



# EPITOME OF ENGAGING EMPLOYEES

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## 1. Overview

With the ending of war, dawn of a new era of opportunities is in front of us. Sri Lanka has to aptly gear up in order to accelerate its growth with sound overall performance. With aspirations galore, Sri Lanka's forward journey in becoming the next Asian miracle, or the next financial hub should be a clarion call for all bankers.

As banks constitute a significant portion of Sri Lankan businesses, their continuous progress is essential for such a national endeavor. In order to ensure profitable growth, banks have to ensure that their employees perform in a manner that they meet or exceed the expectations. For that to happen, engaging employees has increasingly become crucial. Hence, the aim of this paper is to focus on *what*, *why* and *how* aspects of employee engagement, and to justify its need. I would argue that banks in Sri Lanka should seriously focus on enhancing employee engagement in order to ensure sustained profitability and growth. *Epitome of engaging employees* is an exploration of that essential endeavor.

## 2. Employee Engagement

Employee engagement has become a buzz word in management circles, mainly due to its attractiveness as a tool in getting work done. What do we mean by employee engagement? Interestingly, it means different things to different people. The meaning of employee engagement is ambiguous among both academic researchers and practitioners (Macey and Schneider, 2008). It captures the essence of employees' *head*, *hands* and *heart* involvement in work. It refers to employee's psychological state (e.g. one's identification with the organization), his/her disposition (e.g. one's positive feeling towards the organization) and performance (e.g. one's level of discretionary effort). In brief, it captures affective (feeling), cognitive (thinking) and behavioural (acting) dimensions of an employee.

There are overlapping aspects captured in the concept of employee engagement such as *psychological contract* (unwritten expectations concerning the relationship between an employee and an employer) and *commitment* (identification and involvement with an organization). Hence, it can be more treated as an umbrella term encompassing many related concepts. It deals with specific human behaviours that were in existence for a long period of time, with a renewed focus. In essence, as some critics call it, employee engagement can also be perceived as "old wine in new bottle". If it is the case, one may ask why we should focus on it. The global trends reveal the timely need of it and vital deeds associated with it.



### 3. Global Trends on Employee Engagement

What could be the status of employee engagement in the global arena? This has been one of the most surveyed managerial aspects in the recent past. The Workforce Survey for the year 2010 done by Towers Watson is one such instance, where interesting patterns have emerged. It, in a way pinpoints a watershed moment in the evolution of the employment relationships around the world. From the global recession and financial defaults to changes in business models and strategic priorities, both employers and employees are being forced to revisit some fundamental assumptions about how they deal with one another. Their study, fielded with over 20,000 employees in 22 countries, reveals a recession-battered workforce — one with lower expectations, increased anxiety and new priorities. Such a scenario calls for urgent strengthening of employee engagement.

In another front, the *Gallup Management Journal* publishes a semi-annual Employment Engagement Index. The most recent results pertaining to USA indicate that:

- Only twenty nine percent of employees are actively engaged in their jobs. These employees work with passion and feel a profound connection to their company. People that are actively engaged help move the organization forward.
- Fifty-four percent of employees are not engaged. These employees have essentially “checked out,” sleepwalking through their workday and putting time, but not passion, into their work.
- Seventeen percent of employees are actively disengaged. These employees are busy acting out their unhappiness, undermining what their engaged co-workers are trying to accomplish.

The finding of some of these surveys have to be taken with a pinch of salt, as the employee engagement surveys are only as good as the questions they are built on (Rivenbark, 2010). These contain two types of engagement questions (Federman, 2009). One type covers “core engagement issues” such as “do I have what I need to do my job?”. The other covers “enriching engagement issues” such as “do you believe in the mission of the organization?”. As Fedrman (2009) observes, whilst broad questions about *mission* are important, the *core issues* of day-to-day resources are vital to employee engagement. “If I don’t have a computer to do my work,” Federman (2009) opines, “I’m not thinking about the mission of the organization.”

Vance (2006) outlines ten ways of measuring employee engagement, in a more straight forward manner. They are:

1. Pride in employer.
2. Satisfaction with employer.
3. Job satisfaction.
4. Opportunity to perform well at challenging work.
5. Recognition and positive feedback for one’s contributions.



6. Personal support from one's supervisor.
7. Effort above and beyond the minimum
8. Understanding the link between one's job and the organization's mission.
9. Prospects for future growth with one's employer.
10. Intention to stay with one's employer.

