CHAPTER - III
LITERATURE REVIEW
AND
HYPOTHESES DEVELOPMENT
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3.1 Introduction

The preceding chapter discussed the theoretical aspects of employee empowerment and engagement and their impact on employee retention within which this study was grounded and the key constructs and the interrelationships among these variables identified. The primary objectives of this study are first, to examine the factors which are influencing the degree of employee empowerment and engagement; second, to validate the impact of employee empowerment on employee engagement and employee retention; third, to find out the success rate of employee retention on account of employee engagement initiatives; the last, to validate the combined effect of empowerment and engagement initiatives on employee retention. By keeping in view the above mentioned objectives of the study, the literature review was grouped and the hypotheses are derived on the basis of existing literature.

3.2 Employee Empowerment

The multiple dimensions of employee empowerment make it a difficult concept to define. Additionally, writers on the concept use different words to describe similar approaches. Various researchers have looked at the dimensions of empowerment through different lenses. Control of one's own work, autonomy on the job, variations of teamwork, and pay systems that link pay with performance are all called empowerment. As this variety is examined, it becomes clear that some of them focus on an individual's ability and desire to be empowered. Menon (1995) termed this the "empowered state". Alternatively, some of the items addressed, for instance: teams, job enrichment, pay for performance, employee stock ownership, are clearly not merely from the individual perspective. They are techniques that management uses to create an environment that allows for, and even facilitates, employees opting for an empowered state. Individuals must choose to take the self-power or not. Leaders create an environment where individuals are able to make that choice.
The beginnings of the concept of employee empowerment can be found in several places. The socio-technical approach (Lewin, 1951) combined two aspects of work in a systemic manner. The idea of job enrichment (Herzberg et al., 1959; Herzberg, 1968) work was focused on increasing control and decision-making in one's work. The literature on job autonomy, (Herzberg et al., 1959; Herzberg, 1968; Hackman and Oldham, 1976; Hackman and Oldham, 1980; Menon, 1995) addresses another component of what is today referred to as employee empowerment. The approach to leadership that empowers subordinates as a primary component of managerial and organizational effectiveness is also called employee empowerment (Bennis, 1989; Block, 1987; Kanter, 1977; Kanter, 1979; Kanter, 1989; McClelland, 1975). Another dimension has its beginnings in the analysis of internal organization power and control (Kanter, 1979; Tannenbaum, 1968) which showed that the sharing of power and control increases organizational effectiveness. Others identify the team dimension of empowerment (Beckhard, 1969; Neilsen, 1986).

The earliest perspective on employee empowerment is derived from the dictionary definition of bestowing power upon others, but it changes over time to focus on how the leader alters the context of the workplace to allow employees to take power. Kanter (1977) defines empowerment as giving power to people who are at a disadvantaged spot in the organization. She sees a continuum of power from powerlessness to empowered. Continuing in this tradition (Block 1987), Sullivan (1994) and Sullivan and Howell (1996) also focused on the role of the manager in empowering employees. This perspective suggests that an empowered organization is one where managers supervise more people than in a traditional hierarchy and delegate more decisions to their subordinates (Malone, 1997). Managers act like coaches and help employees solve problems. Superiors empowering subordinates by delegating responsibilities to them leads to subordinates who are more satisfied with their leaders and consider them to be fair and in turn to perform up to the superior's expectations (Keller and Dansereau, 1995).

Interventions provided by leaders to achieve empowerment deal with systemic, structural, and programmatic issues as well as individual and managerial responsibilities. Providing for the development of self-worth by negotiating for latitude in decision making and changing aspects of the employee's job leads to increased levels of perceived self-control and hence empowerment (Vogt and Murrell 1990; Keller and Dansereau 1995; Menon 1995).
Simply providing opportunities for employees to take power is not enough. Employees must also choose to be engaged in those options.

Vogt and Murrell, 1990 defined empowerment as an act of building, developing and increasing power by working with others, which they terms “interactive empowerment”, and of having the ability to influence one’s own behaviour, which he calls “self empowerment”. Another definition of employee empowerment from this perspective is “a cognitive state of perceived control, perceived competence and goal internalization” (Menon, 1995). Some who operate from the individual perspective equate empowerment with a process and with them empowerment refers to “the process of gaining influence over events and outcomes of importance to an individual or group” (Foster-Fishman and Keys, 1995). Thomas and Velthouse (1985) believe that empowerment relates to the very basis of human existence. They conceive empowerment as occurring as “cognitive variables” change. The key cognitive variables are the environment, the tasks, the behaviour of the leader, the individuals’ interpretive styles, and the impact and meaningfulness of the task. Building on their work and that of Conger and Kanungo (1988) who set out initial constructs of empowerment from the employee’s perspective, Menon (1995) surveyed 311 employees of a corporation to determine the effects of empowerment on them. The survey found that:

- The perceived uncertainty of the job, formalization, centralization, poor communications, non contingent/arbitrary reward systems, role ambiguity, and role conflict in the work environment lead to decreased perceptions of control and lower empowerment.
- Greater job autonomy and meaningfulness of the job lead to greater perceived control and greater empowerment.
- Consulting, recognizing, inspiring, and mentoring behaviours of the immediate supervisor, leads to greater perceived control and greater empowerment and can even moderate the effect of poor contextual factors of empowerment.
- The greater the empowerment, the higher the internal work motivation, the higher the job satisfaction, the lower the job stress, the greater the job involvement, the more involvement beyond the defined job of the individual, and the greater the organizational commitment.

Spreitzer (1996) based on his work found that employees who are empowered have a low ambiguity about their role in organizations. The leaders in empowering organizations have a
wide span of control which leads to more autonomy for the employee. Empowered employees feel that their organization provides them socio-political support, that they have greater access to information and resources than in traditional organizations, and that their work climate is participatory.

"Employees often think of empowerment in terms of self-empowerment. They lose sight of the fact that teamwork and cooperation depend on each element in the system working in concert with every other element." (Landes, 1994). The team concept of empowerment probably developed out of the quality circle efforts of the 1970s and 1980s (Sims, 1986). Empowerment from this perspective is "an act of building, developing, and increasing power through cooperating, sharing, and working together" (Rothstein, 1995). In other word empowerment means managing organizations of collaboration where workers have a voice (Gorden, 1995).

Much of the most current writing on employee empowerment suggests that one-dimensional approaches are not enough. For empowerment to be effective it must be multidimensional. Vogt and Murrell (1990) identify six dimensions to empowerment: educating, leading, mentoring/supporting, providing, structuring, and one that incorporates all of the above. Empowerment in their perspective may be initiated by oneself or by others. In an empowered organization, employees are able to fully participate as partners, they take initiative, work in teams as well as individually, and have the authority to make strategic decisions (Garfield, 1993). Management's job from this perspective is to create a culture of participation by providing a compelling mission, a structure that emphasizes flexibility and autonomy, rewards for participation and a lack of punishment for risk taking, as well as ongoing involvement programs and support for the integration of employees' work and family lives. A study (Martin, 1994) researching conditions that facilitate or impede employee empowerment, suggested that personal empowerment demanded self confidence and a strong work ethic. From a corporate perspective, it was important that there be a non-regimented task design and job-specific training. Managers must provide positive feedback, information, resources, supportive policies, and a stress-minimized working environment.
Macy et al., (1995) identify the major components of high performing organizations to be very similar to those found in the literature on empowering organizations. They include activities such as multi-skilling, cross training, self-directed work teams, and horizontal design; human resource systems such as learning and development, job enrichment/enlargement, peer review, and innovative compensation plans; and total quality management that involves line employees such as statistical process control techniques, just-in-time inventory and delivery, and formalized supplier/vendor partnerships. In addition to the empowering aspects, they identify the use of technology as a key component of high performance.

Mallak and Kurstedt (1996) write of empowerment as having expanded upon the concept of participative management. Their model of empowerment includes four concepts: intrinsically motivated behaviour; internal justification for actions taken; delegation of authority; and service integrating coworkers for problem solving. They believe that empowerment should be integrated into an organization’s culture in a progressive manner. That is, initially one follows another’s lead, then that person models his/her behaviour after that of the leader, next he/she begins to develop an understanding of empowerment themselves and act accordingly, and finally the individual becomes a leader and a model for others. Management’s role in empowerment, then, is to understand that this is a gradual process and to assist individuals as they move through the four developmental phases.

Blanchard et al., (1996) define empowerment as having the freedom to act, but also the responsibility for results. They believe this freedom can be achieved by leadership, sharing information with everyone, creating autonomy through delineating boundaries, and replacing hierarchies with self-managed teams.

