



EMPLOYEE ENGAGEMENT STRATEGIES FOR EFFECTIVE HUMAN CAPITAL UTILISATION: AN EMPIRICAL STUDY

Ch.Vijayalakshmi * Dr. V. Tulasi Das**

*SRF/NET Scholar, Dept. of HRM, Acharya Nagarjuna University, Guntur, A.P.

**Co-ordinator, Dept. of HRM, Acharya Nagarjuna University, Guntur, A.P.

Abstract

The business imperatives have undergone remarkable changes in these years. The beginning of liberalized economic environment and the opening up of the economy in India have brought about radical changes in all spheres of the corporate world. The deregulated economy has generously widened the scope for competition among the corporate. A rational growth of this process creates an apparent outcome of allowing the fittest to survive and the viable to exit. The business and corporate entities in the world of globalization are thus quick fixed in the realms of standards and benchmarking. The Engaged employees upkeep about the progress of the company and are willing to put the effort, commitment and exceeding duty's call to see that the organization growth. Employee engagement is a workplace approach that is designed to ensure that the employee is committed towards the organizational goals and objectives and at the same time motivated to contribute towards the organizational success and is able to enhance his/her own sense of wellbeing. This paper focuses on to study the employee engagement methodologies in Insurance Sector of selected Insurance Companies in Vijayawada City and also to analyse and develop the strategies for best employee engagement practices.

Key Words: Engagement, Benchmarking, Strategies, Employee Commitment, Deregulation.

Introduction

Employee engagement is a workplace approach designed to ensure that employees are committed to their organization's goals and values, motivated to contribute to organizational success, and are able at the same time to enhance their own sense of well-being. Organisations must work to engage the employee, who in turn has a choice about the level of engagement to offer the employer. An engaged employee experiences a blend of job satisfaction, organizational commitment, job involvement and feelings of empowerment. It is a concept that is greater than the sum of its parts. Engaged organisations have strong and authentic values, with clear evidence of trust and fairness based on mutual respect, where two way promises and commitments between employers and staff – are understood, and are fulfilled. Engaged employees care about the future of the company and are willing to invest the discretionary effort – exceeding duty's call – to see that the organization succeeds.

Engagement is about creating opportunities for employees to connect with their colleagues, managers and wider organisation. It is also about creating an environment where employees are motivated to want to connect with their work and really care about doing a good job. It is a concept that places flexibility, change and continuous improvement at the heart of what it means to be an employee and an employer in a twenty-first century workplace. An engaged employee is aware of the business context, and works with colleagues to improve performance within the job for the benefit of the organisation. Outcomes of employee engagement may include lower accident rates, higher productivity, fewer conflicts, more innovation, lower numbers leaving and reduced sickness rates. An engaged employee also experiences a blend of job satisfaction, organizational commitment, job involvement and feelings of empowerment.

Barriers to Engagement

Despite the compelling case for employee engagement, a significant percentage of the workforce feel disconnected from the work they do and the people they work for. Whilst accepting that all of us are capable of having a 'bad day at work' we do not accept the inevitability of work being just one bad day after another. The prime most barrier was that top managers believed that their status in the organisation was evidence enough that they 'had what it took' to be regarded as a leader, and regarded their development as therefore unnecessary. Nonetheless, they believed that the managers below them needed it. However, when the managers returned to the workplace with a clearer idea of what leadership should look like, they became much more aware of the poor quality of leadership role-modeled by their senior managers, and their frustrations increased. This was deepened by another major problem, which was that when the managers attempted to implement their learning, their suggestions for improvement were rejected or ignored by their somewhat defensive and/or reactionary bosses. Some leaders are not aware of employee engagement. Others do not believe that it is worth considering, or do not fully understand the concept and the benefits it could have for their organisation. Even when leaders place great emphasis on the idea of



employee engagement, managers may not share the belief, or may be ill-equipped to implement engagement strategies. As a result the organizational culture is unable to deliver employee engagement. Another barrier is work places reflect changing attitudes, norms and expectations in wider society.

Employee Engagement Strategies

Employee engagement is a key to most organizations' productivity levels. While this seems common sense, many companies fail to monitor, or develop strategies to improve, employee engagement. The employee engagement cannot be improved only by designing and implementing effective human resource strategies but their involvement and quality of output produced by them also depends on their relationships with their colleagues, subordinates and seniors. It is a basic need of human beings to belong and to be belonged. Such collaborations can be a major contributor to the success of a company. A perfect balance of respect, care and competitiveness should be prevailed in the organisation to keep them actively engaged in their jobs. Mutual support and healthy relationships contribute majorly to the organization's success. Besides this, empowering employees by delegating them responsibilities and giving them autonomy to take decisions regarding their job on their own can also increase their productivity. It is worth going beyond the traditional management tools of connectivity to help employees remain motivated and dedicated to perform their tasks. To achieve this, the organisations can design effective employee engagement strategies on the basis of following factors.

