CHAPTER - II
THEORETICAL PERSPECTIVES AND MODELS
2.1 Introduction

The preceding chapter focused on the development of the research problem, and emphasis was given to find out the impact of employee empowerment and engagement on retention of employees of NALCO through empirical validation of collecting information. This chapter will reflect the theoretical aspect of the constructs of the proposed research work along with the models developed by the earlier researchers relating to the scope of the research. Additionally, the three perspectives used to account for the research – employee retention, the outcome of the study while the other two factors which are influencing this are employee empowerment and employee engagement are reviewed.

2.2 Employee Empowerment

In the most comprehensive, long-term study of empowerment-oriented practices (Lawler et al., 2001) has empirically demonstrated the positive growth of empowerment practices in the last 15 years. Today, more than 70 percent of organizations surveyed have adopted some kind of empowerment initiative for some portion of their workforce. The promising organizations have given proper emphasis on employee empowerment because of competing demands for lower costs, higher performance, and more flexibility to enhance their performance. Empowerment practices are often implemented with the hopes of overcoming worker dissatisfaction and reducing the costs of absenteeism, turnover, poor quality work, and sabotage (Klein et al., 1998). Empowerment enables employees to participate in decision making, helping them to break out of stagnant mindsets to take a risk and try something new. Empowering practices allow employees to decide on their own how they will recover from a service problem and surprise-and-delight customers by exceeding their expectations rather than waiting for approval from a supervisor (Bowen and Lawler, 1995).

Yet, in spite of this positive growth, more than 25% of the surveyed companies have no significant empowerment-oriented practices anywhere in their organizations as reflected in the study report of Lawler et al., (2001). And even those that do introduce empowerment practices often find it difficult to build genuine employee empowerment (Spreitzer and Quinn, 2001). During recent years, workplace empowerment has increasingly become part and parcel of the
lexicon of organizational research and practice. The meaning of the term empowerment has evolved over the years from its more radical beginnings in the civil and women’s rights movements to its current manifestations focused on organizational performance (Bartunek and Spreitzer, 1999). Employee empowerment is giving employees a certain degree of autonomy and responsibility for decision-making regarding their specific organizational tasks. It allows decisions to be made at the lower levels of an organization where employees have a unique view of the issues and problems facing the organization at a certain level.

2.2.1 Perspectives on Empowerment

In broad terms, contemporary management scholars and practitioners have used three different perspectives to study and understand empowerment: (a) the social-structural perspective, (b) the psychological perspective, and (c) the critical perspective.

The social-structural perspective: The social-structural perspective has its roots in the values and ideals of democracy, broadly stated. In this perspective, empowerment is linked to a belief in a democratic polity where power resides in individuals at all levels of a system (Prasad, 2001). The success and legitimacy of empowerment as democracy rests on a system that facilitates and promotes the participation of most, if not all, employees (Prasad and Eylon, 2001). Of course, in contrast to a formal democracy where each person has an equal vote and majority rules, most organizations stop far short of following the principle of voting equality and majority rule of employees (Eylon, 1998). Nevertheless, the focus of this social-structural perspective is on sharing power throughout a system, where power is conceptualized as having formal authority or control over organizational resources (Conger and Kanungo, 1988). The emphasis is on employee participation through increased delegation of responsibility down throughout the organizational chain of command. In this perspective, employees aren’t empowered because managers tell them they are or because companies issue statements saying that employees are empowered. Instead, the social-structural perspective emphasizes the importance of changing organizational policies, practices, and structures away from top-down control systems toward high involvement practices. The focus tends to be on how organizational, institutional, social, economic, political, and cultural forces can root out conditions that foster powerlessness.
One well-known social-structural model of empowerment is by Bowen and Lawler (1995). They found that employee empowerment is a function of organization practices that distribute power, information, knowledge, and rewards down throughout the organization. The more power, information, knowledge, and rewards given to employees, the more empowered they are. Of course, because the four elements are interdependent, they must be changed together to achieve positive results. In other words, if an organization shares sensitive information with employees, but fails to share power, training, or rewards, empowerment will fail to take root.