McLagan and Nel (1997) also provide a multi-dimensional perspective on employee empowerment. For them it consists of the establishment of a system of corporate values; a flowing structure as opposed to a hierarchy with boxes; facilitating leadership; each person becoming a manager of his/her own job; open and honest communication; relationships of partnering for performance; employees who understand business and industry as well as finance and economics, who possess critical thinking skills, who are flexible in their learning
and decision making, and who are competent in their jobs; controls based on checks and balances and feedback on performance; and a pay system that rewards everyone when the organization performs well. Using the employee empowerment process at Colgate-Palmolive as a model,

Caudron (1995) suggests that key components include: self-directed work teams; free flow of information about company goals and directions; training and continual development of work, management, and leadership skills of all employees; managers who are more like coaches and who empower gradually; employee control of needed resources, provision for performance measurement; continual positive feedback and reinforcement on performance.

Employee empowerment literature identifies contextual factors and strategies that promote and support empowerment. Burke (1986) suggests that a way to empower employees is to express confidence in them, together with establishing realistic high performance expectations for them. Block (1987) adds the creation of opportunities for employees to participate in decision making, and giving employees autonomy from bureaucratic constraints as empowerment strategies. Comparatively, Benis and Nanus (1985) suggest the setting of performance objectives for employees that is challenging and inspiring. Also, Oldham (1976), Kanter (1979), Strauss (1977), Hackman and Oldham (1975) suggest performance-based reward systems and enriched jobs that provide autonomy and control, task identity, opportunities for career advancement and task meaningfulness as ways to empower employees. At the organizational level, however, McClelland (1975) and House (1988) suggested that empowerment could be achieved through employee selection and training programs designed to provide required technical skills together with a culture which encourages self-determination and collaboration instead of competition. A practical and process oriented definition of empowerment was offered by Bowen and Lawler (1992). They define employee empowerment as sharing with front-line employees, information about an organization’s performance, information about rewards based on the organization’s performance, knowledge that enables employees to understand and contribute to organizational performance, and giving employees the power to make decisions that influence organizational direction and performance. According to Zemke and Schaaf (1989), employee
empowerment means creating meaningful tasks, providing autonomy, and encouraging and rewarding employees to exercise initiative and imagination.

It is very difficult to say that employee empowerment is the single appropriate approach to managing an organization through the engagement of all irrespective of position and level. It is perceived by some to be a new form of the mobilization of employees by management.

3.2.1 Facilitators of Employee Empowerment
The following facilitators of employee empowerment are discussed in more systematic and detailed way.

3.2.1.1 People Management Strategy
Organizations with formal structures and standardized rules and procedures for work performance also impede empowerment. Building more democratic organizations mean redistributing power to all levels in the organizational hierarchy. Successful empowerment may require management programmes and systems that share information, knowledge, and rewards with employees at all levels (Lawler, 1996; Lawler et al., 2001).

Linda (1997) argued that one dimensional approach is not enough to view employee empowerment. Empowering employees to be effective in organizations, management should view it as part of the system. Vogt and Murrell (1990) argued that power is a complex interactive process, whereas individual empowerment is an act of developing and increasing power by working with others. In addition, they identified six core dimensions to empower employees in organizations, educating, leading, mentoring, superior support, sharing of resources, interpersonal relationship and one that incorporates all the above. Employees are motivated by both recognition and rewards. This clearly indicates that empowerment is a multi-dimensional process which involves many elements in an organization.

Shared values, beliefs, and norms held by members of an organization are known as organizational culture. A supportive culture that values employees and their contributions facilitates empowerment. Creative problem solving is supported by an organizational culture with strong values for information sharing, fair and constructive judgment of ideas, and reward
and recognition for new ideas (Amabile, 1997). In contrast, a culture that only emphasizes traditional approaches and avoidance of mistakes discourages creative problem solving.

Superior-subordinate relationship is crucial for sustaining continuous improvement of employee empowerment in the organization (Zairi, 1994; Taffinder, 1995). Better interpersonal relationship needs to be demonstrated at all levels of the organization. A good leader in the organization is in a position to tap into expressing thoughts of others, give verbal expression to their feelings, able to delegate and empower employees which make the vision created be brought into fruition. Good leadership inspires the subordinates, creates a vision to be followed by the organization, and empowers employees through training and development. Employee empowerment is not a product of any structure or system, but it is a process which is ongoing, dynamic and fluctuating. Employee empowerment programme to succeed in organization management must put in place a structure in the system to support the whole process. It is recommendable that employee empowerment takes place in an environment where is allowed, nurtured and promoted by the management and employees.

The management style of the future must change and accommodate the empowering culture in organizations. There are three closely interlinked essentials which are the keys to success of employee empowerment in organizations such as attitude, commitment and involvement of all irrespective of levels and positions. Employee empowerment offers advantages to the organization and to its employees. Most employees to a certain degree appreciate the greater responsibility and decision making as one way of empowering them. Empowerment is increased by employee access to information, funds, materials, and facilities needed to do the work effectively. Employees that have more access to information about the mission and performance of the organization experience more empowerment. Therefore, the proposed hypothesis is:

\[ \textit{H}_{1a}: \text{Perception of organizational emphasis on people management will have significant impact on employee empowerment.} \]
3.2.1.2 Job Characteristics

Empowerment opportunities are limited when employees perform routine, repetitive production or service jobs. There is more potential for challenging work and self-determination in jobs that have complex tasks and enriching job characteristics. Jobs that are designed with only the technology in mind are not supportive of empowerment. A Socio-technical system redesigned with flexible technology encourages employee empowerment (Bowen and Lawler, 1995). The job characteristics model is associated with the concept of job enrichment and the idea that routine and overly specialized jobs are de-motivating. Jobs can be made more intrinsically motivating by redesigning work so that employees have control over tasks typically performed by supervisors. For example, having input into the work schedule would be seen as motivating, as employees would help design their work week. Five characteristics are essential for all jobs in order to have intrinsically motivating work (Hackman and Oldham, 1980). Task identity is the degree to which the individual performs a whole piece of work. Task significance is the degree to which the job has a substantial impact on the lives of others. Skill variety is the degree to which the job requires different skills of workers. Autonomy is the degree to which individuals feel personally responsible for their work. Feedback is the degree to which the job provides information on level of task accomplishment.

The five characteristics of jobs contribute to three critical psychological states in the individual: Experiencing meaningfulness of the work, experiencing responsibility for outcomes of work, and knowledge of the actual results of work activities. Employees experience intrinsic motivation when the work generates these three psychological states. Outcomes of the job characteristics model include high internal work motivation, high growth, satisfaction, high overall satisfaction and high work effectiveness (Hackman and Oldham, 1980). Several decades of research investigating job characteristics in organizations have provided a great deal of support for this model; job characteristics are the most consistent situational predictors of job satisfaction and sense of empowerment in employees (Judge and Church, 2000). More than 90 percent of Fortune 1000 companies have made increases in job autonomy (Lawler et al., 1998).
Job characteristics such as challenging work, variety of tasks, autonomy and high involvement are found to be significantly correlated with employee satisfaction (Parker et al., 1994; Ongori, 2009) because they create intrinsic motivation. Re-engineering of jobs is a major intervention of employee performance. Both work redesign and satisfaction generate positive and direct influence on employees' commitment (Kuo et al., 2009). Enrichment of jobs in such a way as to make them challenging and interesting is another intervention towards achieving job satisfaction, employee empowerment and retention (Ugboro, 2006).

According to Thomas and Velthouse (1990), an employee feels satisfaction due to meaningful job, gaining confidence to perform the task, the degree of autonomy in decision making, and perceives that the job and individual performance have a positive and vital impact on the organization. Job autonomy is considered as significantly and positively related to organizational commitment and performance. If managed effectively, job enrichment can act as an important driver of individual performance-satisfaction relationship. Hence, challenging jobs and work processes will lead towards higher job satisfaction, higher level of commitment, fosters innovation and creativity which will create an atmosphere of empowerment.

Successive increments in task complexity and responsibility along with training to acquire new skills makes an individual feel more capable of performing his job and therefore, empowered and satisfied. Increased complexity in job requires more thought and involvement in it, thereby resulting in more contributions from the job holder. Job enrichment is a widely practiced empowerment mechanism in high performance organizations because it involves more effective use of skills and knowledge. On the basis of the above discussions, it can be assumed that:

\[ H_{1b}: \text{Job characteristics have a positive relationship with employee empowerment.} \]

3.2.1.3 Self-managed Teams

Another mechanism for increasing empowerment is the use of self-managed teams. Implementation of teams requires a more structural change in the organization. Seventy-nine percent of Fortune 1000 companies and 81 percent of manufacturing organizations have implemented teams with some degree of self management (Lawler et al., 1998; Taninecz et al., 1997). Unlike traditional work units where a formal manager usually makes all the key
decisions, members of self managed teams meet to determine how to do the work and who will do each task. The team usually selects a leader to conduct meetings and coordinate activities, and this leadership role may be rotated among qualified members. The parent organization usually determines the mission, scope of operations, and the budget for self-managed teams. The amount of authority the team has for other types of decisions varies greatly from one organization to another. Each team is usually given authority and responsibility for operating decisions such as setting performance goals and quality standards, assigning work, determining work schedules, determining work procedures, making purchases of necessary supplies and materials, dealing with customers and suppliers, evaluating team member performance, and handling performance problems of individual members (Becker and Mathieu, 2003).

