

EMPLOYEE ENGAGEMENT-A LEADERSHIP CHALLENGE

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ABSTRACT

The best leaders understand that when employees are engaged, people productivity, people performance, financial performance and customer satisfaction all improve because employees become more motivated to contribute to the organization's success and more willing to put in extra effort to accomplish tasks that are central to the corporate goals. Employee engagement is a means to an end. That is, organizations that want to drive high levels of business success need motivated and engaged employees to get there. To instill higher levels of engagement, leaders need to be very aware of the impact of their own behavior. A leader's attitude and behavior determine whether an organization has an engaged workforce or not. In other words, what leaders think and feel and say and do has a profound impact on employee satisfaction, enthusiasm for their work, desire to do their best, and commitment to go beyond their job descriptions every day.

KEYWORDS: Goal Clarity and Direction, Leadership of Integrity, Visionary Leader, Emotional Quotient, Leadership and Relationships, Leadership into Shareholder Value, The Economic Crisis, An engagement Challenge

INTRODUCTION

“Employee Engagement -a Leadership Challenge”

‘Goal Clarity and Direction’

“To become a leader, you must first become a good human being”- Confucius

The big push now is “employees first, customer second”. The nature of management in an organization has considerable changed over years as a result of globalization and employee diversity and demographic changes. Today management is not solely exercising legitimate power using directive or authoritative leadership but also building relationships with employees, adopting leadership styles according to situation, and working together with people from diverse cultural background leadership.¹A Leadership plays a vital role in influencing levels of employee engagement. Goal clarity and direction are identified as factors that can influence an employee's level of engagement. Employees perform well when they are clear with their goals and objectives, and know how to go about achieving them. As a result, employees tend to be motivated and committed to it.

Hence, communication of clear goals and direction from the leader becomes crucial. Leaders must also help employees develop personal accountability for their goals and help achieve them. Setting performance expectations and instilling personal accountability among employees are critical for getting results. According to Jack Welch former CEO OF GE leadership is about “live the values” and “deliver the results”. Leadership is always keeping people/employees happy and leader of values and results will do this. Leadership and relationships play a key role in organizational success. Recent research on the association between employee satisfaction and job performance suggests that the single most

important contributor to the feelings of employee engagement, empowerment and satisfaction is based on the relationship they have with the leaders of the organization (Sheridan & Vrendenburgh, 1978; Ribelin, 2003; Eisenberger, Stinglhamber, Vandenberghe, Sucharski, Ivan & Rhoades, 2002; Rhoades, L., Eisenberger, R., & Armeli, S. (2001).

‘Leadership of Integrity’

Integrity, in the long run is decisive factor in the life of leader and organization. Steven Covey has surveyed 54,000 people and asked them to identify the essential qualities of a leader and integrity was by far the number one response.³ Leadership of integrity plays a very vital role in influencing employee for engagement. In my research work on *“employee engagement in ITES organizations”* in India many of the respondents revealed that they have a **‘Great personal satisfaction for working the current organization because of organizational Leadership’**. This opinion caused employees to stay with same organization since long [minimum of 3 years]. Employees experiencing personal satisfaction for working their concern organization has a truth and that truth is integrity of leadership.

Integrity is one of the best attributes of a great leader. Leaders who live with integrity will never break the trust of those who have confided in them. Leaders who live and lead the life of integrity will not only benefit the people in and around him, but also he himself will have peace in personal life and experience qualitative success in his business endeavors. Abraham Lincoln the best known US president who lived the life of integrity and character and also propounded has said “Great leadership is a product of great character. And that is why character matters.” It may be tough to live and lead by this but this will stand when tough comes. The following is the response of 101 respondents from five ITES companies of Hyderabad on a parameter *‘To measure Integrity of leadership’*. [See Table-1]. Integrity, in the long run is decisive factor in the life of leader and organization. Steven Covey has surveyed 54,000 people and asked them to identify the essential qualities of a leader and integrity was by far the number one response.²

“Visionary Leader”

As per Peter Koestenbaum a management philosopher and the best leaders operate in four dimensions: vision, reality, ethics and courage. The visionary leader thinks big, thinks new, and thinks ahead- and most important is in touch with the deep structure of human conscious and creative potential.³ Named among the 20 Best Companies for Leadership in a recent BusinessWeek.com/Hay Group survey, both GE and Zappos put a premium on selecting, developing, and retaining strong leaders at every level. What sets them and the other companies on the list apart, however, is not just their emphasis on good leadership, but also how they approach it.

