

## Activating Employee Engagement: A Case of UK Based Organization

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### ABSTRACT

*This piece of paper has undertaken the concept of employee engagement from a critical and strategic perspective by selecting a UK based organization. This paper has helped in understanding on how employee engagement can be activated and promoted in organizations. I kept in mind the report of MacLeod and the result of their studies that leadership, line management, employee voice and integrity are key drivers of engagement. We have stressed these points in our proposal which will benefit both the organization and employees in raising their performance. The line manager has a clear role of communicating openly and effectively for EVP to work in the right direction. The only limitation that we felt is the lack of information about the economic condition of the company so that we could have analysed our situation clearly and employees would have persuaded easily. It has been found that a fresh & happier employee will engage highly in his/her work. Job autonomy will make a pleasant impact on employees and it will raise the satisfaction level of employees i.e. giving them autonomy in innovation and style of delivering the job will unleash their potential fully and employees will engage more in their jobs. Researcher has acted as HR Manager of the case organization and suggest them concrete recommendations based on analysis and discussion.*

**Keywords:** AMO model, employee engagement, job satisfaction, McLeod Report, rewards and recognition, line manager, discretionary behaviour, employee attitude, information sharing, surveys

### INTRODUCTION

This report is about a company called Putteridge Solutions plc and employee engagement issues faced by them. This is a software development company specifically works for corporate sector companies, their security assessment, internet security, infrastructure health checks and providing them with security packages. They have several offices in Europe and head office in UK with over 400 staff in the UK which includes 300 skilled technical workers. The company has been performing highly in recent years by working with corporate sector clients and they have attracted skilled employees in the company due to their high (basic) pay policy even when the market was tight last year due to economic downturn. They also provide annual bonuses depending on company profits and team bonuses based on the performances for motivating, retaining & engaging employees towards work. Last year's annual bonus was £9,000 for the average employee last year. The policy for training its staff is mainly through educational bodies and competitors with less focus on employee relations.

Technical teams work as a semi-autonomous body and they are updated about the developments of the organization through occasional meetings with CEO, e-mails and team meetings. Now the revenues and share price of the company have reduced in the market last year and analysis of this year is indicating that annual bonus will get reduced this year to about one fifth of last year's bonus and subsequently no annual bonus for next year is predicted. Option of redundancies is not on cards by the company and turnover of staff has not been increased but grievances and sick absence has increased little bit. Now the purpose

of this report is to figure out different ways of engaging employees because for now the only way of engaging them was through good reward system. As an HR manager CEO has asked us to prepare a comprehensive report on different ways of engaging employees that are cost efficient and effective at the same time for our company. CEO has attended conferences on Employee Engagement in which he reviewed McLeod's findings and he feels that the reduction in reward will impact on performance of employees because grievance and sick leaves has gone up a little bit and McLeod's review has also stated that co-relation exists between engagement, performance and wellbeing. After reviewing this report the CEO wants to engage employees by implementing effective techniques for the benefit of employees and organization. So, the purpose of this report is to conduct literature review on the concept of employee engagement i.e. to show how it can be improved and measured. Then on the basis of analysis of literature we have to give effective ways of engaging employees and to improve utilization of employees using HR and other practices in the form of a proposal in which all the implementation issues such as HR & Finance should also be discussed for giving a clear picture to CEO about the implications of proposal i.e. how it can be useful for the company and proposal should be with explanations and justifications so that it reflects authenticity and worth implementing.

## **MAIN BODY**

### **Literature of Employee Engagement Concept**

After reading academic articles by researchers and work done by practitioners we have found that there is not much difference between defining and viewing the concept of employee engagement as the basics remains the same with little bit of addition or subtraction of different elements. Now we will discuss this concept as defined by practitioners and academic researchers, then we will state our own understanding of it.