Self-managed teams are most appropriate for complex, self-contained projects that require a high level of initiative, skill, and motivation. These teams are not appropriate for independent tasks that are performed individually by employees rather than by a team. Other facilitating conditions for the effectiveness of self-managed teams include (Hackman and Wageman, 2005; Sundstrom et al., 1990): clearly defined objectives; a complex and meaningful task; a small team size and stable membership; substantial team discretion over work processes; access to relevant information; appropriate recognition and rewards; strong support from top management; and members who have strong interpersonal skills.

The individual and members of the teams should be empowered, by so doing, the organization would be able to achieve its objectives and this will make the organization in question to be competing with others in terms of human resource utilization. Ketchum and Trist (1992) empowering teams should be a central concept for managers who wish to improve their organizational performance. Furthermore, Shipper and Manz (1992) argued that the successful organization always strives to become one large empowered team. Thus, it can be hypothesized that:

\[ H_{1c}: \text{Perception of being empowered is better among the members of the self-managed teams.} \]
3.2.1.4 Employee Involvement Measures

The human consequences of the organizational changes are now well established and widely recognized fact. Irrespective of the original reason of stimulating changes, whether technical, financial or market considerations, it undoubtedly affects the social system of the organization. Many of the theories of the process of change, stresses the importance of involvement of the employees who are to be affected in the change process for effective change (Lovelady, 2001). Moreover, the effectiveness of information sharing or involvement in decision-making strategies may be influenced by employees' attitude toward involvement (Brown and Cregan, 2008). Also, involvement is vitally important in dealing with resistance because it entails a dialogue about the rationale, context, and meaning of the change and an opportunity for people to express their concerns, ideas, and suggestions. If this part of the change process is incomplete, people may not understand what is happening or know their role in the undertaking, and they may resist change efforts (Kotter and Schlesinger, 2008; Kotter, 1990).

Axelrod (2001) writes that the cornerstone of any democratic process is the voice – the power to be heard and to influence outcomes. Maximizing voice means widening the circle of involvement to encompass those likely to be affected by the change process, including those who might be opposed or who think differently. When people really believe their voice counts, a critical mass for change spontaneously emerges. In fact, in a recent study Axelrod (2002) favours a disbanding of the change paradigm and implementing a new structure called the engagement paradigm.

Sharing information is a necessary precondition to another important feature found in successful work systems: encouraging the decentralization of decision making and broader employee participation and empowerment in controlling their own processes (Tony, 1999). Superiors can encourage and facilitate participation by involving subordinates when making decisions that affect them. Involving employees can potentially improve the quality of decision making in the workplace, and it helps to improve the acceptance of decisions and employee satisfaction with the decision-making process. Involving employees also help to develop their
decision making skills. Joint decisions are made together by the leader and other relevant parties such as subordinates. Job involvement, job satisfaction; career satisfaction and organizational commitment are the outcomes of employee involvement in day to day activities of the organization (Noorliza and Hasni, 2006). Employee involvement makes employees feel that they are valued in organizations and will create a high degree of job satisfaction and empowerment.

In short, the literature review reveals that employee involvement has a positive relationship with employee empowerment. It has been found that the freedom to share opinion, involvement in decision making, effective distribution of power and involvement in the key business activities are the core of employee involvement so that people can express their ideas, concerns and suggestions at various structured and unstructured forums that leads to sense of empowerment and commitment. Specifically, it can be predicted that:

$H_{1d}$: Employee involvement will foster the feeling of being empowered.

3.2.1.5 Information Sharing

Communication receives frequent exploration as a key construct in the examination of relationships. Anderson and Narus (1990) defined communication as "the formal as well as informal sharing of meaningful and timely information". According to the emerging paradigm of public relations by relationship management, communication may be redefined as part of building favourable relationship between management and employees, thus acknowledging that communication facilitates employee willingness to work towards envisioning future direction and goals of the organization and consistent displays of passion about the collective pursuit of the organization's purpose (Conger, 1989). It has been theorized that the managers who most rapidly achieved their goals attributed their success to direct conversations with individual staff members about expectations further indicating that these conversations were honest, open, straightforward, and transparent (Dennis, 2009). In addition, managerial openness instilling subordinates' perceptions that their boss listens to them, is interested in their ideas, gives fair consideration to the ideas presented, and at least sometimes takes action to address the matter raised provides the subordinates to initial motivation to speak up (Milliken et al., 2003). Conceptually, once established trust and communication work together to advance the initial relationship.
Employees want guidelines from their superiors regarding what goals to achieve, what is expected from them, how to accomplish these goals and the feedbacks on performance through transparent communication system. The organization in order to build trust and participation among the employees should make clear communication regarding policies, strategies, programmes, outcomes and job. Effective communication among peers encourages employee participation, involvement, empowerment, identifying issues, solving problems, addressing needs and monitoring progress. Lack of communication increases uncertainty, alienation, stress, work life conflicts (Schweiger and DeNisi 1991).

Basic to employee empowerment are programmes to share information about business performance, plans, goals, and strategies. It is difficult to expect employees to make meaningful contributions to the success of the organization unless they have access to basic operating information. (Lawler et al., 1998). Many public corporations, for example, provide only the financial information that the law requires be distributed to shareholders in annual reports. By not sharing basic information, a significant number of companies still do not treat employees as important stakeholders in and contributors to the firm’s performance (Lawler, et al., 1998).

Distribution and reception of information play an important role in organizational life and contribute to the satisfaction of the members of the organization (Orpen, 1997). Through downward communication, employees would receive information about various aspects of the organization, particularly instructions about job performance, relationship of the job with the entire organizational framework, and other specific communication which may be relevant for them. Through upward communication, employees can share their views, grievances, and suggestions for improving the work performance.

The researchers have also built theories via studies positing and testing important management tools, which have a constructive effect on the change outcome. One such study by Samsup and Wook (2005) reveals that favourable employee communication increases job satisfaction and employee performance. Interestingly, through researches it was found that employees tended to prefer direct interpersonal communication to mediated communication when they need more information on ongoing issues of their organizations. The results
revealed that the trusting relationship was positively related to measures of communication management, suggesting that those employees receiving positive communication are more likely to be motivated to form trusting relationships with the management. Also, resistance to change may be minimized by keeping the employees informed about what to expect from the change effort; teaching employees to cope with the stress of change; negotiating tradeoffs with those who will clearly lose from the change effort; and using coercion (McShane et al., 2009).

A supportive culture that values employees and their contributions facilitates empowerment. Creative problem solving is supported by an organizational culture with strong values for information sharing, fair and constructive judgment of ideas, and reward and recognition for new ideas will enhance the degree of empowerment and satisfaction (Amabile, 1997). The key to employee performance and satisfaction is to share information about business performance, plans, goals, and strategies. It is difficult to expect employees to make meaningful contributions to the success of the organization unless they have access to basic operating information (Lawler et al., 1998).

There has been a great deal of interest in recent years in management, increasing downward communication to employees, which communicates organizational goals and the business position of the organization to win hearts and minds. The logic here is that employees will be more understanding of the reasons for business decisions and as a result more committed to the organization’s action (Wilkinson et al., 1993). It is also seen as important that employees should have the opportunity to express their views and grievances openly and independently through a form of upward communication, rather than being able to raise only task-related problems.

Access to appropriate resources, funds, materials, facilities, and information will motivate the employees and develop a sense of ownership for goal attainment. Irrespective of the type of industry (high-growth or low-growth), it can be conjectured that the transparent communication system will promote employee empowerment and willingness to go the extra mile to achieve organizational ends. In connection with this, it can be proposed that:

\[ H_{1e}: \text{Sharing of information is a predictor of empowerment of the employees.} \]
3.3 Employee Engagement

Empowerment has been defined in numerous ways, but most authors agree that the core element of empowerment involves giving employees discretion over certain task related activities (Bowen and Lawler, 1992; Conger and Kanungo, 1988; Schessinger and Heskett, 1991). Randolph (1995) defines employee empowerment as “a transfer of power” from the employer to the employees. Blanchard et al., (1996) for arguing that empowerment is not only having the freedom to act, but also having a higher degree of responsibility and accountability. This indicates that management must empower their employees so that they can be motivated, committed, satisfied and assist the organization in achieving its objectives. However, transferring power to the employees should be done with due diligence, at the same time the employees to whom the power is transferred to, must be held accountable for their actions. Accountability would instill discipline in utilizing scarce resources to benefit the organization and other stakeholders.

