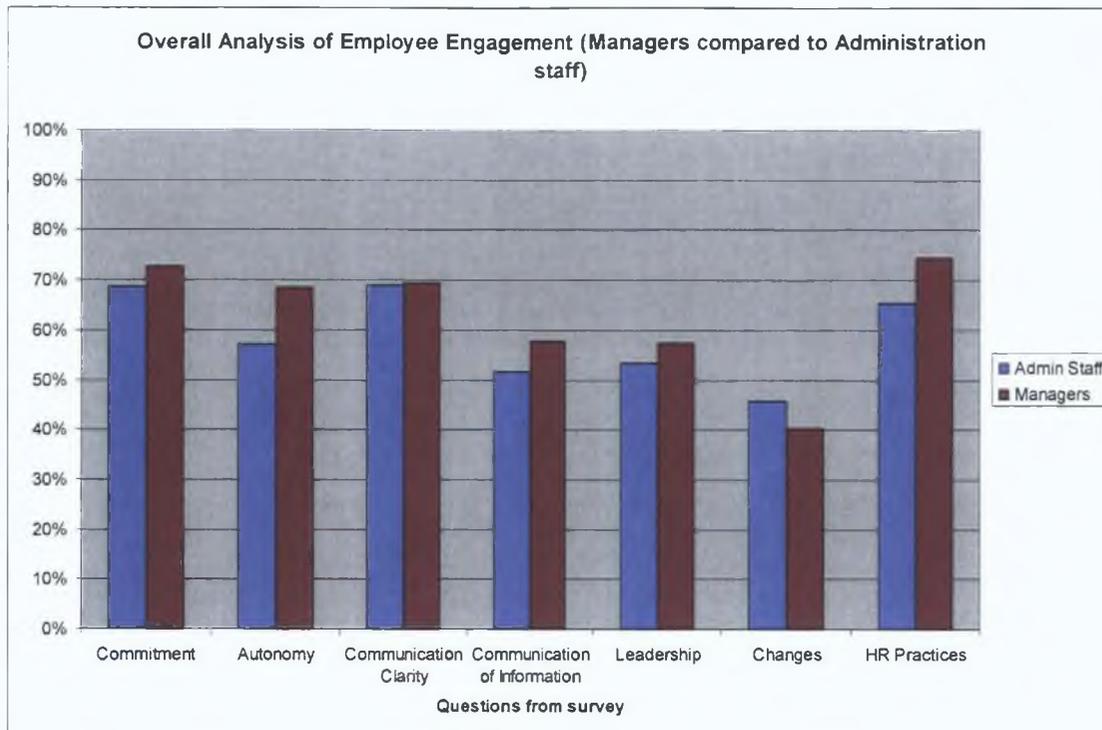


Figure 5.14 Overall Analyses

In the Company overall the problem areas are autonomy, communication of information, leadership and changes in the Company over the last six months.

Part two: A, B and C Players:

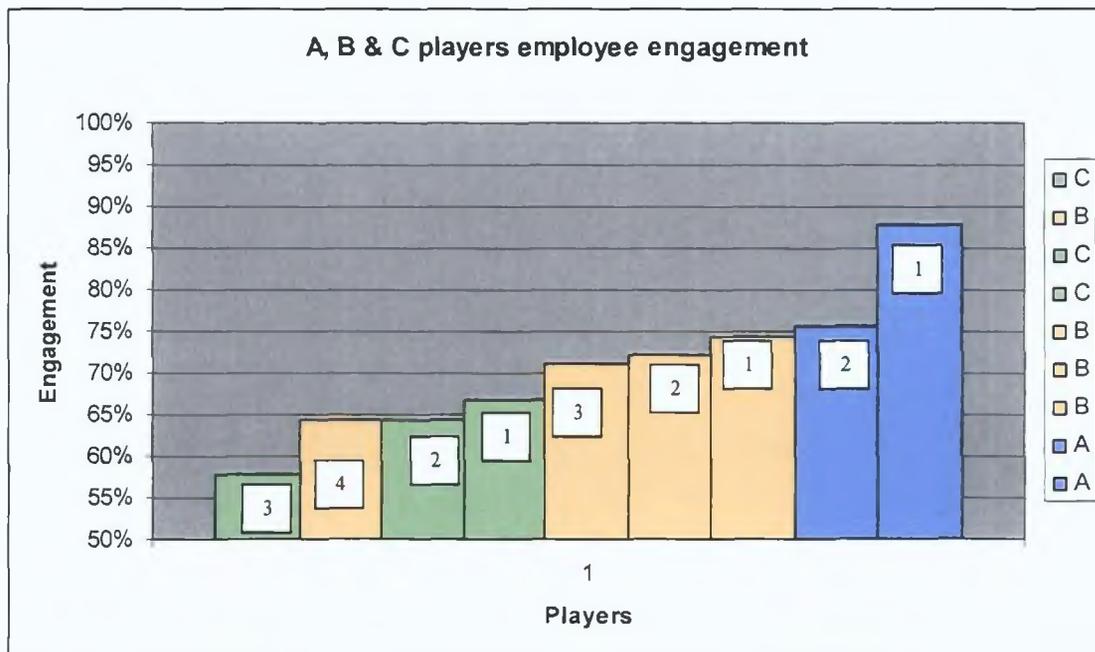
The author as previously discussed carried out 9 interviews on Administration staff to evaluate if there is a difference in the level of employee engagement in a A, B and C players (Huselid, M., 2005).

The interview was carried out with 2 A, 4 B and 3 C players, as identified by their manager.

Before the interview a short employee engagement survey was carried out. This was due to the confidentiality of the company wide questionnaire and the need to be able to identify the various Players. See appendix X for employee engagement survey.

Findings:

The following graph maps the employee engagement percentage for each of the nine individuals. Figure 5.14 A, B & C Players Engagement Levels



Findings:

The A players have the highest employee engagement, B players next and then C players. Except for one B player, who is in and among the C players. However in the interview the individual B player informed the author that he was actually handing in

his notice that very day. This would relate to Leigh Branham's 13 steps to disengagement. This employee by his B colleagues scores should have recorded a higher score than 64% engagement. By Branham's research he was already disengaged, he had gone through the steps of looking for a new job and then deciding to take it.

The disparity between the highest A Player and lowest C player is 30% or a third less engaged than his colleague. Further division can be seen in the next section semi structured interviews.

Semi Structured interviews: Findings:

Motivation		Autonomy		Sponsorship courses		Communication	
General comments							
A	C	A	C	A	C	A	C
Get job done	Wants incentives	Yes	No	2 yes	2 no	Meetings stopped just now due to high volumes	No meetings
Keep customer satisfied	Staff/Team	"Likes it, working on own initiative and setting own goals"	Role and management is restrictive	Brilliant	"Don't know what I want to do"		Little open communication
Others happy	Colleagues			Encouragement			Need to know basis
Sense of achieving goals	Interaction with people			Very good			
Challenging	Social nights						
Opportunity	Atmosphere						
Progression	Location						
Location	Money						
Friends							
Good atmosphere							
Salary							

Table 5.3 Results from interviews

Comments:**Motivation question**

Overall the A players speak more positively about the Company, than the C players. As can be seen from above the A players get satisfaction and motivation from getting the job done, keeping the customer satisfied, achieving goals, challenges, opportunities and progression. (Hertzberg's motivators).

Compared to the above the C players pale in comparison; they say they are motivated and achieve satisfaction mainly due to Hygiene factors like interactions with people, atmosphere and social nights being in place.

Yes, the A Players did discuss that these factors were important too. This would relate to Hertzberg's Hygiene and Motivator Theory as he wrote that if the Hygiene factors are not in place they act as a dissatisfier.

In relation to Maslow's Hierarchy of needs it is interesting to look at the A and C players. It could be assumed that the C players are not searching for the Esteem Need of achievement as they are still seeking the social need where they feel belonging, achieve a social life and gain acceptance.

Autonomy:

All of the participants for the interview section were administrators and therefore at the same level, and they mainly do the same role or type of role. However the A players say they have autonomy in their role contrasting to the no's from the C players. One of the A players commented that she "Likes it, working on own initiative and setting own goals" compare this to the comment from the C player who said "Role and management is restrictive." – remember these employees work in the same section with the same managers. Their perception is different, their outlook and believes are miles apart, as discussed previously 30% of a difference.