The phenomena of 'job satisfaction' were prevailing in 1980's, then 'employee motivation' in 1990's and now the concept of 'employee engagement' are considered as de rigueur phrase. According to a survey done by 'CIPD' on employee engagement in 2006, the chances of retaining high performing employees are more for organizations that exhibits high levels of engagement. Employee Engagement has got the attention of human performance technology (HPT) and business leaders because it is an issue of workplace performance (Gostick & Elton, 2007; Paradise, 2008). This concept is valued due to its positive impacts on outcomes of business i.e. teamwork, customer service and productivity (Catteuw Flynn & Vonderhorst, 2007). Employee motivation has been studied extensively by two researchers Gostick & Elton (2007); they suggested that for workplace motivation employee engagement is a key factor. They defined engaged employees as those who "for achieving company goals gives their all & they are above and beyond performers. Corace (2007) also explains engaged employees as "truly committed and contagiously passionate for the success of their organization and for what they are doing".

According to CIPD fact sheet (2009), employee engagement is not simply motivation and it goes beyond job satisfaction, but it is a commitment from employee for the organization and its values plus willingness of showing organizational citizenship behaviour. Engagement cannot be included in the contract of employment as it is something which employee has to offer. According to Global workforce study done by Towers Perrin's, (2007) they found that highly-engaged employees are more likely to stick with their organization than disengaged employees and they also believe that they can make a useful contribution for the productivity and wellbeing of their organization. For authentication they published the engagement report in 2007, which shows that on average, organizations with high percentage of engaged

employees increased their margins of operations by 3.74% and margins of net profit by 2.06%. Whereas, organizations with low rates of engaged staff decreased their operating margins by 2% and their net profit margins by 1.38%.

McLeod & Clarke, (2009) states their view of engagement as “it is an approach of workplace designed to ensure that employees are committed to the values and goals of their organization, motivated for contributing in the success of organization and at the same time are able to enhance their own sense of well-being. Managing director of Internal Communications Agency Mr Nic Pearce, (2008) added a point about this concept that employers have to be more descriptive and detailed about what the result mean for employees on routine basis.

For example he explains, “If higher management communicates that they want to increase organization’s market share by 5% by the end of next year, then employees need to understand and know that what organization wants them to do differently from what they are doing now. This is the reason why employee engagement is considered so important by companies today. Unlike the past concepts of staff motivation and job satisfaction, this concept is not simply about developing happier staff members, but about making an organization more successful and productive by engaging people.

From the literature we have developed an understanding about employee engagement as a process in which employees feels being valued by the organization or managers in terms of overall policies & organizational culture or environment and they tend to perform with their best possible abilities for the success of organization i.e. organizational citizenship behaviour or discretionary behaviour comes into play. In the appendix we have given characteristics of engaged employees.

### **Measuring Engagement**

Measurement of engagement can be done by measuring attitudes of employees because one factor is common in all the definitions of employee engagement that employee should be a high performer or go extra mile by showing discretionary behaviour or organization citizenship behaviour (Langford, 2009). This can be measured by measuring the attitudes of employees through surveys. These surveys will show that what employees are feeling about their work on various dimensions i.e. learning and development, line management, communication, pay & benefits and work life balance. Attitude survey data results can be used for identifying and improving the areas which are not working well for employees to enhance the performance management and engagement of employees (Gable, Marker, Chyung, Winiecki, 2010). A critical pitfall of this survey is often the failure of organization to act on its results (Edward, Thomas, 1997). If not implemented then, it can result in further decline of engagement because employees will feel that their inputs were not given value.

The results of this engagement survey can be used by organization while hiring new employees in the future where they should use on survey for new employees about the perceptions of engagement so that they know beforehand about the attitude of new employees and organization can improve the engagement of new employees by using the results. The engagement can be improved by providing employees such environment and conditions in which their discretionary behaviour can be provoked positively so that they can go extra mile for the organization with their full heart.