They carefully tailor their developing leaders to fit their unique business strategies and organizational cultures because an organization's leadership has a significant impact on its employees' overall opinions and engagement levels, which have been linked to both earnings per share and total shareholder return. This is according to the latest research conducted by Kenexa Research Institute. The results indicate that the global rating of senior leadership as effectiveness is 51%. Employees in India (69%), Brazil (59%) and the United States (54%) report the highest ratings of leadership effectiveness followed by those in China (53%) and Canada (52%).

Workers in Japan (33%) reported the lowest ratings. Employees' evaluations of their organization's leadership team are driven by the extent to which senior managers gain employees' confidence through their decisions, actions and communications, keep employees well informed regarding company direction, and are seen as having the ability to deal with the organization's challenges which eventually is mark of employee engagement. Even in my research work I have come across employees feeling good about their leadership and this could be the one of prime reasons for organizations

going good in India especially ITES. The following is the response of 101 respondents from five ITES companies on a parameter '*Does your leader has great vision*'. [See table -2]

'Emotional Quotient'

Leadership is no longer based primarily on characteristics, styles, knowledge, skills, and competencies—all of which are related to IQ. It must come from a place of authenticity, which is the essential quality of leaders with high levels of emotional intelligence. Daniel Goleman, the psychologist who originated the concept of emotional intelligence, believes that "EQ competencies are *not* innate talents, but rather learned capabilities that can be developed to achieve outstanding performance." Research has shown that the most successful leaders have strengths in the following emotional intelligence competencies: self awareness, self-regulation, motivation, empathy, and social skill⁴. Goleman and many of other researchers have since gone on to investigate hundreds of corporations with both successful and unsuccessful executives, and have found that the single most and greatest variable in leadership performance comes down to emotional intelligence. You can be the most brilliant innovator, problem-solver or strategic thinker, but if you can't inspire and motivate, build relationships or communicate powerfully, those talents will get you nowhere. The world, and not just America, watched with grateful admiration as Mayor Rudy Giuliani of the City of New York took on his shoulders the job of rallying the city - and the country - after the terrorist attacks of September 11, 2001. When I asked employees to rate the statement 'The emotional intelligence of my managers/Leaders is good' with four parameters of 1] Leadership has Self-awareness 2] Rarely verbally attack others 3] Never plays blame game and 4] Open to hearing bad news as good news. Almost 65% strongly agreed to the above statement in which out of 101 respondents 34% has informed that their leaders are self-aware, 7% reported that verbally attacks are Rare from their leaders, 29% said their leaders Never plays blame game and 30% feel leaders are Open to hear bad news as good news. [See table-3]

"Leadership and Relationships"

Leadership is the ability to positively understand, positively motivate, positively influence, positively lead others, and eventually much more a positivist. Effective leaders recognize the importance of building solid relationships. They spend time focusing their efforts in key areas that will build connections with the people they lead. Recent research on the association between employee satisfaction and job performance suggests that the single most important contributor to the feelings of employee engagement, Empowerment and satisfaction is based on the relationship they have with the leaders of the organization (Sheridan & Vrendenburgh, 1978; Ribelin, 2003; Eisenberger, Stinglhamber, Vandenberghe, Sucharski, Ivan & Rhoades, 2002; Rhoades, L., Eisenberger, R., & Armeli, S. (2001). Generalizable relationships, large enough to have substantial practical value, were found between unit-level employee satisfaction-engagement and these business-unit outcomes suggesting that management practices that affect satisfaction can have bottom line results on productivity and profit. For example, Aon Consulting reported in a recent research study of about 1,800 workers that employee commitment is declining in every industry, age group, and income group and job classification. The Gallup organization also recently reported evidence of declining employee engagement in a major survey that found only 26 percent of employees consider themselves "actively engaged" in their work and for this reason was improper relationships existing among all the members of the organization. Engagement may enable individuals to invest themselves fully in their work, with increased self efficacy and a positive impact upon the employee's health and well being, which in turn evokes increased employee support for the organization. Employees care about what kind of leaders they have and their focus and commitment. Employees care about what their company stands for, and their ability to build skills and advance in their careers. These are the things that matter to employees in forming emotional attachments to an organization, and these remarkably consistent around the world and in many of researches and surveys it has been put forth. Viewed from an historical