Irrespective of the constraints associated with the surveys, the general trend is a clear indication of how much engaged employees are. There is ample evidence to demonstrate how employee engagement has acted as a driver for organizational success.

Wright (2010) reports a case of Vineet Nayar, the CEO of a \$2.3 billion company called HCL Technologies, with 60,000 professionals in 26 countries where his approach of "employees first and customers second" has yielded results. Nayar's innovative approaches to strengthen employee engagement have resulted in threefold expansion of operating profits since 2005, despite global recession.

Another instance is about Karl Fischer, regional Vice President of Human Resources at Marriott International. He says that higher employee engagement at Marriott means:

- 12% higher revenue per compensation dollar
- 9% higher house profit margin
- 9% of guests are less likely to have problems and
- 11% of guests are more likely to return ([www.shrm.org](http://www.shrm.org))

Soyars and Brusino (2009) reports an employee engagement story of Morrison, which provides food, nutrition, and dining services to the healthcare employs more than 14,000 employees in more than 450 locations. According to them, the company is guided by a mission statement called "The Morrison Way," which focuses on five core values—trust, team, customer focus, learning, and profit. It represents Morrison's culture in which people are the driving force. One of the ways Morrison fosters connections at work is through a program called CHAT (Communication, Help, and Training). CHAT is a monthly meeting that covers anything from safety to well-being. Because the topics of these meetings transcend the workplace, they offer managers and employees the opportunity to discuss issues on a more personal level, allowing them to develop a richer relationship. In addition to CHAT, Morrison uses a format of daily meetings that keep employees current on events in the workplace and reinforce key messages of service and training. According to them, Morrison also provides learning opportunities through stretch assignments and encourages growth through yearly reviews and a development plan for every employee.

Lockwood (2007) shares a success story of a US-based beverage company called MoisonCoors. It was found there that engaged employees were five times less likely than non-engaged employees to have a safety incident and seven times less likely to have a lost-time safety incident. In fact, the average cost of a safety incident for an engaged employee was \$63, compared with an average of \$392 for a non-engaged employee. Consequently, through strengthening employee



engagement, the company had saved \$1,721,760 in safety costs in 2002. In addition, savings were found in sales performance teams through engagement. In 2005, for example, low-engagement teams were seen falling behind engaged teams, with a difference in performance-related costs of low- versus high-engagement teams totaling \$2,104,823. Despite the reservations one would have as to how accurately they measured employee engagement, the key message is clear.

From the banking world, *Baere and Baeten (2008) tell us about employee engagement at Royal Bank of Scotland. At the bank, they break it down into three components based on the answers from employee surveys, viz. say, stay and strive.*

- **Say:** Consistently speaks positively about the organization to colleagues, potential employees and customers
- **Stay:** Has an intense desire to be a member of the organization
- **Strive:** Exerts extra effort and engages in behaviors that contribute to business success

In fact, the bank has improved employee engagement with new **flexible benefits tool, called RBSelect. As Baere and Baeten (2008) further elaborate, with RBSelect, depending on the job, jurisdiction and the country, employees can buy different kinds of benefits. In the United Kingdom, for example, employees can opt for insurances for themselves or their family, additional medical benefits, pension plans, a bicycle for riding to work, transportation allowances, bus tickets, etc.**

Among other interesting stories in the web, how Genesee Regional Bank, Rochester, New York, has developed a web-based employee engagement software, and saw significant improvements in employee contribution ([www.ababj.com](http://www.ababj.com)), and how synergy workshops in Taiwan helped to strengthen employee engagement after the merger of American Express Bank and Standard Chartered Bank in 2008 resulting in an accelerated growth ([www.standardchartered.com](http://www.standardchartered.com)) could be noted.

In the case of Sri Lanka, many such examples can be found where focused effort towards engaging employees had yielded results. Despite the scarcity of documented evidence, efforts are being made in this front, with vision and vigor. One common characteristic among the top ten winners of the recently concluded National HR Awards 2010 was the sustained focus on employee engagement. However, the scope is vast and the continuous improvement path remains widely open.

## 4. Enhancing Employee Engagement

What can we do to enhance employee engagement? In the threshold of accelerated growth, this is the opportune time for Sri Lankan organizations to ask this pertinent question. Seijts and Crim (2006) offer interesting insights through what they termed as “ten Cs for employee engagement”. Essentially, they deal with what corporate leaders should do in order to strengthen



employee engagement. The key focus in each C can further be expanded into possible initiatives. The details of such an approach can be captured as shown in table 1.