### **AMO Theory for Improving Engagement**

This theory says that for provoking the discretionary behaviour of employees positively or getting the extra mile from employees to improve their engagement, organization should look for three main factors i.e. Ability, Motivation & Opportunity. Employee should have the

ability and skills to perform certain and training should be provided by the organization for enhancing the skills because it is assumed that people want to learn new skills for their own growth and to help organization as well. Secondly, motivation should be provided by organization which covers many areas i.e. good rewards & benefits, professional growth, behaviour of line manager, autonomy and culture Nick, Sue (2003). The role of line manager is very crucial in engaging employees because all the HR practices are implemented through line managers and they reflect the values and culture of the organization to the employees which motivates or de-motivates employees.

It also includes involvement of employees in the decision making and the way line managers shows respect, trust, behave and give directions and respond to suggestions. Thirdly, opportunities should be provided to employees to show and perform for the wellbeing of organization and for them. Discretionary behaviour is very important for the engagement of employees because as we discussed above engagement goes beyond motivation. Discretionary behaviour means making a kind of choice which can define a job i.e. in which way to do a job or how to do a job, for example care, innovation and style of delivering job etc.

This kind of behaviour is the base of employment relationship simply because for employer it is difficult to define and then examine and managing the amount of productive behaviour, effort and innovation required Boxall & Purcell (2003). Effective organizations possess a level of sophistication in their approach of managing people which leads to provocation of discretionary behaviour and inputs which are considered as extra mile, Gardiner & Wright (2003). A number of studies have used the concept of organization citizenship behaviour which is about getting that extra mile by employees for their organization in terms of customer servicing, problem solving and quality of work. It is actually connected with people's perception about their employer i.e. how motivating is their job, how satisfied they are from their job etc (Coyle-Shapiro et al, 2000). This is also called affective commitment when an employee is satisfied and contended with its employer in terms of its policies and procedures then it tends to stay with the organization for longer period of time by displaying the best of his abilities and efforts.

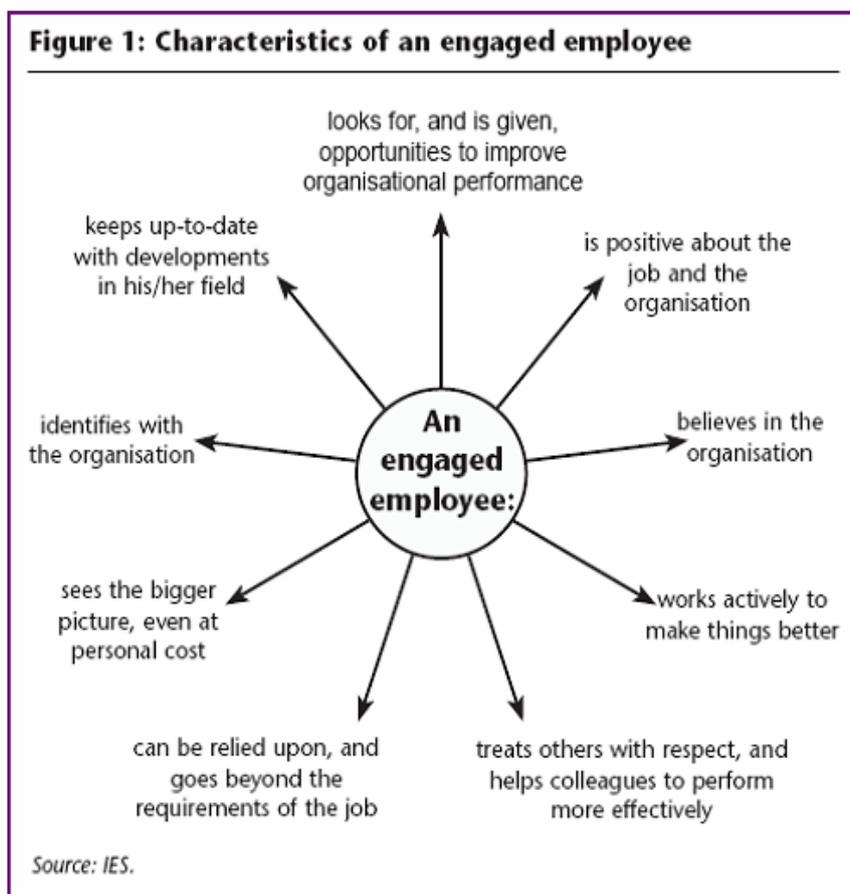
Eleven practices are there for giving practical meaning to AMO which were identified by (Boxall, Purcell, 2002): i) Sophisticated Recruitment & Selection, ii) Learning & Development, iii) Pay Satisfaction, iv) Providing Career Opportunities, v) Work-life balance, vi) Team working, vii) Two-way Communication & Information Sharing, viii) Job Autonomy, ix) Job Security, x) Involvement in Decision Making, and xi) Appraising Performance of each Individual

