

# Measuring the Benefits of Employee Engagement

— V. Kumar and Anita Pansari

Employees' attitude towards the organisation influences the way they approach their jobs and deal with customers. This also influences the firm's profitability and growth. Employees are the face of the organisation and a source of knowledge and innovation. Hence, companies need to work towards improving employee engagement. In this study, the authors collected data from 208 managers at 52 companies and identified five dimensions of employee engagement. Based on statistical analysis of this data, an employee engagement scorecard was developed. The scorecard framework was then implemented in 75 companies across North America, Europe and Asia. This summary concisely presents the study, its findings and implications.

## Defining Employee Engagement

Research literature attributes several meanings to the term employee engagement and there is no consensus about what exactly the term involves. Hence, the authors conducted interviews with 208 managers in 52 companies in hotel, airline, telecommunications, retail and banking industries, to understand the meaning of employee engagement. Based on the analysis of responses they defined employee engagement as *“a multidimensional construct that comprises all of the different facets of the attitudes and behaviors of employees towards the organization.”* They identified the following five dimensions of employee engagement:

**(1) Employee Satisfaction:** It is the positive reaction employees have to their overall job circumstances including pay, coworkers and superiors. Satisfied employees are committed to work and connect with organisational objectives.

**(2) Employee Identification:** It is the emotional state in which employees view themselves as intertwined with the success or failure of the organisation.

**(3) Employee Commitment:** It is the higher order of association with the organisation that induces employees to do much more than the call of their duty. A committed employee works for the best interests of the organisation.

**(4) Employee Loyalty:** It is the deep sense of belonging and gratitude towards the organization, which motivates employees to contribute more than what is expected from them.

**(5) Employee Performance:** It is reflected in the quality of goods and services produced and in customer interactions and feedback.

Effective training, orientation and branding initiatives strengthens employee engagement.

## Measuring Employee Engagement

Based on their research analysis, the authors developed an employee engagement scorecard to measure various components of employee engagements (see Figure 1). The scorecard measured the engagement scores

EMPLOYEE SATISFACTION	EMPLOYEE IDENTIFICATION	EMPLOYEE COMMITMENT	EMPLOYEE LOYALTY	EMPLOYEE PERFORMANCE
<ul style="list-style-type: none"> <li>•Receives recognition for a job</li> <li>•Feels close to people at work</li> <li>•Feels good about working at this company</li> <li>•Feels secure about job</li> <li>•Believes that the management is concerned about employees</li> </ul>	<ul style="list-style-type: none"> <li>•Proud to tell others about employment</li> <li>•Feels a sense of ownership</li> <li>•Feels a sense of pride</li> <li>•Views the success of the brand as his own</li> <li>•Treats organization like family</li> <li>•Says "we" rather than "they"</li> <li>•Feels like it's a personal compliment when the brand is praised</li> </ul>	<ul style="list-style-type: none"> <li>•Commitment to deliver the brand promise increases along with knowledge of the brand</li> <li>•Very committed to delivering the brand promise</li> <li>•Feels like the organization has a great deal of personal meaning</li> </ul>	<ul style="list-style-type: none"> <li>•Content to spend the rest of his/her career in this organization</li> <li>•Does not have intention to change to another organization</li> <li>•Intention to stay is driven by competency in delivering the brand promise</li> </ul>	<ul style="list-style-type: none"> <li>•Performance in the last appraisal exceeded expectations</li> <li>•Believes there is increased opportunity for improved performance in this organization</li> </ul>

Figure 1. Employee Engagement Scorecard

of individual employees by rating each attribute on a 1 to 5 scale (lowest to highest) and arrived at the total employee engagement score by aggregating the scores of all the components. The scorecard was implemented in 75 companies in India, China, Germany, Belgium, the Netherlands, Austria and the USA. The scores of 80 to 100 indicated that the company had a high level of employee engagement while the 60 to 79 range indicated that though engagement was good, there was room for improvement. Scores ranging from 40 to 59 signaled that employees were somewhat engaged but several areas called for an immediate attention. Whereas scores ranging from 20 to 39 indicated that employee engagement was low and the company must seriously enhance it. Companies with high employee engagement were found to have higher sales and profit performance.

### Practical Implications

The study has important implications for family firms. An engaged workforce is a crucial resource for the business. Family firms can measure the existing levels of employee engagement using the scorecard developed by the authors and allocate more resources to improve on the areas that turn out weaker. Family firms can improve engagement of their employees by designing new performance incentives, offering mentorship programmes, reinforcing organizational culture, setting up idea-development forums, empowering employees through self-development programmes and by providing tools that enhance their productivity. Engaged employees will lead to improved firm performance in terms of sales and profits.

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