**Table 1. Ten C's for Employee Engagement**

	<b>Aspect</b>	<b>Leadership Focus</b>	<b>Possible Initiatives</b>
1	Connect	Leaders must show that they value employees.	Maintain open channels so that employees can approach their superiors to discuss matters in a mutually beneficial manner
2	Career	Leaders should provide challenging and meaningful work with opportunities for career advancement.	Show employees the way forward in terms of career advancements and options, in motivate them to perform exceeding expectations.
3	Clarity	Leaders must communicate a clear vision.	Build awareness on vision, mission and strategic priorities among the employees, in ensuring that they are clear about <i>why</i> they are doing <i>what</i> they do
4	Convey	Leaders clarify their expectations about employees and provide feedback on their functioning in the organization.	Ensure proper conduct of the performance appraisals by training the managers as to how to give constructive feedback objectively
5	Congratulate	Leaders give recognition. Exceptional leaders do so a lot.	Appreciate good performance of employees by reward and recognition, in a timely fashion
6	Contribute	Leaders make sure that employees know how their contribution matters	Introduce a transparent mechanism of objective setting and then connecting individual objectives to broad organizational objectives



7	Control	Leaders set the boundaries with the buy-in of the Employees	Set the boundaries of activities with systems in place with the involvement of employees, so that they are a part of the decision making process.
8	Collaborate	Great leaders are team builders; they create an environment that fosters trust and collaboration.	Ensure that teamwork is given due prominence with associated mechanisms such as team-based rewards to strengthen it
9	Credibility	Leaders should strive to maintain organizational reputation and demonstrate high ethical standards.	Demonstrate being ethical in decision making, so that employees will strengthen their admiration of the organization
10	Confidence	Good leaders help create confidence in a company by being exemplars of high performance standards.	Practice “walking the talk” at all levels so that employees have better trust and confidence on their superiors

**Source: Adapted from Seijts and Crim (2006:5)**

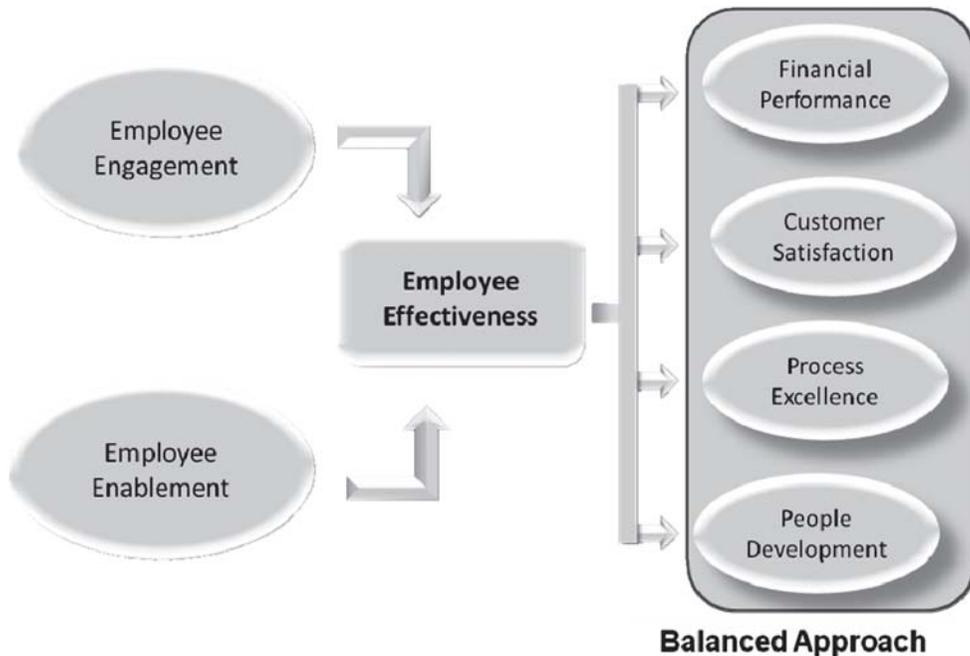
The ten Cs discussed above should be appropriately blended with organizational priorities, with sound HR practices in place. Once all Cs are taken seriously and put into place, the organization is well geared to move forward in the path to progress.

One cautionary remark however is about the need to have a broader perspective towards work. Employee engagement should by no means confine the employees to the workplace, depriving them of their family and social obligations. In research literature, higher job security, increased social support and the existence of family friendly policies have been shown to reduce the incidence of work-family conflict (Barling et al., 2005; Cooper, 2005). Whilst striving for employee engagement, ensuring a proper balancing of other aspects needs careful consideration.