These practices should be used for improving and maintaining the employee engagement.

## **STRATEGIC OVERVIEW**

Employee engagement is a strategic issue and HR has a crucial role to play in its management and implementation. The first requirement is to develop a clear strategic aim about what we want to achieve i.e. "employee value proposition" (EVP). We need to align organizational objectives with what we need from our staff to deliver and then what we will offer for making employees feel engaged Barker, (2008). According to McLeod's 2009 report employee voice, line management, leadership and integrity are the important enablers of the engagement and a co-relation exists between performance, wellbeing and engagement. According to CIPD research on employee attitudes the major drivers of employee engagement are: a) Getting the opportunity to communicate your views upward, b) Being up-

to-dated and informed about the happenings of organization, c) Trusting that the manager is committed with the organization.



According to Institute of Employment Studies the key drivers of engagement includes a sense of feeling involved and valued. Following components constitutes this feeling: i) Being involved in decision making, ii) Freedom to raise voice to which manager gives importance and listen, iii) Feeling skilled and enabled to perform highly, iv) Getting the opportunities to develop the job, v) Getting the feeling that organization is concerned about employees well-being and health.

So, we have three trusted versions about the drivers of engagement and in the literature we have seen the definitions of employee engagement. Now we have to design our HR strategy according to these drivers & concept of engagement i.e. by analyzing that in our company which driver is missing and which driver is weak so that we can identify the key drivers for improving the engagement and utilization of employees and we can instil such factors that will strengthen the engagement. In our company Putteridge Solutions plc, the following points are lacking: i) The role of Line manager, ii) Autonomy of employees, iii) Communication gap between management and employees, iv) Freedom to raise voice upwards, v) Employee relations are not prioritized, vi) Lack of trust on managers and organization, vii) Involvement in the decision making, viii) Feeling of being valued, and ix) Lack of motivation.

Now, these lacking have led to grievances, sick leaves, absence of organizational citizenship behaviour, lack of extra commitment, negative discretionary behaviour etc. All these are drivers of engagement and we have to get them back for our company to sustain its position. Another strategic factor to be considered is the emotional engagement i.e. being emotionally involved in the work. Because according to CIPD survey on attitudes of UK employees it has

been found that every six out of ten employees in UK are emotionally engaged which is highest followed by cognitively (mentally focused) engaged and physically engaged. It means our company was only focusing on employee reward and we neglected employee relations altogether. It is the deficiency of employee relations (communication gap & poor line manager role) that today grievances and sick leaves have increased in the company. So, while designing our HR strategy we need to consider this issue and we have to plan accordingly.

## **PROPOSAL FOR HR STRATEGY**

### **Line Manager's Role and Leadership**

For the effective working of EVP the role of line manager is very crucial and we need our leadership to make sure the two way information flow. It is a cost effective method of engaging and retaining high performing employees i.e. line managers should be made more interactive with employees and try to regain the confidence and trust of employees by communicating regularly. Line managers should show concern for employees and their wellbeing so that employees feel that managers are committed to organization and they are here to support them as well. Line manager will bridge the gap between employees and higher management and employees will feel sense of being valued and important. Employee voice should be listened and responded and make sure that their voice has reached upward because it an important driver of engagement for them as described by Institute of Employment. This will enhance the employee relations of Putteridge Solutions plc.