Employee empowerment takes place through sharing information, autonomy in making decisions and improving intellectual capacity. Wellins et al., (1991) proposed that an organization that empowers its employees will be able survive in the free economy. Mohammed and Pervaiz (1998) state that empowerment is a state of mind. An employee with an empowered state of mind experiences feelings of 1) control over the job to be performed, 2) awareness of the context in which the work is performed, 3) accountability for personal work output, 4) shared responsibility for the unit and organizational performance, and 5) equity in the rewards based on individual and collective performance. The “model of work team effectiveness” postulated by Cohen et al., (1996) argued further that employee empowerment should be the primary focus for anyone trying to design effective self managing work teams in organizations.

Employee empowerment is concerned with trust, motivation, decision-making, and breaking the inner boundaries between management and employees as “them” verses us. This will lead to improved productivity, performance and job satisfaction. It has been associated with the concept of power, implying that power in the organization should be re-shared by the top management to the lower management (Tulloch, 1993). In a free market economy where there is an open competition, challenges to provide quality product and services, high degree
of innovativeness and turbulent changes in the macro-environment, employee empowerment is needed. Similarly, Sewell and Wilkinson (1992) suggested that from the use of the term 'empowerment' of members to be meaningful, there must be a genuine shift in the locus of power away from management and to the shop floor.

To date, there is no single and generally accepted definition for the term employee engagement. The concept of engagement can be traced back to Kahn (1990). Drawing from the earlier work of Goffman (1961), Kahn has developed the idea of employee engagement. Goffman here suggests that people's attachment to and detachment from their roles varies. When an individual's behaviour shows a lack of separation between that person and his or her role, it indicates role embracement, and when an individual's behaviour reveals a resistance to a disdained role, it indicates the role distance. On the basis of this distinction, Kahn (1990) has focused specifically on how people occupy their roles at work in varying degrees or how many people are psychologically present during particular moments of role performances at work.

Employee engagement, on the other hand, focuses on how psychological experiences of work and work contexts shape the process of people presenting and absenting themselves during task performance. According to Kahn (1990), engagement is a multidimensional construct. Employees can be emotionally, cognitively, and physically engaged. For psychological engagement and organizational behaviours, the two major dimensions are emotional and cognitive engagement. To be emotionally engaged is to form meaningful connections with coworkers and managers and to experience empathy and concern for others' feelings. In contrast, being cognitively engaged refers to those who are acutely aware of their mission and role in their work environment. Engagement occurs when one is cognitively vigilant and emotionally connected to others.

People management and mentoring capabilities of the chief executives are highly correlated with subordinates commitment, effectiveness, motivation and satisfaction (engagement). The CEO to be visionary and future oriented (decisive, visionary, inspirational) and to involve his/her subordinates in his vision (information source, humane, team oriented) are positively related to higher subordinates engagement (Galanki, 2008).
Rothbard (2001) also defines engagement as psychological presence, but goes further to state that it involves two critical components: attention and absorption. Attention refers to "cognitive availability and the amount of time one spends thinking about a role" while absorption "means being engrossed in a role and refers to the intensity of one's focus on a role."

Burnout researchers define engagement as the opposite or positive antithesis of burnout (Maslach et al., 2001). According to Maslach et al., (2001), engagement is characterized by energy, involvement, and efficacy, the direct opposite of the three burnout dimensions of exhaustion, cynicism, and inefficacy. Research on burnout and engagement has found that the core dimensions of burnout (exhaustion and cynicism) and engagement (vigor and dedication) are opposites of each other (Gonzalez-Roma et al., 2006).

Schaufeli et al., (2002) define engagement “as a positive, fulfilling, work-related state of mind that is characterized by vigor, dedication, and absorption.” They further state that engagement is not a momentary and specific state, but rather, it is “a more persistent and pervasive affective-cognitive state that is not focused on any particular object, event, individual, or behavior”.

This is evident if one looks at the definitions forwarded for the term by three well-known research organizations in the human resource area and the definitions are given below.

Perrin’s Global Workforce Study (2003) uses the definition “employees’ willingness and ability to help their company succeed, largely by providing discretionary effort on a sustainable basis”. According to the study, engagement is affected by many factors which involve both emotional and rational factors relating to work and the overall work experience.

The Gallup organization defines employee engagement as the involvement with and enthusiasm for work. Gallup as cited by Demovsek (2008) likens employee engagement to a positive employees’ emotional attachment and employees’ commitment.
Robinson et al., (2004) define employee engagement as "a positive attitude held by the employee towards the organization and its value. An engaged employee is aware of business context, and works with colleagues to improve performance within the job for the benefit of the organization. The organization must work to develop and nurture engagement, which requires a two-way relationship between employer and employee".

The definition forwarded by the Institute of Employment Studies gives a clear insight that employee engagement is the result of two-way relationship between employer and employee pointing out that there are things to be done by both sides. Furthermore, Fernandez (2007) shows the distinction between job satisfaction, the well-known construct in management, and engagement contending that employee satisfaction is not the same as employee engagement and since the managers cannot rely on employee satisfaction to help retain the best and the brightest, employee engagement becomes a critical concept. Engagement is about passion and commitment- the willingness to invest oneself and expand one's discretionary effort to help the employer succeed, which is beyond simple satisfaction with the employment arrangement or basic loyalty to the employer (Blessing White, 2008; Erickson, 2005; Macey and Schnieder, 2008). Therefore, the full engagement equation is obtained by aligning maximum job satisfaction and maximum job contribution. Stephen Young, the executive director of Towers Perrin, also distinguishes between job satisfaction and engagement contending that only engagement (not satisfaction) is the strongest predictor of organizational performance (Human Resources, 2007).

Recent researches also indicate that employee commitment and organizational citizenship behavior (OCB) are important parts and predictors of employee engagement in that commitment is conceptualized as positive attachment and willingness to exert energy for success of the organization, feeling proud of being a member of that organization and identifying oneself with it and OCB is a behaviour observed within the work context that demonstrates itself through taking innovative initiatives proactively seeking opportunities to contribute one's best and going extra mile beyond employment contract. However, these constructs constitute the bigger construct employee engagement and they cannot independently act as a replacement for engagement (Macey and Schneider, 2008; Robinson et al, 2004).
According to Penna research report (2007) meaning of work has the potential to be a valuable way of bringing employers and employees closer together to the benefit of both where employees experience a sense of community, the space to be themselves and the opportunity to make a contribution, they find meaning. Employees want to work in the organizations in which they find meaning at work. Penna (2007) researchers have also come up with a new model they called “Hierarchy of engagement” which resembles Maslow’s need hierarchy model. In the bottom line there are basic needs of pay and benefits. Once an employee satisfied these needs, then the employee looks for development opportunities, the possibility for promotion and then leadership style will be introduced to the mix in the model. Finally, when all the above cited lower level aspirations have been satisfied the employee looks to an alignment of value-meaning, which is displayed by a true sense of connection, a common purpose and a shared sense of meaning at work.

Development Dimensions International (DDI, 2005) states that a manager must do five things to create a highly engaged workforce and these are aligned efforts with strategy; empower, promote and encourage teamwork and collaboration; help people grow and develop; and provide support and recognition where appropriate.

Sieber (1974) has classified the positive benefit of multiple roles (“role accumulation”) into four types: (1) role privileges; (2) overall status security; (3) enrichment of the personality and ego gratification; and (4) resources for status enhancement. More specifically, this study focuses on individual perceptions of career opportunities and professional visibility as being two “resources” that multiple roles provide. Moreover, it's reasonable to assume that an individual perceives these resources as contributing meaningful to engagement in the work role. Hackman and Oldham (1980) have identified five core characteristics associated with any job: skill variety; task identity; task significance; feedback; and autonomy. Job autonomy here refers to the freedom and independence that people performing the tasks have in determining how to execute their duties. In addition to other variables, Slatten and Mehmetoglu (2011) examined how job autonomy was linked to work engagement and financial returns of the firm. However, by ensuring a common basis of training and action competence, a manager can positively contribute to making certain that employees have a set of common practices, are committed to the firm’s goal and vision, and stay engaged (Domm, 2001). Consequently,
strategic attention contributes both to the engagement of employees and to the stimulation of employees' innovative behaviour.

3.3.1 Drivers of Employee Engagement
The key drivers of employee engagement programme are discussed below in a more elaborate way.

3.3.1.1 Ensuring Safe Work Environment
The working conditions of employees refer to the physical conditions of work in terms of both safety and comfort. It consists of work load, shift timings, rest periods, training activities, tangibles required to perform the work, the distance to and from the workplace and physical surroundings that affect the well-being of the employee. Safety is also an integral aspect of work conditions as architecture, temperature, equipment, noise, illumination, vibration, danger, and physical effort can make workplace hazards. Healthy workplaces are characterized by a collaborative organizational atmosphere, technology to drive optimum productivity, emphasis on quality and achievement of targets, provision for health and safety, positive collegial relationship, opportunity for autonomy and innovation and recognition of significant contribution to the organization (Mokgolo, 2008). Working conditions have an impact on job satisfaction, achievement, motivation, autonomy, communication, psychological stress, well-being of employees and engagement of the employees.