## 5. Engagement to Effectiveness

Having discussed, employee engagement in detail, one should not get overly complacent that it will be the panacea for all corporate illnesses. It should be appropriately combined with other necessary ingredients in order to ensure sustained performance. In other words, it is one critical element in the broad organizational arena. The diagram given below offers interesting insights in this regard.

**FIGURE 1. Engagement to Effectiveness**



**Source: Adapted from Hay Group (2009: 21)**

As the above figure indicates, employee engagement should blend with employee enablement in order to ensure effectiveness. Employee enablement deals with matching people with positions. Ensuring that the motivated employees are highly engaged, are at the right position with right resources, and with right level of authority of decision making (Dessler, 2008). Basically, it deals with the organizational support, in the form of structure and resources. Also, it encompasses a vast array of facets ranging from job design to performance standards, where HR professionals have a vital role to play.

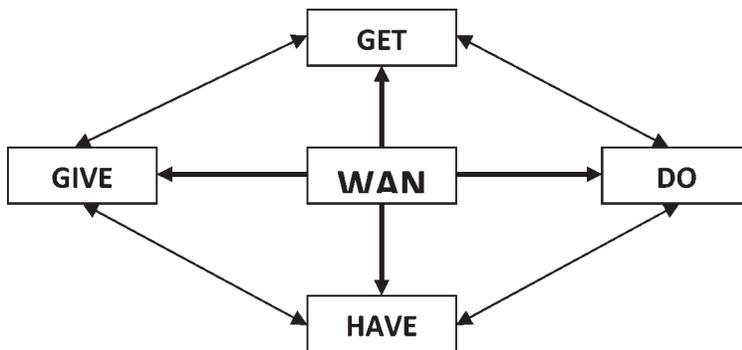
According to Hay Group (2009) involving cross-industry analysis with more than 400 companies, the organizations in the top quartile on employee engagement demonstrated 2.5 higher revenue growth compared to that of bottom quartile. The organizations in the top quartile on both engagement and enablement, showed 4.5 times higher results, highlighting the joint contribution.

The combined effect of engaging and enabling, is the employee effectiveness. The achievement of objectives in performing upto the expectations, which legendary Peter Drucker called “doing the right things”.



Such an employee endeavour should get connected to the organizational results through an appropriate mechanism or framework. Balanced Scorecard pioneered by Kaplan and Norton (1992) becomes the perfect fit in this respect. In essence, “wanting” to reach the desired dream (vision and strategy), by “getting” the returns (financial perspective), by “giving” the products and services (customer perspective), by “doing” the work (internal process perspective), by “having” the right people (people perspective) are the interconnected aspects (Liyanaage, 2005). This is depicted in figure 2.

**FIGURE 2. Balanced Approach to Results**



**Source: Adapted from Liyanage (2005)**

To zoom deeper into the “have” aspect or the people perspective, employee engagement coupled with enablement, leading to effectiveness appear as essential ingredients.

## **6. Balancing two E’s – Being Ethical and Effective**

The path that leads from employee engagement to enhanced organizational results, need another delicate balancing. Balancing of two Es; namely, being *ethical* and *effective*. The numerous stories we heard ranging from global credit crunch to Golden Key chaos, calls for the need of ethicality. It is not achieving short-term gains “either by hook or by crook” but something much deeper, grounded on solid principles.

Ethics is difficult to define in a precise way. In a general sense, ethics is the code of moral principles and values that governs the behaviours of a person or a group with respect to what is right or what is wrong. “Do unto others as you would have them do unto you”, says the golden rule of ethics.

Focusing more on business ethics, it is the capacity to reflect on values in the corporate decision making process, to determine how these values and decisions affect various stakeholder groups, and to establish how managers can use these observations in a day-to-day company management. A code of ethics is a formal statement that acts as a guide for making decisions and acting within an organization. Daft (2006) reports a four-way test, which is globally advocated by Rotary International.

- Is the decision truthful?
- Is it fair to all concerned?
- Will it be beneficial to all concerned?
- Will it build goodwill and better friendships?

The answer should be “yes” to all above questions, in order the decision to be ethical. The reality of being ethical is that the response should always be “digital”. Either you are ethical, or unethical, and there is no half way. The challenge in this respect is the engagement of employees whilst ensuring that they are guided to be ethical and effective.

## **7. Detached vs. Attached Involvement**

In search for an enduring response to the dire need to be ethical and effective, the twin terms, Niskam Karma (NK) and Sakam Karma (SK) introduced to the management circles by Chakraborty and Chakraborty (2006) make much sense.