Locke's Path Goal theory recognised the importance of involving an employee in setting their own goals as it acts as a motivator.

Maslow describes self esteem need as the desire for achievement, competence, independence and freedom – this is what the A player is striving for.

Sponsorship Courses – covered under the training question:

Both A players applied, interviewed and were accepted on to the sponsorship programme. They see it as progression, “brilliant”, “encouragement” and “very good”. However the C players, even though they said they thought it was good they did not apply for it. In relation to employee engagement the behaviours demonstrated when it is high includes a desire to work to make things better and keeping up to date with developments in the field. This is what the two A players are doing by taking on industry exams that will increase their competency levels.

Communication:

Both A and C players noted that they want more communication though it is quite interesting to look at the comments – A said the team meetings are just not currently taking place due to volumes whilst the C player gave the impression that team meetings do not occur. This can be related to employee engagement model designed by ISR – “Think, Feel and Act” thought the opposite – the C players are not bought in.

Overall:

A players by the quantitative and qualitative research are more highly engaged than B and C players. The A players are displaying positive behaviours with regard to their desire to stay with the company and willingness to put in extra effort, going above and beyond their normal job. (ISR, Engagement 2007)

Chapter 6

Findings & Summary

Q1: Can high employee engagement increase staff retention, productivity and profits?

Answer from findings:

It is evident from the literature that employee engagement can increase staff retention, productivity and profits. In relation to the attrition Caterpillar experienced 59% decline in turnover of employees and 44% decrease in absenteeism saving \$8.8 million due to the introduction of the cultural assessment process of employee engagement.

Alcoa's Rigid Packaging Division experienced an 80% return on capital when they shifted their culture to where the employee feels accountable and involved, part of one of the drivers in Employee Engagement.

Relating it internally to The Company from the findings of the research, there is a correlation between the Organisational Commitment section and attrition.

Question 4 (leave due to more money) in the Organisational Commitment section (Q1) and Question 8 and 10 (pay compared to performance and market) in the HR Practices section (Q11) overall scored a negative mark.. Both of these tied together translate to employee not being satisfied with their salary linked to their performance and in relation to the market (Expectancy Theory). In Question 11 (HR Practices) staff scored 50% and managers scored 44% in relation to a fair salary. The Corporate Leadership Council shows that compensation affects turnover and therefore Employee Engagement affects turnover.

Taking this further Sales Support accounts for 61% of the total turnover and Sales Support as unit scored the lowest at 40% in relation to leaving the Company. The managers as discussed scored less than their team members and as they are the enablers they are affecting the employee engagement of their staff members. This can

be tied into Reinforcement Theory – Social Learning. Employees' behaviours are reinforced by looking for example from their managers.

Therefore Employee Engagement does affect turnover in the Company.

Having similar values of the Company according to the ISR model helps to create high employee engagement. However from the results in the Organisational Commitment section, managers once again in Sales Support scored very low at 48% for similar values to the Company, which is actually lower than their team members.

The Corporate Leadership Council report that impact of highest-scoring employee engagement manager attribute to the employees emotional commitment to team, organisation and job is 47%, 38% and 34% respectively. Therefore in Sales Support where the highest turnover is occurring Managers have scored low for values and low for staying with the company and this must have a knock on effect turnover.

The next section Employee Autonomy employees have scored low, as they feel that they are being watched and this would coincide to the interview with the A, B and C players where one of them stated that it feels like school at times. Herzberg and Maslow's theory advocate achievement, recognition and status for either a motivator or Esteem need respectively. If they are not achieved it can act as a dissatisfier.

To keep talented employees, training and development must be offered to these employees so they can increase their personal knowledge and competencies. This would be another reason why we are losing employees. In question 4 which relates to training 36 people out of 45 recorded that they received no training or only a few hours in the last year.