perspective, leaders, followers and situational dynamics have always existed, but the emphasis on the role, importance, and impact of each element has changed over time (Hooper and Potter, 2000; Higgs, 2003). Relationship behavior or “Consideration” is the one to which a called corporatization has over a century, strongly believed in mechanization, efficiency, time management and any approach that would result in high levels of productivity by employees for employer. People were viewed and treated mechanistically, resulting in unprecedented social and health problems and alienation (Weiner, 1954; Braverman, 1974; Morgan, 1997). Elton Mayo has proved and clearly stated in his theory of human relations. Even theories concerning relationship (Fiedler, 1967; Evans, 1970; Hersey and Blanchard, 1977) in the second half of the twentieth century departed little from the emphasis on tasks and productivity. The ‘relationship behavior’ is the one which makes the work of engaging employees at work place successful.

Leadership into Shareholder Value

Is the bit that I think is missing in a lot of companies," says Greig Aitken, head of human capital strategy at Royal Bank of Scotland (RBS)⁵. At RBS, every business unit knows its measure of employee engagement, and every measure is underpinned by management actions that will impact directly on customer satisfaction and business performance. With more than 40 brands across 30 countries, employing more than 150,000 people, this has been quite a challenge, according to Aitken. RBS has reported a 45% increase in job satisfaction over the past three years. Aitken and his team are now working with Harvard Business School and employee research and consulting firm ISR to link employee engagement, customer service and business performance measures. As part of creating value, leaders need to be thought making about achieving both work excellence and emotional excellence work Excellence + emotional Excellence = productive performance. Human beings are not machines and Emotion matters in every inch of business. Jack Welch, former General Electric CEO and business consultant, lists employee engagement as the number one measure of a company's health (Vance, 2006). The Gallup Organization, potentially the most widely recognized name associated with employee engagement due to their bestselling book, “*First, Break All the Rules,*” defines engaged employees as those who, “work with a passion and feel a profound connection to their company” and “drive innovation and move the organization forward” (GMJ, 2006). Low employee engagement has ramifications far beyond and will devalue shareholder value. According to the Gallup organization; the cost for keeping actively disengaged workers over a five-year period was approximately \$300 billion in lost productivity and employee performance. Engaged employees are more likely to stay with the organization, perform 20 per cent better than their colleagues, and act as advocates of the organization⁶. Treating all employees with dignity, respect, and fairness but also helping them see how critical they are to the enterprise. Otherwise, they will likely give less than 100% effort and the customer will inevitably be disappointed and disappointment of customer is decreasing the value of customer. Because employee engagement will drive customer satisfaction and loyalty regardless of product and service. And satisfied customers virtually always yield shareholder value. Many of the respondents in my research work affirmed the same and also claimed that employee satisfaction is a measure of performance in creating long-term value and will set a benchmark for financial improvement of the organization and also feel people work not just for money but also for meaning in their lives. Employee engagement is the vital factor that actually leads to a higher shareholder value. The most engaged companies had five times higher total shareholder return over five years than the least engaged companies, according to a 2009 study by Kenexa. A 2011 study by Towers Perrin found that companies with engaged employees had 6 percent higher net-profit margins.