- Unify the Experiences
- Evolving Through Open Communication
- Providing Proper Communication Channels
- Enabling Conversation Fluidity
- Manage Communication

Significance of Humour and Social Events in Employee Engagement

Humour and social get-togethers as a part of employee engagement strategies can help to bring the teams together and encourage empowerment, engagement and improved performance. Employment engagement activities foster team spirit, increase connection between colleagues and help them interact and understand each other better. These could involve picnics where the family also takes part, social get-togethers like office parties, movie outings, or sports and cultural roundups. Other activities that foster engagement could be intra office newsletters or blogs, monthly staff awards or recognition programs etc. A little humour at workplace and social events can take employee engagement to a newer level, and give teams the motivation to go that extra mile!

Employee Engagement as a Competitive Edge

We all know that in today's world the competition for talent has become extreme. Sophisticated employers no longer talk of mere workers, but of human capital, where strategic investment in personnel has a demonstrable ROI. People migrate among companies looking for the environment that best suits their needs, and these needs have become increasingly complex. No longer is it simply about money, especially among younger employees. Factors motivating employees to join companies today include work-life balance, job security, safety and environmental policies, etc. Consequently, an aspect of HR that is becoming more and more critical to the success of businesses, especially in environments where there is robust competition for talent, expertise and experience is Employee Engagement. An engaged employee population is a competitive advantage that results from motivated employees demonstrating commitment and loyalty to their organizations.

Human Capital

Human capital is getting wider attention with increasing globalization and also the saturation of the job market due to the recent downturn in the various economies of the world. While the developed world is struggling, the developing and emerging economies, particularly in Asia, stand out with their strong performance. This changing landscape presents an exciting future for building the economic capital in developing countries like India. After 20 years of economic reforms, India is recognized as one of the high growth economies with the potential to make the big leap from a developing to a developed nation within a generation. This new economy is called the knowledge economy. In the knowledge era Human Capital is the source of wealth. Unlike all other factors of production, human capital is the only factor that cannot be owned. Human Capital is the pivot around which the long term transformation of our economy has to be shaped. Human capital concept recognizes that people in organizations and businesses are an important and essential asset who contributes to development and growth, in a similar way to physical assets such as machines and money. The collective attitudes, skills and abilities of people contribute to organizational performance and productivity. Any expenditure in training, development,



health and support is an investment, not just an expense. The purpose of managing human capital is to ensure that the business has the right mix of talent at the right time to implement the firm's corporate strategy.

Global Trends in Human Capital

The global financial crisis has reinforced the contrast between economies and employment markets around the world. Western Europe – and, for the first time, parts of Central and Eastern Europe have felt the impact of the global financial crisis and have seen revenue per employee fall. Asia, by contrast, has continued to grow. When existing demographic trends are added to the mix, it's clear that multinational organisations are facing sharply contrasting human capital challenges from region to region. Organisations that fail to invest in their Human Capital and the next generation workplace environment will face erosion of product and services as well as diminished capacity to compete globally as a result of growing employee malaise. Global 2000 organisations are now focusing more on optimal resource utilization and productivity. A comprehensive human capital management strategy addresses the organisation's need to measure accurately measure and improve productivity at the macro level and at the micro level.

Human Capital Readiness: The Human Capital Strategic alignment is the dominant principle in creating value from intangible assets. Organisations must develop a measure of Human Capital readiness to represent the availability to employee skills, talent and know-how to perform the internal processes critical to the strategy's success. To do this, organisations must follow some strategies like: identify strategic job families, build the competency profile, assess human capital readiness and finally conducting the human capital development program. A central pillar in the strategic management of Human capital is the alignment of the human capital strategies with the organisation's mission, goals and objectives through analysis, planning, investment and management of Human capital programme. Human capital planning is the method by which an agency designs a coherent framework of human capital policies, programs, and practices to achieve a shared vision integrated with the organisation's strategic plan. Implementation of the strategic human capital plan is a key step in an organisation's progress to build a highly effective, performance-based organization by recruiting, acquiring, motivating, and rewarding a high-performing, top quality workforce. The plan becomes the roadmap for continuous improvement and the framework for transforming the culture and operations of the organisation.