The scores for regular feedback in question 6 – Communication Clarity and information about the Company profits and targets in questions 7 – Communication Information are low. The Sales Support team recorded only 48% for both managers and team members for the feedback section. One of the biggest drivers of employee engagement is communication of goals, where the company is and where it needs to be (the strategic information). Staff members are made accountable and are involved

in the decision making. However with these low scores plus the low score from Autonomy, employees are not receiving the right positive regular communication, they are not involved in the strategic direction of the Company and therefore can not have a positive influence and therefore that is why employee engagement is low and would be causing high turnover and low productivity.

The Leadership section (Q8) scored very low for all sections. The manager is the enabler in high employee engagement and what is evident from this managers are not receiving the recognition (Self Esteem Need & Motivator) from their managers and in return are not giving the right praise and recognition to their team members. This relates back to Social Learning Theory – the wrong behaviours are being praised.

This is another reason why employee engagement is low and turnover is high.

Q2: Is there a link between high employee engagement and A, B and C players?

Answer:

Yes, it is evident from the quantitative research that there is a link between high employee engagement and A Players. This is further substantiated by the qualitative research carried out. A Players spoke more positively about the company, are driven by achievements, are willing to take on extra work and education to increase their skills and benefit the Company. Whilst C players interest lie in the Hygiene factors of Herzberg's theory or the lower need for Social interaction rather than the higher need for Self Esteem.

As proven in Answer 1 and as discussed and shown in the Literature review high employee engagement increases retention, increases discretionary effort and has a positive impact on the strategic capabilities of the organisation, therefore A Players do have a higher strategic impact on the company due to their higher level employee engagement.

Conclusions & Recommendations (implications)

Employee Engagement is a very useful tool in evaluating the organisation. If it is executed correctly it can bring huge positive results.

The author recommendations to the Company are to look at the Corporate Leadership Council model and the four leverage points to:

- Develop a strategy by focusing on the business, assessing the gaps, determining the drivers.
- Increase and enhance the training and development of the talented and solid performers
- Identify and minimise visible and invisible engagement barriers
- Create a culture of high employee engagement from the top down.

Note: The author will continue to work on the information, findings and recommendations to push the Employee Engagement into the organisation. The results of this will be recorded and added to this research.

The implications of this is that it will be on-going.

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Appendix 2
Staff Survey

DO I AGREE

*Please circle one
for each question*



Staff Survey

2007

REV1

Question 1

ORGANISATIONAL COMMITMENT

	Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree
I am willing to work harder than I have to in order to help this organisation succeed	1	2	3	4	5
I find that my values and this organisations values are very similar	1	2	3	4	5
I am proud to be working for this organisation	1	2	3	4	5
I would turn down another job elsewhere with more pay in order to stay with this organisation	1	2	3	4	5
I'd volunteer to help others in this organisation if they needed it	1	2	3	4	5
I have a good friend at work	1	2	3	4	5



Question 2

EMPLOYEE AUTONOMY FREQUENCY

	Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree
My job allows me to take part in decisions that effect my work	1	2	3	4	5
I have a great deal of influence in deciding what tasks I do	1	2	3	4	5
I have to get my manager's OK before I try to change anything with the way I do my work	1	2	3	4	5
My manager/supervisor monitors my work performance	1	2	3	4	5
I have as much freedom in my job as I need	1	2	3	4	5

Question 3

WORK INTENSITY

	Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree
My job requires me to work very hard	1	2	3	4	5
I work to tight deadlines	1	2	3	4	5

Question 4

TRAINING	Yes	No
I have the necessary skills to do my job [please tick]	<input type="checkbox"/>	<input type="checkbox"/>
I have received induction training for my current job [please tick]	<input type="checkbox"/>	<input type="checkbox"/>

Did you receive any education or training in the last year that was paid for by your employer? (This can be internal or external courses including induction)

[please tick]

No	<input type="checkbox"/>
Yes, a few hours / less than one day	<input type="checkbox"/>
Yes, 1 or 2 days	<input type="checkbox"/>
Yes, 3 to 5 days	<input type="checkbox"/>
Yes, 6 days to 2 weeks	<input type="checkbox"/>
Yes, 3-4 weeks	<input type="checkbox"/>
Yes, more than 1 month	<input type="checkbox"/>

If answering yes to the previous question do you feel that the skills and knowledge that you received was:

[please tick one option only]

Specific; useful only to your current job	<input type="checkbox"/>
General; useful in other jobs	<input type="checkbox"/>

Question 5

COMMUNICATION

From which ONE of the following sources do you receive the most useful information concerning your workplace:

[please chose one only]

Management / Supervisors

My immediate team

The "Grapevine"

Our Customers

Other

Please Specify...