A healthy work environment can be defined as a work setting that takes a strategic and comprehensive approach to providing the physical, cultural, psychological and working conditions that maximize the health and well-being of employees, psychological engagement and optimizes organizational performance (Jennings, 2008). Disengagement of employees is the negative impact of work environment and can be reduced by a supportive social environment that includes co-workers and supervisors, peer and team cohesion, autonomy, utilization of skills, rewards, and an emphasis on planning and efficiency (Lundstrom et al., 2002).

The environment needed for employees to flourish is similar to the environment needed for work engagement of employees and the organization can create a healthy environment where people can feel safe to discharge their normal duties (Hazelton, 2014).
Optimizing safety culture requires active employee engagement for safety organizations must find creative ways to impress employee involvement for safety. Mentoring between experienced and inexperienced employees can also facilitate employee engagement in safety. In any workplace, it is important that employees watch out for others' safety. Behaviours based safety (BBS) can help to increase employee involvement for safety because it encourages peers to provide safety feedback to one another. The earlier studies of Kahn (1990) and May et al., (2004) found that meaningfulness, safety, and availability were significantly related to engagement. The negative experiences at work such as accidents or harassment have a harmful effect on engagement. Thus, it can be generalized as the perception of a safe work environment by the employees will enhance their degree of engagement with respect to the assigned jobs. On the basis of the above discussion, this study proposes the hypothesis as:

\[ H_{2a}: \text{Perception of a safe work environment by the employees has a positive relationship with employee engagement.} \]

3.3.1.2 Meaningful and Challenging Work

Jobs that are designed with only the technology in mind are not supportive of empowerment, satisfaction, and engagement. Socio-technical systems designed with flexible technology to encourage employee performance and satisfaction (Bowen and Lawler, 1995). Job characteristics such as challenging work, variety of tasks, autonomy, and high involvement are found to be significantly correlated with employee satisfaction (Parker et al., 1994; Ongori, 2009) because they create intrinsic motivation. Re-engineering of jobs is a major intervention of employee performance. Both work redesign and satisfaction generate positive and direct influence on employees' commitment (Kuo et al., 2009). Enrichment of jobs in such a way as to make them challenging and interesting is another intervention towards achieving job satisfaction. Mishra and Spreitzer (1998) have identified job variety and autonomy as contributors to job redesign. Empowerment and job redesign have proved to be effective organizational interventions for employee retention (Ugboro, 2006).

Increased complexity in jobs requires more thought and involvement in it, thereby resulting in more contributions from the job holder. Griffin (1991) has found a positive association between job redesign and employee attitudes (job satisfaction and commitment).
Job enrichment is a widely practiced empowerment mechanism in high performance organizations because it involves more effective use of skills and knowledge.

According to Thomas and Velthouse (1990), an employee feels satisfaction due to meaningful job, gaining confidence to perform the task, the degree of autonomy in decision making, and perceives that the job and individual performance have a positive and vital impact on the organization. Job autonomy is considered as significantly and positively related to organizational commitment and performance. Employee satisfaction reflects a positive link between employee participation and job satisfaction; motivation and performance; individual commitment and engagement (Doughty, 2004).

The core aspects of healthy work organization which is based on six interrelated components are organizational attributes, organizational climate, job design, psychological work adjustment and employee health and well-being (Wilson et al., 2004). Psychological work adjustment focuses on job satisfaction, organizational commitment, efficacy, and job stress while employee health and well-being is related to physical and psychological health, health and attendance behaviour. It has been found that organizational characteristics influence psychological work adjustment factors that ultimately affect employee engagement.

Proper autonomy and freedom to take decisions regarding the assigned task increases the change of ownership and has been established by eminent researchers. Employee involvement, shared decision-making, redistributed authority and control, and increased organizational flexibility and adaptability, just the kinds of practices that have been demonstrated in the management literature to be necessary for successful change, be it in IT, manufacturing or other sectors (Hornstein, 2008). In fact, the employees must be granted fair rewards, opportunities to learn and innovate, recognition by peers and managers, autonomy and freedom to take decisions, attainment of new levels of responsibility and work engagement (SamGnanakkan, 2010). The responsiveness of employees to explore the opportunities for more responsibility and participation is greater when they have a high level of achievement motivation, high self confidence and self-efficacy, and an internal locus of control orientation. As a result, employees with higher levels of education, tenure, and job level report experiencing more feelings of satisfaction, engagement and happiness.
Work engagement is more strongly related to job characteristics that are associated with the perception of meaningfulness of the work itself. Task significance and task variety are both thought to impact an individual's perception of meaning fullness of the work. (Christian et al., 2011). The researches on the dimensions of the jobs like autonomy and freedom to take decision, support from all-leaders, top-management, supervisors, peers and subordinates regarding the job, avoidance and reduction in stress related to the job and training and placement of the right person on right job will buy-in people support and facilitate employee engagement. Based on the above discussion, the proposed hypothesis is:

\[ H_{2b}: \text{Challenging and meaningful tasks must have significant impact on employee engagement.} \]

### 3.3.1.3 Workplace Relationships

Gist et al., (1987) examined the role of work groups in the organizations. They have described that the group structure, strategy, leadership and reward allocation to the members determine group performance, quality of work life for group members and ability to work independently in the future. To them, group tends to be effective when the size is small. Attention must be given to the group interaction process and minimization of social loafing. In addition members' quality, age, race, leadership style, group strategy and equity in reward allocation determine the group processes like team spirit, participation in decision making, better interaction and the like. These resulted in enhanced quality of work life of group members and positively engaged themselves towards the goal attainment.

As quality of work life and interpersonal relationship have been associated with the larger issues of job satisfaction, engagement and the financial performance of the firm, the organization should take utmost care towards this end. Danna and Griffin (1999) have defined workplace relationship is not a unitary concept, but has been seen as incorporating a hierarchy of perspectives that not only include work-based factors such as job satisfaction, satisfaction with pay and relationships with work colleagues, but also factors that broadly reflect life satisfaction, individual engagement and general feelings of well-being. Jyoti and Venkatesh (2006) defined the degree of interpersonal relationship is aimed at the enhancement of human
dignity and growth by creating appropriate processes in which all the stakeholders (management, unions, and employees) collectively work together to improve the living standards of employees and the efficacy of organizations.

Spreitzer et al., (2005) developed a model to explain the social embeddedness of thriving at work. Thriving at work refers to a psychological state in which individuals experience both vitality and learning. Vitality refers to positive feeling, whereas learning is the acquiring and applying knowledge and skills. Thus, both communicate a sense of progress or forward movement in one's self-development. According to them, unit contextual features (decision-making discretion, broad information sharing and a climate of trust and respect) and resources produced in doing the work (knowledge, positive meaning, positive affective resources, and relational resources) are promoting the climate of trust and confidence building.

Organizational identification mediated the relationship between perceived interpersonal leadership and engagement, which mediated the relationship between perceived interpersonal leadership and commitment. Engagement mediated the relationship between identification and job tension. Interpersonal leadership characteristics can be developed, and are positively related to employees' identification, commitment, and engagement, which are negatively related to job tension. Interpersonal leaders are positively associated with employee engagement; high engagement has been related to positive employee health and well-being. A healthy workforce translates into a healthy society (Hansen et al., 2014). According to the Institute of Employment Studies (IES) it has defined engagement as a positive attitude held by employees toward the organization and its values. An 'engaged employee' is aware of the business context, and works with colleagues to improve the performance within the job for the benefit of the organization. The organization must work to develop and nurture engagement, which requires a two-way relationship between employer and employee. Corporate cultures characterized by teamwork, pleasant working conditions, considerate treatment of employees, growth opportunities, flexible working practices, and good leadership and management practices foster employee engagement. It has been observed that significant importance must be given to the workplace relationship for productive engagement of the employees. Thus, a hypothesis can be proposed on the basis of the above discussion:
H2c: Proper emphasis on workplace relationships will enhance the degree of employee engagement.

3.3.1.4 Emphasis on Teamwork

Teams are groups of employees working towards a common goal or tasks that are high in complexity and involve interdependent subtasks. Team members usually have complementary skills and generate synergy by leveraging on their strengths and minimizing their weaknesses. Working in teams brings results in faster execution of work with minimum delays unlike doing the task individually. Teamwork helps the organization to increase productivity, concern for quality, flatten management structure, reduce employee turnover (Glassop, 2002). From the employee’s point of view teamwork leads to increase autonomy, motivation, job satisfaction and reduce psychological fatigue, absenteeism that are associated with improved quality of work life and work engagement.