“The Economic Crisis: An Engagement Challenge”

In the toughest economy the world has faced since the Great Depression, most organizational leaders aren't taking time to ponder the upholstery of their antique desk chairs; most are trying to make it through the day. And the economy is

likely to get worse before it gets better."A bad economy is the test of an organization's culture," says James K. Harter, Ph.D., Gallup's chief scientist of workplace management and wellbeing and coauthor of *12: The Elements of Great Managing*. "In good times, consumer demand can disguise the lapses in productivity that disengagement causes. But in bad times, there isn't any way to hide the performance problems of disengagement."Crisis is the greatest opportunity for growth. When a company is in trouble -- as many are these days -- employee engagement can be the difference between surviving or not. Keeping engagement alive in a good market takes effort and commitment from the top. Leaders must do even more to keep their managers and employees engaged when bad economic news can distract or frighten employees. Over the past decade, and particularly in the last few years, employers and employees have faced human capital challenges and an uncertain economy. The economic ups and downs, pros and cons have had a significant impact on organizations and the decisions made by management. These some of the decisions have influenced employee engagement levels and perceptions across the globe, leading to prominent and pertinent changes in leading drivers of employee engagement. In uncertain times, Organizations need to focus on harnessing the best and creating the great environment from which engaged employees deliver and disengaged employees will have a second thought .This makes the difference and companies affected during the economic downturn, will quickly emerge from it with flying colors, and become strong in all aspects after the downturn passes. In my business of research, economies of scale don't exist but economies of leadership. Competitive advantage lies in the ability to create an economy driven not by cost efficiencies or economies of scale but by leadership who stand for people and feel for his people.

When market scenario becomes gloomy, unsteady, and economy seems to be getting weaker, Uncertainty is clouding and employees definitively will not feel secure at their job. Weak times disrupt human thinking and this will derail the productivity and organizational performance. Employees are psychologically and insecurity prevails during the times of mounting economic sickness. The biggest challenge faced by Organizations is then to retain their performers and to take control of all during such tough times. Management need to take some steps to increase employee confidence and keep their employees during tumultuous times for their best and for prospective future of organization and employees. Leaders of Business must work on ideas and relationships to improve the work environment instead of axing the employee number ruthlessly. Adding inspirational and motivational stories and phrases to the office may also help like what certain best employers do. There should no anxiety and uncertainty in organizations these days, employees always wants to know what is happening in their company. Leaders must be transparent during such times in terms of providing with the information that will help them understand the current situation of the company also the respondents in my research expressed the same opinion. By such things employee engagement activities can substantially be stable and might increase and contribute to satisfaction and stress relief of the personnel at this juncture. These activities can help in minimizing the stress and maximizing the productivity and performance. According to Dee Hock founder and former CEO of visa international "you learn nothing from your success except to think too much of yourself. It is from failure that all growth comes, provided you can recognize it, admit it, learn from it, rise from it, and then try again." An organization can conduct some Employee Engagement/Team Bonding & Fun Learning Activities for employees to lower down the emotion at such weak times.

SUMMING-UP

Great leadership is the combination of individual traits and situational contexts. Leaders who can engage directly, but still maintain their sense of perspective, are the ones that will help the organization survive. To inspire employees for higher levels of engagement, there are certain things leaders must adopt adapt and activate, and of such things one important is leaders must be more aware of opportunities for engagement and disengagement. These do not come

naturally, but are acquired through different modes of experience study. Good leaders always will be on continuous improvement and they do not rest on their laurels. The basis of good leadership is honorable character, commitment and selfless service to the organization. For Employees leadership is everything and that effects the organization and their well being wholesomely.

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APPENDICES

Table 1: 'Leadership of Integrity'

	Mean	Std. Deviation			
Integrity of Leadership.	4.46	2.39			
Component Matrix					
	Component				
	1	2	3	4	
Integrity of leadership.	0.652	-0.172	0.552	0.160	

Table 2: Visionary Leader

	Mean	Std. Deviation			
Has great vision.	3.85	2.7			
Component Matrix					
	Component				
	1	2	3	4	
Has great vision.	0.638	-0.371	0.199	0.054	

Table 3: 'Emotional Quotient'

Parameters	Yes		No	
	Count	Percent	Count	Percent
Leadership has Self-awareness.	24	34%	10	37%
Rarely verbally attack others.	5	7%	9	33%
Never plays blame game.	20	29%	6	22%
Open to hearing bad news as good news.	21	30%	2	7%
Total	70	100%	27	100%