### **Involvement in Decision Making**

Up till now the involvement of employees in decision making is not used by our company which is a de-motivating factor for employees especially now when the major driving factor for engagement has reduced i.e. rewards. Involve employees in the decision making process and ask them about the views and suggestions to add for the betterment of Putteridge Solutions plc. Especially as per the research of CIPD the majority of British employees are emotionally engaged so with this involvement in decision making employees will engage themselves emotionally with the organization and they would like to stick with the company by performing with high motivation.

### **Giving Opportunities and Development**

According to AMO theory the opportunities should be given to capable employees for performing something outstanding and training should be given to make them learn new skills for excelling further (Hartog, Boselie, Paauwe, 2004). In our company we need to give capable employees opportunities for key projects so that they feel trusted and valued by the organization and for achievement they will engage highly and will got extra mile as well for Putteridge Solutions. It is technical work so professional training instead of basic training should be given to employees through professionals & consultants within the organization so that they become skilled enough to take on tasks & job of higher level and this career development will act as a major engaging force as rewards have been reduced.

### **Feedback and Surveys**

Monthly surveys should be conducted for taking suggestions of employees regarding improvements in the organization and then implementation should be made on identified weaknesses as this will convey a message of respect, value and trust on employees and they will tend to engage highly in their jobs. As Edward & Thomas, (1997) said that implementation is crucial otherwise it will de-motivate the employees. Employee citizenship behaviour will increase when the employees will feel trusted & valued by the organization and that their opinion makes worth for management.

### **Information Sharing and Job Security**

Line manager should act as bridge between higher management, policies and employees i.e. don't tell them about the decisions after making it as it has been done in the past. Share information with employees about the situation of the company and ensure them the job security because right now for the employees of Putteridge Solutions the major disengaging force is the insecurity of their job. Ensure the job security through line managers and conduct a formal between higher management and employees for building the confidence of employees and it will control the grievances and sick leaves as well. Take employees in confidence about the bonuses and teams rewards that due to the decreased profits it has to be done but, give them assurance that as soon as the profits will go up and employees will perform with high quality they will get the rewards on the similar fashion.

### **Work Life Balance**

In our company this is very essential to provide for employees because this will drive the discretionary behaviour of employees positively towards work and they will give best possible efforts as stated by Boxall & Purcell (2003). Employees are doing very technical job which can be very boring and frustrating sometimes and a fresh mind can do this job better instead of a tired mind. WLB should be designed for employees according to their requirements i.e. for single or married employees it should be different and for women it should be different i.e. parental leave, maternity leave, annual leave, study leave, special leave, time off for health appointments, all these should be provided to employees accordingly so that they can balance their personal life. Job rotation i.e. revolving the employees around different projects will give professional growth and fresh mental approach towards job which ultimately will increase the engagement Bratton & Gold, (2007).

### **Rewards and Job Autonomy**

As the profits have gone down so instead of giving monetary rewards, our company should use non-cash rewards i.e. employee of the month shield or best performer in the team shield or recognition shield for outstanding contribution to the company etc. This will motivate employees and raise satisfaction level which is useful for engaging them in their work. Gift vouchers & dinner vouchers can also be used as they are cost effective and definitely will work to make the employees happier and fresh. A fresh & happier employee will engage highly in his/her work. Job autonomy will make a pleasant impact on employees and it will raise the satisfaction level of employees i.e. giving them autonomy in innovation and style of delivering the job will unleash their potential fully and employees will engage more in their jobs Cardin, Bally & Luis (2004).

It will drive the cognitive engagement in employees as well because when employees are mentally pressure free and independent then they strives more for achievement and recognition (Ipsos/MORI).