Team building is an effort which unifies variant individual energies, direct these energies towards valuable goals and outputs and link these results to organizational efforts. It develops trust, cohesiveness and mutual sense of responsibility among the employees (Parker, 2006). Employee talents are also effectively utilized by teams (Robbins, 2003). The organization should focus on team building interventions to improve its ability to work together, better communication, improve problem solving capabilities and make better decisions (Kouzes and Posner, 2007).

Organizations with formal structures and standardized rules and procedures for work performance also affect the degree of empowerment. Building more democratic organizations mean redistributing power to all levels in the organizational hierarchy for goal attainment through empowerment (Yukl and Becker, 2006). An organization must provide opportunities for employee participation both on the shop floor and at higher levels. Participation improves communication and cooperation among members which contributes towards team-building. It refers to a work team consisting of a group of individuals who work independently to solve problems or perform an assignment (Nijhof et al., 1998).
Each team is usually given authority and responsibility for operating decisions such as setting performance goals and quality standards, assigning work, determining work schedules, determining work procedures, evaluating team member performance, and handling performance problems of individual members (Taninecz et al., 1997). Encouragement and adequate support to employees in the decision-making process, which involves encouraging people to speak up to express their concerns and innovative ideas for problem solving. This will induce a high degree of job satisfaction, commitment, and engaged in jobs. Good leadership needs to be demonstrated at all levels of the organization. A good leader in the organization is in a position to tap into expressing thoughts of others, give verbal expression to their feelings, able to delegate and empower employees which make the vision created be brought into success. Also, the team leader inspires the subordinates, creates a vision to be followed by the organization, and empowers employees through training and development (Hamish, 2004). Employees have freedom in deciding what work to do and how to do it along with having a sense of control over work will bring satisfaction and commitment.

Satisfied team members have achieved department and company goals and promote an increasingly positive and progressive workplace. Encouragement of the team members should be guided by the dual objectives of improving organizational effectiveness and improving the quality of work life of employees. This significantly enhances job involvement, career satisfaction and organizational commitment (Noorliza and Hasni, 2006). The members of empowered teams feel that they are valued in organizations and will create an environment reflecting a high degree of job satisfaction and commitment, better decisions, improved quality, more innovation, and better quality of work life.

Teams responsible for the quality of products or services frequently collect data to measure discrepancies and take corrective measures to ensure improved quality, thereby, gaining autonomy and discretion over their job (Guzzo et al., 1993). These self-directed work teams make decisions and then act on those decisions. Team commitment is an individual’s identification and a sense of cohesiveness with other members of a group which enhances social involvement and reinforces the degree of affiliation of individuals with the organization (Randal and Cote, 1991). Individual commitment and commitment to work groups improves team performance, pro-social behaviour and group cohesion, and enhances individual
satisfaction, engagement and job performance (Gunz and Gunz, 1994). Those committed to their jobs and careers are absent less and have lower intentions to quit, increased job satisfaction, and voluntarily engaged themselves. Emphasis on teamwork will foster the climate of employee engagement and the proposed hypothesis is:

\[ H_{2d}: \text{Organizational efforts toward teamwork will foster the climate of employee engagement.} \]

### 3.3.1.5 Career Development Initiatives

The career development initiatives are the system for assisting employees to develop within their current jobs or advance to fulfil their goals for the future. The primary goals of many career development programmes are to communicate the vision of the organization, help workers understand the corporate values and culture, and show employees at every level how they can help the company succeed (Gerbman, 2000).

Mentoring provided was positively associated with objective and subjective career success and with mentoring received. Furthermore, mentoring provided mediated the relationship between mentoring received and both aspects of career success. Organizations should enhance within the organizational opportunities of people with high career commitment. “Shared management” structures that spread people management responsibilities so that individuals get the attention they need, when they need it. The second is to establish long-term approaches to career development that ensure everyone keeps pace with change. This also takes care of high potentials and future leaders (Janice, 2014).

A career development programme should clearly show the different steps in the career path and make explicit the criteria of how a frontline employee can progress along the path. Managers must develop the career development programmes on an individual basis, which stresses the point that each individual employee must pay an active role in developing a career path. By individualizing the career program the manager facilitates the employee commitment to the program and more importantly a common understanding between the manager and the employees about both preferred career path in the company. Only when both individual employee and manager play an active role in the use of career programme and this tool can contribute to or uphold the employee perception of the benefit in their present working role, as a resource for status enhancement. The employee perception of the real benefit would result in
a working force that is both more engaged and innovative in their approach to carry out their respective jobs (Smith, 2007).

Ibrahim (2012) in his study expressed about six interventions that improve employee competencies, such as: competency standards, competency story, competency champions, competency best practices, competency based trainings, and competency campaign. Roland and Jessica (2011), in their study showed that Learning and development are key aspects of valuing human resources through the expansion of intellectual assets. The focus is on talent development that influences on succession planning, employee engagement and performance. The study revealed certain factors that influence the quality of work life, with implications for career development and human resource management (HRM) which includes organizational culture, leadership, communication, teamwork, job identity, performance, and training and development. Puah and Ananthram (2006) emphasized on the notion of empowering human capital through planning the careers of employees to develop different mindsets, skills and competencies. The study revealed that the variables of career planning and career management have a significant effect on career development, thereby fostering job satisfaction, career commitment and work engagement.

Esen and Collison (2005) in their study defined ‘employee development’ as improving employee competencies and skills over the long term through a variety of methods such as: mentoring, coaching, succession planning, identification of high-potential employees, etc. Further the study revealed that employee development programmes are of strategic importance to both organizations and employees, thereby increasing the likelihood of engagement and, in turn, creates a cadre of workers equipped to grow within the organizational structure. Lee and Bruvold (2003) in their study revealed that perceived investment in employees’ development (PIED) is positively associated with job satisfaction, commitment, and engagement.

Shelton (2001) in his study expressed that career development programmes play a significant role in employees’ satisfaction, which lead to employee engagement and retention. The findings also showed that a truly effective employee development programme should include learning culture, career planning, goal setting, and evaluation. Employee development programmes have various positive outcomes for the organization and individuals within the organization such as: improving performance, job satisfaction, and career growth, promoting
organizational success and values and meeting competitive edge. The important employee development tools used by organizations include: training and development, organizational learning culture, competency based training, innovative learning and development practices, career planning and counselling, employee promotion. Several other factors of employee development which may significantly contribute to the employee development process include: performance guidance, diversity training and ethical/human treatment.

Career development influences engagement for employees and retaining the most talented employees and providing opportunities for personal development (Concelman, 2005). If the employee is given a say in the decision making and has the right to be heard from his boss, then the engagement levels are likely to be high and engagement levels would be high if their bosses (superiors) provide equal opportunities for growth and advancement of employees (Schaufeli and Bakker, 2004). Employee development is vital in maintaining and developing the capabilities of both employees and the organization as a whole. Managers may play a much greater role in employee development than the literatures often suggest. The key management practices include showing personal interest, holding career discussions, acknowledging employee contributions, using a system of empowerment, and celebrating milestones and successes. Employees can improve their perceived career success by balancing their long and short-term goals, improving their competence, and communicating openly with their managers. A hypothesis can be derived on the basis of this discussion as:

H2c: Career development initiatives taken by the organization have significant impact on employee engagement.

3.3.1.6 Employee Compensation and Benefits

Adequacy of income from work and the fairness of the compensation is two important determinants of quality of work life and individual engagement. Motivation experts believe that money is still an important motive, which makes people work on the job. However, people also want to see fairness and adequacy in their pay. Equal pay for equal work and pay that is linked to responsibility, skill, performance and individual accomplishment are viewed with great importance. Pay must also be competitive with the external labour market and should be responsive to prevailing practices and changing economic conditions (Warr, 1987). Milkovich and Broderick (1991: 25) have given emphasis on compensation policies and practices to
reinforce employee behaviours that help to achieve the organizational objectives through voluntary engagement.

Fair compensation refers to all financial returns and tangible benefits that an employee receives for the services and efforts during the employment relationship. Fair compensation is a relative term that depends on employee perception of fairness and should be consistent with business strategy, value, job design, responsibility and position. It acknowledges the difference in skills, responsibility, contribution, and encourages frequent promotion as well. It aims to attract and retain talent, enhance competitive advantage, increase employee loyalty and positively trigger employee satisfaction. Walton (1975) proposed adequate and fair compensation as one among the eight constructs of QWL which can measure how much an organization can satisfy its employee's work values, aspirations, their personal ideals and hope of progress and creates the situation of employee engagement and goal attainment.