Question 6

COMMUNICATION CLARITY

	Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree
I know what the organisation's priority objectives are	1	2	3	4	5
I see how my work helps the organisation meets its objectives	1	2	3	4	5
I receive regular feedback on my performance	1	2	3	4	5
The organisational structure is simple to understand and helps me get things done (e.g. I know who is responsible for what .etc)	1	2	3	4	5



Question 7

COMMUNICATION OF INFORMATION

Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree
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I receive useful and timely information concerning:

The level of competition faced by The Company	1	2	3	4	5
Plans to develop or launch new services or products	1	2	3	4	5
Plans to introduce new technology	1	2	3	4	5
Marketing campaigns	1	2	3	4	5
Plans to reorganise the company e.g. staff headcount reductions/increases, changes to report structure etc.	1	2	3	4	5
Plans to change work practices e.g. working in teams	1	2	3	4	5
Information on sales, profit, market share etc.	1	2	3	4	5
How well The Company is doing in relation to the business targets	1	2	3	4	5



Question 8

SUPERVISORY LEADERSHIP

Regularly	Sometimes	Rarely
-----------	-----------	--------

How often does your immediate boss:

Help you improve your performance	1	2	3
Make you feel you want to quit this job	1	2	3
Provide you with praise and recognition	1	2	3
Support you when necessary	1	2	3
Act as a role model	1	2	3



CHANGE IN THE WORK PLACE**

Question 9

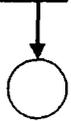
CHANGES FOR THE EMPLOYEE

Increase	Decrease	No Change
----------	----------	-----------

If you have been with the organisation for the past 6 months please answer the following questions, if not please skip to Question 11

For each of the following please say if there has been an increase, decrease or little or no change over the last 6 months*:

Job security	1	2	3
The level of skill you use in your job	1	2	3
The variety of tasks you perform	1	2	3
The effort you have to put into your job	1	2	3
The responsibility you have to put into your job	1	2	3
The pressure you work under	1	2	3
The provision of training	1	2	3
Tightness of supervision over your job	1	2	3
Level of technology you use	1	2	3
Your job satisfaction	1	2	3



Question 10

CHANGES THAT THE COMPANY HAS MADE

Yes	No	Don't Know
-----	----	------------

If you have been with the organisation for the past 6 months please answer the following questions, if not please skip to Question 11

In your opinion, in the last 6 months has The Company:

Introduced new technology	1	2	3
Developed new products or services	1	2	3
Cut costs	1	2	3
Put more pressure on employees to work harder	1	2	3
Increased the level of skill to carry out the job	1	2	3
Made the necessary changes to help the organisation perform better	1	2	3


Question 11
HR Practices

	Strongly Disagree	Disagree	Neither Agree or Disagree	Agree	Strongly Agree
I consider the benefits offered (e.g. Pension, VHI) to be good	1	2	3	4	5
When new positions come up in The Company, there is an attempt to fill them with people from inside this organisation	1	2	3	4	5
The Company hires people based on their capability to be successful in the role	1	2	3	4	5
The Company promotes people because of their track record and their capability to be successful in the new role	1	2	3	4	5
The selection process within The Company is fair and transparent	1	2	3	4	5
I am provided with sufficient opportunities to express my views on issues and concerns at work	1	2	3	4	5
I have received a formal Appraisal in the last year	1	2	3	4	5
My pay reflects my performance at work	1	2	3	4	5
I am aware of the Human Resource Policies and Procedures	1	2	3	4	5
I am fairly paid compared to external market	1	2	3	4	5
The Human Resource Policies and Procedures are implemented consistently by all managers (including team leaders)	1	2	3	4	5

BACKGROUND VARIABLES

In this section, we ask for some basic information about you. This will not be used to identify you or your individual responses.