### **IMPLEMENTATION ISSUES**

For the implementation of the above given proposal HR department has a crucial role to play. The independence of HR department is necessary so that they don't feel any influence or pressure from any particular group or individual. The alignment of organizational objectives with HR objectives is the key. HR manager should communicate with higher management for the alignment of goals and inform them about the situation of the company i.e. decreasing engagement of employees and the possible causes of it which are discussed above. As an HR manager we would like to tell them that these are the cost effective ways of improving the engagement of employees and these strategies will not incur much cost because almost all

strategies involve non-monetary aspects except little expense on rewards in the form of gifts and shields. But, we have to bear this little expense on rewards because the non-availability of bonuses is happening for the first time in the history of our organization and it is essential to arrange something alternate because it is a major driving force of engagement and motivation for employees. The benefits of the proposal are greater than its cost.

We have not paid attention towards employee relations in the past and the involvement of employees in decision making or other matters of organization was not used which has adverse effects on satisfaction and engagement. So, now we need to adopt information sharing, employee voice and feedback of employees so that we can engage them in work and it will not cost anything in terms of money. The only cost is time and resources of organization for effective communication because engagement means providing suitable conditions to employee for working effectively. Healthy work life balance will enhance the discretionary behaviour of employees and opportunities to learn will increase the engagement.

Due to the flatter organizational structures in UK we will not face difficulty in giving job autonomy to employees at lower level Micheal, (2001). Line manager can turn the situation drastically positive with their attitudes and behaviours because they implement HR policies and when they will maintain healthy relationships with employees it will naturally increase the engagement of employees because open friendly environment is a big motivator and driver of discretionary behaviour. And as per CIPD research it is beneficial for employer to drive up engagement levels of its employees as it will raise performance levels and it will benefit employees as well i.e. experience of employment, self-fulfilment and satisfaction. In this proposal everything is for the well-being of employees and the only concern is about bonuses and increments which higher management will assure that as the economic condition gets better they will get the bonuses according to their performances and company profits. For now, company is going to do so much for its employees and their well-being that they can trust their company. HR expertise required for implementing are very simple i.e. use notice board and e-mails for informing employees regularly about the updates and modify the documentation of policies and circulate them to employees via notice board or e-mails so that effective communication & trust prevails. We can refer to MacLeod's report for authentication and validation of our proposal.

## **CONCLUSION**

The outstanding issues in our company are lack of trust, confidence, and communication of employees on the company which is due to the poor employee relations conducted by our company. The major lacking is that there is only one driver for engagement and motivation i.e. financial rewards. Now, due to the non-availability of these rewards and poor employee relations (lack of involvement in decision making & information sharing) the grievance and sick leaves are taking place. Our report has addressed all the issues of our organization and we have given explanations and justifications for our proposals that they will effectively work. Numbers of researches and studies have been considered while giving proposal and this report will regain the trust and confidence of employees on the organization and the role of line manager will give life to all the proposed suggestions. Our report has specifically addressed the British employees' behaviour and their drivers of engagement and the ways they get motivated and engaged. We kept in mind the report of MacLeod and the result of their studies that leadership, line management, employee voice and integrity are key drivers of engagement. We have stressed these points in our proposal which will benefit both the organization and employees in raising their performance. The line manager has a clear role of communicating openly and effectively for EVP to work in the right direction. The only

limitation that we felt is the lack of information about the economic condition of the company so that we could have analyzed our situation clearly and employees would have persuaded easily.

### **ACKNOWLEDGEMENT**

Inspiration and motivation are two important elements for me in striving for academic and personal success. Therefore, I would like to thank my parents and my family for being a prime source of my motivation. I would like to thank my teacher Mr. Abdul Basit (Lecturer Computer Sciences) for motivating me to engage in higher studies from a learning perspective. I want to thank my wife Mrs. Kiran Ahmed for her continuous support and motivation in my personal and professional life. I would like to thank my friend Mr. Zubair Malik (PhD Candidate Cardiff Metropolitan University) for encouraging me to involve in research activities. I would like to thank my favourite sports personality Mr. Roger Federer (Tennis World No.2) for inspiring me for so many years to work hard in my professional life. I want to thank Ms. Caroline Bolam (Lecturer University of Bedfordshire) for being an amazing academic mentor. Lastly, I would like to thank my grandfather Mr. Muhammad Asghar Butt for being an ultimate source of motivation and inspiration in my life.

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