Compensation and both financial and non financial fringe benefits are the measures of how much an organization can satisfy its employee's work values, aspirations, their personal needs and hope for progress. Performance measures can sometimes generate inappropriate behaviour because of the way they are linked to formal or informal incentive structures. The incentives linked to a certain performance can create pressure to focus on the easily solved problems while ignoring more challenging problems (Bruttel, 2005). Performance-based pay serves to enhance effort and upgrade workforce quality, motivating effort, and attracting talent when effort and talent are not easily observed. Jobs with performance-related pay attract workers of higher ability and induce workers to provide greater effort. Thus, according to agency theory, the design of a compensation scheme is guided by a trade-off between risk and incentives (Sloof and Praag, 2005). Among the most commonly used group-based pay plans are profit sharing, gain sharing, and team-based rewards (Zenger and Marshall, 2000).

A pay-for-performance plan, in which compensation is linked to employee performance, is one form of organizational pay structure, as it motivates employees to devote effort to their individual performance by controlling their behaviour and outputs. The monetary rewards such as: competitive salaries, performance bonuses and scarce skills remunerations, as well as the non-monetary rewards or fringe benefits like extended leave,
promotions, childcare facilities and recreation (Mokoka et al., 2010). These are acting as pull factors to attract and retain talent, enhance competitive advantage and increase employee loyalty and engagement.

A recent study by Baruch et al., (2004) emphasizes the importance of the valence of monetary incentives, the instrumentality of performance for these incentives, and clear individual and group objectives for improving performance. Reward systems in general have a critical role in determining the organization's ability to attract high potential employees, retain high performing employees, and motivate all employees to achieve greater levels of performance (Barber and Bretz, 2000; Bartol and Locke, 2000; Coil, 2001; Fay and Thompson, 2001; Thompson, 2001). Thus, rewards should be made contingent upon specific behaviours that are of importance to the organization (Agarwal, 1999). This notion is derived from Adams's (1965) equity theory which argues that employees judge the fairness of their rewards by comparing them to their inputs and outcomes. Furthermore, payment plans should be valuable to employees to increase employee satisfaction and influence employee behaviour towards engagement and higher performance. On the basis of this discussion, it can be proposed that:

\[ H_{2f}: \text{Adequate employee compensation and benefits will have a positive impact on value adding engagement of employees.} \]

### 3.3.1.7 Recognition and Reward System

Kahn (1990) reported that people vary in their engagement as a function of their perception of benefits they receive from a real work. Therefore, one might expect that employees will be more likely to engage themselves at work to the extent they perceive a greater amount of reward and recognition for their role performance. Maslach et al., (2001) have also suggested that while a lack of reward and recognition can lead to burnout, appropriate recognition and reward is important for engagement.

Bhatacharya and Mukherjee (2009) have revealed that the IT sector gives much importance to the use of rewards, which definitely contributes to attract and retain employees making them feel more valued and thus increase engagement in such organization the fact that engaged employee work with the process and have a visceral connection to their company.
They perform better, stay longer, act responsibly and advocate their company’s value. Hence, investing in an employee’s growth leads to productivity and profitability of the organization thereof. Job satisfaction is the highest influencing factor, followed by motivation and effectiveness orderly (Swaminathan and Rajseucharan, 2010).

Measuring engagement asks the organization to take the prospective employee. It is about both practices (what the organization does) and perception (employer's view). Being a best place to work (BPW) goes beyond monetary reward, the latest fad in benefit and innovative perks, rather a best employer is one that takes a holistic approach to build a work environment in which employees are respected, valued and constantly engaged, and committed to business success. Working for an appreciative person in a lively and generous environment with an interesting job that fits the employee skills should enable him to be fully engaged. The proper matching between the job and skills and the more positive the environment in which the person works, the employee should be more engaged (Gubman, 1998).

Employee engagement refers to the behavioural intensity and emotional quality of a person active involvement during a task (Connell and Well born 1990, Well born 1999). Engagement is a heightened emotional connection to a job and organization that goes beyond satisfaction. Working for an appreciative person in a lively and generous environment with an interesting job that fits his/her skill should enable him/her to be fully engaged.

Rose et al., (2006) defined the organizational climate with the fair reward system; advancement and development opportunities with friendly and supportive relationship among members promote motivation and work commitment among the employees which lead to high performance, high job satisfaction and a sense of accomplishment. Extrinsic rewards are the tangible rewards mostly of a financial nature such as pay raises, bonuses, and benefits, given to employees. Intrinsic rewards are psychological rewards that employees get from doing meaningful work and performing it well. Extrinsic rewards though significant, play a dominant role in organizations where work is generally more routine and bureaucratic in nature. Furthermore, a sense of return on investments can come from external rewards and recognition in addition to meaningful work. To ensure the awards gained employee support, the nominations came directly from employees, rather than purely from senior management.
Researchers have also found a significant relationship between rewards and performance (Saraji and Dargahi, 2006). Organizational reward systems aim to influence two types of employee behaviours: membership and performance (Agarwal, 1999). The reward mechanism of the organization is based on rewards, promotion opportunities and growth orientation that are received for effective performance and significant achievements. Jonge et al., (2000) investigated that employees are rewarded by three transmitter systems: money (adequate salary), esteem (respect and support) and security/career opportunities (promotion prospects, job security and status). Rewards should reflect a person’s effort and competence and be allocated with fairness and objectivity (Yukl, 1998). Recognizing and rewarding employees and considering them as associates increases employee satisfaction and performance (Rose et al., 2006). Policies like value addition, skill based pay and shared ownership motivate employees to participate, develop, engage and identify themselves with the success and growth of the organization. In the line of the above discussions, a hypothesis can be proposed as:

$H_{2g}$: Proper reward and recognition to employees for good performance have a positive relationship with employee engagement.

3.3.1.8 Organization Culture and Climate

Pettigrew (1979) identifies work culture as the system of personally and collectively accepted meanings of work, operating in a given group at a given time. According to Peters and Waterman (1982) work culture is defined as a system of ‘shared values’, which results in high performance in organizations. Singh (1985) says that the work culture is the prevalent and common patterns of feeling and behaviour in an organization. Sinha (1990) labels the work culture as the totality of the various levels of interacting forces around the focal concern of work. Work culture means work related activities in the framework of norms and values regarding work. It includes: work related activities, the cognitions, the effect and the values attached to them. It is concerned with beliefs and values on the basis of which people interpret experience and behave, individually and in groups. Overall, the literature indicates that the individual work values may have a lot to contribute to the work culture of the organizations.
The four critical predictors like objective and reorganization (determinants of organizational commitment), career opportunity and pay (determinants of job involvement) represent four dimensions of organizational climate. The situational factors of an organization are more important than the personal attributes of the employees in influencing employee engagement (Baldev and Anupama, 2010).

The determinants of employee engagement connote a healthy working atmosphere that reflects on the social impact created by the organization. Employees would enjoy considerable attention in terms of the determinants being addressed. Special focus and effort are required specifically on the factors like, working-environment and team and co-worker relationship as they have shown a significantly higher impact on employee engagement and hence employee performance. Organizations shall focus on presenting a great environment for employees to work and promote programmes that would enhance peer relationships (Anitha, 2014). Enhancing engagement is a long term proposition. It appears that supportive workplace relationships have found to be an important predictor of engagement by various studies (Maslach et al., 2001, May et al., 2004).

In addition, organizations are relating the importance of encouraging two-way communication that is seen as a key driver of employee engagement furthermore, although measurement is a prerequisite to identifying issues, managing and engaged workforce also requires soft skill and the creation of a culture based on mutual respect between managers and employers. It is also vital that organizations recognize and celebrate success at individual, team and organizational levels. Organizations use leadership development programmes and other support for line managers to enhance engagement (McBain, 2007). Workers become more willing to engage in behaviours that facilitate the social context, they are also creating an environment conducive to further engagement of their pagers (i.e. increasing social support) (Cristian et al., 2011). An engagement friendly culture causes the diversity of the knowledge and skills of employees, respects individual needs, and inspires all employees to pursue a common and exciting vision of the future.

$H_{2B}$: Creation of a good organizational climate and culture will lead to employee engagement.
3.4 Employee Empowerment and Engagement as Predictors of Retention

Sewell and Wilkinson (1992) suggested that the use of the term empowerment of members to be meaningful, there must be a genuine shift in the locus of power away from management and to the shop floor. Unless one is empowered, or empowers oneself, it is difficult to participate as a member of a learning organisation. Management of any going concern should know that it's through employee empowerment that employees feel highly motivated, engaged and intend to stay longer.

Thomas and Velthouse (1990) defined psychological empowerment as increased intrinsic task motivation, i.e. generic conditions of an individual, pertaining directly to the task, that produce motivation and satisfaction as a foundation of employee engagement. Building on the work of Conger and Kanungo (1988), these authors distinguished between four empowerment dimensions, which reflect four distinct cognitions relating to an employee orientation to his or her work.