It will only be used by The Company HR to identify trends for groups within The Company.

In order to help pinpoint areas within The Company which may need improvement as well as those that seem to be working well, please provide the following information about you.

The respondents' anonymity will be maintained by HR:

Question 12

Gender? Male
 [Please tick one] Female

Question 13

Are you currently in full or part-time employment? Part-Time
 [Please tick one] Full-Time

Question 14

Do you supervise other employees? Yes
 [Please tick one] No

Question 15

What section do you belong to? Director
 [Please tick one] Head of Division
 Manager
 Team Leader
 Operational/Legal staff

Question 16

Is your contract of employment permanent, temporary or fixed term? Temporary
 [Please tick one] Fixed-term
 Permanent (inc Probation)

Question 17

How long have you worked in your present role?

[Please tick one]

Less than 6mths

More than 6mths but less than 1 year

More than 1 year but less than 2 years

More than 2 years

Question 18

How many years have you worked in this organisation?

[Please tick one]

Less than 6mths

More than 6mths but less than 1 year

More than 1 year but less than 2 years

More than 2 years

Question 19

At which location are you normally based?

[Please tick one]

Block 1

Block 2

Question 20

To which Unit/Business group do you report to?

[Please tick one]

Finance

Sales

Legal

Sales Support/Cheque Issue/CC

HR/Marketing/Compliance

Note: CC = Customer Care

Appendix 2

Employee Engagement Survey

Indicate the extent to which you agree or disagree with the comment:

Strongly disagree, Disagree, Neither agree or disagree, Disagree, Strongly Agree

1. My Supervisor or someone at work, seems to care about me as a person
2. I trust my colleagues, managers, team leaders
3. I understand the Company's mission, vision & purpose
4. I share similar values
5. The values of the Company make me feel that the job I do is important
6. I feel empowered by my job
7. I do my job for money
8. At, work, I have the opportunity to do what I do best every day
9. I have desire to leave the organization
10. In the last seven days, I have received recognition or praise for doing good work
11. I feel pressured to work extra hours
12. I have a best friend at work

13. The facilities, desk, computer etc are conducive to my personal productivity
14. I have the materials and equipment I need to do my work right
15. I have received adequate training to carry out my role
16. This last year, I have had opportunities at work to learn and grow
17. I am satisfied in my job
18. I am committed to the Company

Employee Engagement 2 (for second part of research)

	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Q11	Q12	Q13	Q14	Q15	Q16	Q17	Q18		%	Total	%	
A1	5	4	5	5	5	5	1	5	5	4	4	4	4	4	4	5	5	5	4.39	79	90	88%	
A2	4	4	4	4	4	4	2	4	4	4	2	4	4	4	4	4	4	4	3.78	68	90	76%	
B1	5	5	4	4	3	2	4	4	4	2	2	4	4	4	4	4	4	4	3.72	67	90	74%	
B2	4	4	3	3	4	4	3	4	4	3	2	3	4	4	4	4	4	4	3.61	65	90	72%	
B3	4	4	4	4	4	3	2	3	4	3	2	4	4	5	3	4	3	4	3.56	64	90	71%	
C2	5	3	4	4	4	2	2	2	2	2	4	4	3	4	4	3	4	4	3.33	60	90	67%	
C1	2	3	4	4	5	4	3	4	3	3	2	3	4	3	4	3	2	3	3.28	59	90	66%	
B4	5	5	4	5	4	3	2	2	2	4	2	4	4	4	2	2	2	2	3.22	58	90	64%	
C3	4	4	4	4	3	2	2	2	2	2	2	3	4	4	4	2	2	2	2.89	52	90	58%	
	4.22	4.00	4.00	4.11	4.00	3.22	2.33	3.33	3.33	3.00	2.44	3.67	3.89	4.00	3.67	3.44	3.33	3.56	3.53				

NEG NEG

NEG = negative comment, scoring to be reversed

Strongly disagree, Disagree, Neither agree or disagree, Disagree, Strongly Agree

1 2 3 4 5

Appendix 3 Employee Engagement A, B and C Players