Nishkam Karma (NK) is a term derived from the revered Hindu text, BhagawadGita. It literally means detached involvement. Performing work, accepted on the basis of agreed remuneration, with little calculation or comparison with others, or concern for additional personal recognition, gain or reward during or completion of the work. A verse in BhagavadGita enunciates the principle of NK as: “Thou hast a right to action, but only to action, never to its fruits; let not the fruits of thy works be thy motive, neither let there be in thee any attachment in inactivity.”

The opposite of NK is termed as Sakam Karma (SK) meaning attached involvement. As Chakraborty and Chakraborty (2006) elaborates, it means performing work, accepted on the basis of agreed remuneration, with anxious comparative calculation vis-à-vis others, for additional personal recognition, gain or reward during or on completion of the work.

Commenting on the Indian Scenario, Chakraborty and Chakraborty (2006) state the following: “The 1980s have been often described as the “greedy decade”. A similar phenomenon began in India in 1990s, initiated by the stock-exchange-banking mega scam. Several highly ranked chairmen and CEOs of companies, chief justices, vice chancellors, chairmen of State Public Service Commissions, Senior Bureaucrats and other important public figures came under a cloud, having been involved in unethical practices” (Chakraborty and Chakraborty, 2006: 115)

It by no way means one has to leave the worldly affairs in becoming an ascetic. As Sri Aurobindo (1977) aptly points out, “action done with NK is not only the highest, but the wisest, the most potent and efficient even for the affairs of the world”. A desirable scenario would be to see the engaged employees becoming detached, yet continuing to be involved. A simple example could be, a bank manager devoting himself/herself for the achievement of the given objectives, in a whole-hearted manner, without thinking of what one would get in return. The opposite of this will be another manager working hard on a personal agenda, aspiring to get the next promotion early.



The differences between NK and SK can be shown as tabulated as in Table 2. The table clearly depicts, it is comparison between “green” vs. “greed”.

**TABLE 2. NK and SK Compared**

<b>Niskam Karma (Detached Involvement)</b>	<b>Sakam Karma (Attached Involvement)</b>
Psychological energy conservation	Psychological burnout
Perfection is the aim	Success is the aim
Socio-economically appropriate	Socio-economically questionable
Work-commitment	Reward-commitment
Enhances ethicality	Reduces ethicality
Mind enrichment	Job enrichment
Liberating	Binding

**Source: Chakraborty & Chakraborty (2006: 124)**

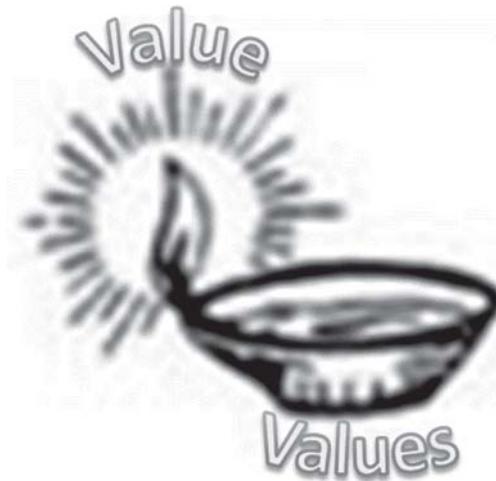
The table above clearly indicates the detachedness required in order to make employee engagement meaningful. The elements of NK should be considered when it comes to training and development initiatives related to employee engagement.

## **8. Value through Values**

In summing up the discussion on engaging employees, the metaphor of a clay lamp sheds much light. It is a process of “values” to “value”. Figure 3 depicts this symbolic relationship.

Values refer to the preferences reflecting your orientation. In other words, selecting a specific mode of conduct. In the organizational context, we talk about shared values, organizational values or core values.

**FIGURE 3. Value through Values**



The “value” here refers to economic value or the net financial worth of the organization. Managers should be value creators, in demonstrating values in their actions. They should do so through engaged employees. Therefore, engaged employees should reflect the organizational “values” in their actions. The way they perform should create value or enhance “value” of the organization, as the way a lamp emanating light with a solid base.

## **9. Conclusion**

As the discussion repeatedly resonated, engaged and enabled employees will demonstrate effectiveness leading to enhance organizational performance, banks and other Sri Lankan organizations can enrich their performance by paying due attention to employee engagement, in taking necessary steps that will pave the way for Sri Lanka to march forward with a vibrant corporate sector. .

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