The first empowerment cognition is meaningfulness. It concerns the value of a work goal or purpose, judged in relation to an employee's own ideals and standards (Thomas and Velthouse, 1990; Spreitzer, 1995, 1996). It refers to the congruence between the requirements of a work role and employee's beliefs, values, and behaviours. The second empowerment cognition is competence. It is an employee's belief in his or her capability to perform task activities skillfully when he or she tries (Thomas and Velthouse, 1990). Bandura's (1997) self-efficacy concept reflects this competence dimension. Self-determination, the third empowerment cognition, involves causal responsibility for a person's actions. It is the employee's perception on the autonomy in the initiation and continuation of work behaviours and processes (Bell and Staw, 1980; Deci et al., 1989). Finally, the impact is the fourth empowerment cognition. It reflects the degree to which an employee can influence strategic, administrative, or operating outcomes at work (Ashforth, 1989).

Macy et al., (1995) identify the major components of high performing organizations to be very similar to those found in the literature on empowering organizations. They include activities such as multi-skilling, cross training, self-directed work teams, and horizontal design; human resource systems such as learning and development, job
enrichment/enlargement, peer review, and innovative compensation plans that involves as well as engaged the employees. In addition to the empowering aspects, they identify the use of technology as a key component of high performance. Mallak and Kurstedt (1996) write of empowerment as having expanded upon the concept of participative management. Their model of empowerment includes intrinsically motivating; internal justification for actions taken; delegation of authority; and integrating coworkers for problem solving. They believe that empowerment should be integrated into an organization's culture in a progressive manner. That is, initially one follows another's lead, then that person models his/her behaviour after that of the leader, next he/she begins to develop an understanding of empowerment themselves and act accordingly, and finally the individual become a leader and a role model for others. Management's role in empowerment, then, is to understand that this is a gradual process and to assist individuals as they move through the four developmental phases. Blanchard et al., (1996) define empowerment as having the freedom to act, but also the responsibility for results. They believe this freedom can be achieved through the leader sharing information with everyone, creating autonomy through delineating boundaries, and replacing hierarchies with self managed teams.

McLagan and Nel (1997) also provide a multi-dimensional perspective on employee empowerment. For them it consists of the establishment of a system of corporate values; a flowing structure as opposed to a hierarchy with boxes; facilitating leadership; each person becoming a manager of his/her own job; open and honest communication; relationships of partnering for performance; employees who understand business and industry as well as finance and economics, who possess critical thinking skills, who are flexible in their learning and decision making, and who are competent in their jobs; controls based on checks and balances and feedback on performance; and a pay system that rewards everyone when the organisation performs well. As a result, it can be proposed that a sense of empowerment among the employees will develop the attitude towards work engagement.

$H_{3a}$. Empowerment measures have a positive correlation with employee engagement.

Several researchers have studied the relationship between empowerment, job enrichment and organizational commitment, loyalty voluntary turnover. Therefore, this study, which examined empowerment, job redesign, intent to quit through affective organizational
commitment contributes to this emerging stream of research. There are, however, emerging theoretical models (Mishra and Spreitzer, 1998) on how to facilitate employees hopeful and constructive response to restructuring and downsizing, but because they are new and lack the empirical evidence to support their application. This study provides such empirical evidence that supports these theoretical models. It shows that both job redesign, employee empowerment that enhance the employees' sense of impact and job meaningfulness can facilitate towards affective commitment and reduce the intent to quit because of the significant positive correlation between them. It is supported by Mishra, Spreitzer and Mishra (1998) who found that high potential employees, because they have attractive employment alternatives, are more likely to leave the uncertainties of a downsizing environment for better job opportunities elsewhere. It, therefore, underscores the need for organizations to pay attention to the content and context of the employee's job is to make sure they enhance their sense of impact and task meaningfulness. This is particularly important since an organization's ability to realize the performance objectives to a very great extent, on the morale, commitment and productivity of employees.

Employees should always be involved in decisions which affect their work and, it is one of the strategies which can be used by management to motivate and retain employees in organizations (Ongori, 2009). In empowering employees in organisations, management should consider external environmental forces, the strategy of the organisation, the nature of the decision, the attitudes of the employees, the size and the growth rate of the organisation and desire for dependence vis-à-vis interdependence. Employee empowerment goes hand in hand with accountability. Accountability instils discipline and creates a sense of responsibility among employees. Employee empowerment should be used by management as one of the strategies in achieving organisation objectives. Empowerment of employees creates a high degree of commitment and reduces employee turnover. Management should trust their employees and encourage open communication in organisations. Hence it can be derived as:

\[ H_{3b}: \text{Employee empowerment measures have a significant impact on employee retention.} \]

There has been a great deal of interest in employee engagement in recent years, especially among practitioners and consultants. Although much has been made about the importance of employee engagement for organizational performance and business results,
there is little empirical evidence to back up these claims leading one to speculate that engagement might just be the “flavour of the month” or the latest management fad. Employee engagement as a key to the retention of talent (Glen, 2006) is an area in which the lead has been taken by practitioners. Effective talent management policies and practices demonstrate commitment to human capital, resulting in more engaged employees and lower turnover. Consequently, employee engagement has a substantial impact on employee productivity and talent retention. Employee engagement, in fact, can make or break the bottom line (Lockwood, 2006).

Employees' feelings with respect to the existing practices may lead towards psychological well-being involves feeling good. More recent work in the area of positive psychology also supports the idea of purpose and positive emotion, as the key ingredients of psychological well-being. The findings emerge from the cumulative impact of a number of research studies and experiments (Fredrickson and Joiner, 2002; Seligman et al., 2005). The message from these findings is that the development of psychological well-being is dependent on two key factors. The first key factor is the beneficial impact that positive emotional experiences have on the growth of psychological well-being. The second key finding is that an overall “sense of purpose”, that gives direction and meaning to people’s actions, enhances the impact that positive emotions can have on psychological well-being.

Faragher et al., (2004) report on a means of measuring the aspects of the workplace if absent, then these will block well-being and limit potential engagement levels. The key factors which are enhancing the level of engagement are: work relationships; work-life balance; work overload; job security; control/autonomy; resources and communications; pay and benefits; and job satisfaction.

Engaged employees are also more likely to have a high-quality relationship with their employer leading them to also have more positive attitudes and intended to stay longer in the organization (Saks, 2006). Bhatnagar (2007) in her study reflected that five factors such as: exciting work; career growth; workplace relationships; fair pay; and supportive management are highly visible and have significant impact on retention. One of the objectives of the present
study is to test the impact of engagement on employee retention as an outcome of the engagement process. In relation to this it can be assumed that the perceived level of the engagement drivers is contributing towards employee retention. Hence, relating to the above discussions the derived hypotheses can be stated as:

\( H_{3c}: \text{Engaged employees preferred to stay with their organization for longer period.} \)

\( H_{3d}: \text{Empowerment and engagement initiatives are significant predictors of retention of employees.} \)

3.5 Research Gaps and Proposition of a Hypothesised Model

In this present seamless business scenario, where an organisation needs to compete with domestic and global competitors alike to achieve competitive advantage, constant changes are a common occurrence. To be at par with the upcoming changes, the organisation needs to constantly upgrade the capabilities and the skill sets of its employees since they are the key players of every activity within the organisation periphery. Considerable research has been carried out by researchers worldwide to find out the impact of empowerment and engagement initiatives on an effective retention of employees, but still there are some research gaps which need to be addressed in the present work. Some of the research gaps which are identified during the process of extensive review of existing literature relating to this study are as given below:

- The literature review illustrates that there is a lack of research on the relevant facilitators of empowerment which are essential for development of an empowered environment irrespective of position. Most of the studies indicate few facilitators rather than a larger set of facilitators.

- In the previous research works on engagement of employees are more qualitative in nature and lacks empirical validation.

- Most of the research work gives emphasis on the impact of relevant predictors of empowerment and engagement on retention of employees separately. But the most of the research studies evidenced that the impact of empowerment on employee engagement established very rarely and in this research an attempted has been made towards this relationship.
• The present research work has given emphasis on empirical analysis to establish the significant impact of empowerment on engagement; empowerment on retention; engagement on retention; and combined impact of empowerment and engagement on retention of human resource.

Based on the gaps identified through extensive review of existing literature relating to the research work, a hypothetical model has been developed and to be empirically validated (Figure 3.1).

**Facilitators of Empowerment**

- People Management Strategies
- Job Characteristics
- Self-managed Teams
- Employee Involvement
- Information Sharing

**Drivers of Engagement**

- Safe Work Environment
- Challenging Work
- Workplace Relationships
- Teamwork
- Career Development
- Compensation and Benefits
- Recognition and Rewards
- Organizational Culture and Climate

**Figure 3.1: Hypothesized Research Model**
*(Empowerment and Engagement as Predictors of Employee Retention)*
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