Human Capital Realization

Realization is the quality that distinguishes successful Human capital strategies from those that fails to meet their intended goals. Realization itself is not a strategy or a set of strategies, but rather the desired outcomes of a system, process or initiative. Ultimately it is the favorable end result of one or more strategies. There are five components that are absolutely necessary for the realization of intended outcomes.

- **Communication:** Making the business case.
- **Accountability:** Clearly defining roles and accountabilities for all key stakeholders
- **Skill:** Developing the skills of each key player in the implementation and continued application of the system or process.
- **Alignment:** Aligning processes and systems to reinforce the desired behaviours and outcomes.
- **Measurement:** Applying clear lead and lag measures.

Strategies for Building Human Capital

According to Ulrich and co, the six B's can be used to explain the strategies of building employee capability,

- **Buy strategy:** managers go outside the organisation to search for new and higher quality talented or skilled people.
- **Build strategy:** managers investing in the development of their current workforce through training and development programme. The training should be oriented to business results and individual needs.
- **Benchmark strategy:** managers encourage their staff to visit organisation that excels in the work processes which they targeted for improvement in their company.
- **Borrow strategy:** managers use consultant, suppliers or vendors outside the firm to generate new ideas and motivate changes in the organisation.
- **Bounce strategy:** managers remove low performing or under-performing individuals through downsizing or retrenchment, etc.



Steps in implementing Human Capital Development in an Organisation:

1. Strategic alignment
2. Organisational alignment and workforce planning:
3. Recruit, hire, develop and retain employees with the necessary skills for mission accomplishment.
4. Result- oriented performance culture:
5. Leadership and knowledge management:

Human Capital Practices

Organisation can develop Virtual University (VU), an umbrella organisation that brings together education, development and knowledge from across the organisation. The VU can run over e-learning intranet based courses centered on leadership, professional competencies and personal effectiveness. All courses should be subjected to a yearly review and continuous improvement. One practice is to create an expertise team whose sole responsibility is to develop new HR practices. These expertise teams are made responsible for creating new knowledge in the areas of talent management, remuneration and learning for the business partners. An organisation can create expert knowledge maps and HR web casts. Web cast is a cost effective tool, to bring people together without having to have them in the same location, with use of interactive power points and media. Through web casts company can share best practice using qualitative assessment of what is 'best' practice. The arithmetic metrics that is often used are considered less comparable as they do not express anything of context in which the department is operating. Once best practice is recognized departments can be encouraged to contact those departments ranked highest. Department with good practices can be encouraged to share their ideas and experiences with others in the organisation. It is not simply enough to adopt best practices and innovative practice in isolation but organisation must ensure that the best/innovative practice is aligned with organisational strategies and goals.

Review of the Literature

Lockwood, Nancy R (2007) state employee engagement is a key business driver for organizational success. High levels of engagement in domestic and global firms promote retention of talent, foster customer loyalty and improve organizational performance and stakeholder value. A complex concept, engagement is influenced by many factors--from workplace culture, organizational communication and managerial styles to trust and respect, leadership and company reputation. Engagement initiatives have been growing considerably in the service sector as employees are consider as resources for the sustainable growth of any organization. Gallup (2006) suggested that it is important to understand the driving forces of engagement that will help in knowing where and how the initiatives should be targeted. Every employee feels highly emotional towards his or her workplace that in turn will leave an impact on his or her involvement and commitment towards the work. In order to improve the staff turnover and the well-being of the employees, the managers want to improve employee engagement leading to high performance (Wright and Cropanzano, 2000; Taris et al. 2003; Griffith, 2004; Michie and West, 2004; Robinson et al, 2004).

According to Konrad (2006) it is vital to build high- involved working practices to develop a positive attitude associated with employee engagement. These practices help in generating discretionary behavioral patterns that lead to enhanced performance in the employees. Macey and Schneider (2008) stated that "Engagement is referred as a psychological state that involves involvement of the employees, their commitment, attachment, moods, observable behaviour and organisational citizenship. They identified that measuring engagement is difficult as it involves analyzing and assessing complex feelings, mindsets and emotions of the employees". Shuck and Wollard (2011) in their literature review have identify sub-sets within the team employee engagement 1) It the 'Needs Satisfying ' approach they expressed it as one's preferred self in task accomplishment. 2) In the 'Burnout antithesis' approach, they compared burnout with exhaustion, lack of accomplishment against the energy level like involvement, efficacy in performing the job. 3) In the 'satisfaction engagement' approach they presented a technical version between engagement and job satisfaction, 4) in the 'Multidimensional' approach they drew a clear distinction between job, organisational engagement, elements of role performance etc.

According to Yakin, Erdil and Yeh (2012) Engagement is about passion and commitment, willingness to invest and expand the discretionary efforts by the employees and to help the employer success. In terms of employment arrangement, it is about a simple satisfaction or loyalty to the employer. Schaufeli and Salanova (2007) suggests that from an individual perspective, evidence suggests that employees that are engaged are likely to be more satisfied in both their life and job and have better mental and physical health.



Objectives & Methodology of the Study

Therefore, keeping in view the significance acquired by employee engagement in organisational success, the present research work entitled ‘Employee Engagement Strategies for Effective Human Capital Utilisation: An Empirical Study’ was undertaken with the following specific objectives.

1. To study the employee engagement strategies in organisations,
2. To understand the practices of the employee engagement and effective utilisation of human capital system in the organisations
3. To identify the effectiveness of engagement as a Strategy towards employee engagement effectiveness.
4. To examine the impact of employee engagement to be the competitive edge of the organisations
5. To forward certain measures for enhancing the employee competitiveness for organizational success.

Hypotheses

H₀: There is no significant relationship between Employee Engagement and Effective Human Capital utilisation.

Need for the Study

The study is useful in understanding the employee’s engagement strategies practiced in service sector especially in insurance sector. Employee’s commitment and involvement binds them more closely towards the Organizational Improvement and effectiveness. Hence the need of this study is to identify the factors that assistance the HR to engage employees through an effective human capital utilisation system.

Methodology of the Study

To fulfil afore said objectives, the data were collected from both primary sources as well as secondary sources. The secondary data were collected from various journals, books, periodicals and web. The primary data were collected with support of well designed structured questionnaire. The convenience sampling method was used and sample consisted of 110 respondents working in various public and private sector insurance companies in a demarcated geographical area of Vijayawada City of Andhra Pradesh, India. The participants were solicited to complete the Employee Engagement Strategies for Effective Human Capital Utilisation survey questionnaire. The data so collected is analyzed and interpreted using simple ANOVA Single factor

Results and Discussions

Initially, the factor structuring of the scale items have been identified using the principal components analysis for the extraction of the principal components. Further conducting Kaiser-Meyer-Olkin Measure of Sampling Adequacy test we have tested the measure of sampling Adequacy which is .869 and denoting that, there is significant degree of correlation among variables.

Table-1: KMO and Bartlett’s Test Values

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.869
Bartlett’s Test of Sphericity	Approx. Chi-Square	721.129
	Df	109
	Sig.	.000

Table -2: Factor Analysis

Rotated Component Matrix					
	Component				
	1	2	3	4	5
1. Employees know what is expected of them	.801				
2. Employees have the training necessary to execute effectively.	.754				
3. Employees have the materials and equipment needed to do their job.	.609				
4. Employees have the opportunity to do what they do best every day.		.796			
5. Employees receive recognition for doing a good job.		.621			



6. Employees are able to correlate information to take corrective action.		.517			
7. Employees are encouraged to development their knowledge and skills			.787		
8. Employees feel that their job/contribution is important.			.692		
9. Employees feel that their superior cares for them as a person.		.501			
10. Employees are happy with their pay and other financial benefits				.835	
11. Employees are committed to doing quality work.				.710	
12. Employees have someone to discuss their progress at work at least every 6 months.			.591		
13. Employees feel that they have the opportunity to learn and grow					.609
14. Employees know that their opinions count.					.596
15. Employees believe and exhibit confidence on the decisions of their peer group					.568
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.					
Rotation converged in 10 iterations. Significant values are more than 0.5					

Inference

The factor loadings are presented in Table 2. The factors with factor loadings 0.50 were considered as significant under each dimension. Coefficient Alpha is the basic statistic for determining the reliability of a measure based on internal consistency. The Cronbach's Alpha values were calculated for logical group of factors with factor loadings 0.50 in each component. The Eigen values of selected factors were close to 1. Results of the exploratory factor analysis revealed significant perception items as shown in table 1. Of the 15 factors tested, 10 factors had higher loading (factor loadings above 0.60) and 5 extracted factors. These extracted factors had lower loadings. They are: correlate information to take corrective action, superior cares, discuss their progress at work at least every 6 months, opinions count, exhibit confidence on the decisions of their peer group

Table -3: Pearson Correlation for Extracted Factors

		Factor- 6	Factor-9	Factor- 12	Factor- 14	Factor- 15
Factor-6 Correlate information to take corrective action.	PC Sig. (2-tailed)	1				
Factor- 9 Superiors care	PC Sig. (2-tailed)	-.056 .561	1			
Factor- 12 Discuss progress at work at least every 6 months.	P C Sig. (2-tailed)	.074 .460	.257** .009	1		
Factor-14 Opinions count.	PC Sig. (2-tailed)	.188 .050	.223* .019	.249* .011	1	
Factor-15 Exhibit confidence on the decisions of peer group	PC Sig. (2-tailed)	.013 .895	-.014 .884	.025 .800	.299** .001	1
**. Correlation is significant at the 0.01 level (2-tailed).						

Table-3 depicts the correlation matrix analysis for extracted factors. Through this analysis, we are trying to indicate the factors that are found to be slightly (**.Correlation is significant at the 0.01 level (2-tailed).or moderately correlated (*.Correlation is significant at the 0.05 level (2-tailed). From the above analysis we extracted five factors like, factor 9



(Superiors care), factor 12 (Discuss progress at work at least every 6 months), factor 14 (Opinions count) and finally factor 15 (Exhibit confidence on the decisions of peer group) shares a slight correlation between themselves and factor 6 (Correlate information to take corrective action) is also slightly correlated with a negative correlation value.

T-Test

T test is suggested to find out the most significant factor among the extracted factors.

Null Hypothesis H0: Accept the hypothesis analysis if the calculated value is less than the table value (factor is more significant which is having higher loading value).

Table -4: T- Test

One-Sample Test				
	t	df	Sig. (2-tailed)	Mean Difference
Factor- 6	0.94297	108	0.6284	4.08257
Factor- 9	0.95567	109	0.2541	2.39091
Factor- 12	0.53951	103	0.3551	1.75000
Factor- 14	0.71347	109	0.5411	4.11818
Factor- 15	1.65032	109	0.9801	3.81818

From Table-4 it is observed that Factor 6 (T value 0.94297 is calculated value 0.6284), Factor 9(T value 0.95567 is calculated value 0.2541), Factor 12 (T value is 0.53951 calculated value 0.3551), Factor 14 (T value 0.71347 is calculated value 0.5411), Factor 15 (T value 1.65032 is calculated value 0.9801). Here we denote that factors like, correlate information to take corrective action, superiors care, discuss their progress at work at least every 6 months, opinions count do share a moderate level of significance alone with the other factors. Regarding the factor (15) Employees believe and exhibit confidences on the decisions of their peer group, here the organization have to clearly introspect. Hence we accept the alternate hypothesis and reject the Null Hypothesis. i.e. there is a relationship exists between Employee Engagement practices and Effective Human Capital utilisation in the insurance sector organisation.

Organizational Success

The power of employee engagement is that it is closely connected to business results. Earlier, we summarized some of the many studies demonstrating the relationship between engagement and organizational outcomes. The results are overwhelming, and it's clear that employee engagement plays a strong role in business success. In particular, engagement can find support in the Service Profit Chain and the Balanced Scorecard. Both of these conceptual models demonstrate the power and impact of people practices and human capital on company performance. For employee engagement, we classify the primary business outcomes into four categories. When employees work in an environment in which they can focus their attention on their work and have a drive to do their best, organizations experience higher levels of productivity and profitability. Engaged employees look for better ways to do their work, spend less time on wasted activities, and make effective use of resources. In the end, companies deliver better products or services and have more resources left to invest in further improvements.

Although it is an important consideration, high financial compensation is not the only driver of increased employee retention. As addressed previously, employees decide to stay with organizations for other reasons, such as growth and development opportunities, strong leadership, and meaningful work. Most of the Organizations with engaged employees have more satisfied customers, but it's not just because employees have better interactions with customers. Engaged employees are more likely to improve other critical factors affecting customer satisfaction, such as responsiveness, product quality, thought leadership, innovation, etc. Finally, higher engagement translates into higher and faster revenue growth. Engaged employees are more innovative and place more emphasis on meeting customer needs. The "what can I do better or differently" attitude of engaged employees versus the "it's not in my job description" attitude of the unengaged simply leads to better financial performance.



Conclusion

- Identifying and understanding the various workplace elements that influence an employee's decision to stay and commit to the organisation has to be a priority human resource focus that has direct bottom-line impact.
- Through Employee Engagement, we can communicate a positive attitude held by the employees towards the organization and its values.
- Maintaining employee engagement lies in the hands of an organization and requires a perfect blend of time, effort, commitment and investment to craft a successful endeavor.
- The current environment provides employees with a vast array of employment choices and higher than usual pay levels. It is accepted now that, the days of keeping employees from cradle to grave are well and truly over. It is also acknowledged that the employee's decision to leave a workplace is often outside the employer's control. This situation, however, only serves to increase the need for employers to work harder at employee engagement.

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