Yet, from a structural perspective, empowerment also represents a moral hazard for managers (Pfeffer et al., 1997). The success or failure of employee empowerment depends on the ability of managers to reconcile the potential loss of control inherent in empowerment practices with the organizational need for goal congruence (Mills and Ungson, 2003). Setting clear limits for empowering and building trusting relationships have been found to be effective mechanisms for reducing the risk of this kind of moral hazard (Blanchard et al., 1999). In summary, then, the social-structural perspective on empowerment is embedded in theories of social exchange and social power with the emphasis on sharing authority between superior and subordinate. However, empowerment theorists have found this perspective to be limited because it does not address the nature of empowerment as experienced by employees. In some situations, power, knowledge, information and rewards had been shared with employees yet they still felt disempowered. And in other situations, individuals lacked all the objective features of an empowering work environment, yet still felt and acted in empowering ways. These issues spurred the emergence of the psychological perspective on empowerment and discussed below.

The psychological perspective: Psychological empowerment refers to a set of psychological conditions necessary for individuals to feel in control of their own destiny. Conger and Kanungo (1988) were among the first to define empowerment from a psychological perspective. In contrast to the social-structural perspective which equated empowerment with the delegation of authority and resource sharing, Conger and Kanungo (1988) viewed empowerment as enabling or enhancing personal efficacy. Thomas and Velthouse (1990) built on this initial psychological conceptualization by defining
empowerment as intrinsic task motivation consisting of four dimensions: meaning, competence, self-determination, and choice. **Meaning** involves a fit between the needs of one's work role and one's beliefs, values and behaviours. **Competence** refers to self-efficacy specific to one's work, a belief in one's capability to perform work activities with skill. **Self-determination** is a sense of choice in initiating and regulating one's actions and reflects autonomy over the initiation and continuation of work behaviour and processes. Finally, **impact** is the degree to which one can influence strategic, administrative, or operating outcomes at work. Together, these four cognitions reflect an active, rather than passive, orientation to one's work role.

Independently, Spreitzer et al., (1997) conducted an intensive review of the literature on empowerment across a variety of disciplines including psychology, sociology, social work, and education. Her synthesis of these disparate literatures found support for the same four dimensional concept of psychological empowerment. Using the Thomas and Velthouse (1990) model as a theoretical foundation, Spreitzer (1995) developed a four-dimensional scale in an attempt to measure these four dimensions. This measure was further validated by Kraimer et al., (1997). Unlike the social-structural perspective where there are multiple ways of measuring empowerment (including measures of delegation, participation, and decentralization), in the psychological perspective, this single measure has dominated empirical research.

A variety of different antecedents have been identified in relation to empowerment. Several features of organization design -- including a wide span of control (Spreitzer, 1996), enriching job characteristics (Liden et al., 2000), and a supportive/affiliative unit climate/culture (Sparrowe, 1994; Spreitzer, 1996) - have been found to be related to high levels of employee empowerment. Other research has shown that high quality relationships (Liden et al., 2000; Sparrowe, 1994), supportive peer and customer relationships (Corsun and Enz, 1999), socio-political support from one's boss, peers and subordinates (Spreitzer, 1996), and leader approachability (Koberg et al., 1999) are also important in facilitating empowerment. Still other research has examined the specific role of the employee as an enabler of empowerment: (a) having access to information about the mission and performance of the organization (Spreitzer, 1995); (d) rewards based on individual performance (Spreitzer,
and (3) role clarity (Spreitzer, 1996). In addition, other research has found employee characteristics like organizational rank and tenure (Koberg et al., 1999) to be associated with higher levels of empowerment. Finally, Kark et al., (2003) found that transformational leadership by way of social identification enhanced employee empowerment.

The empirical literature on empowerment suggests that empowerment matters for both employees and for their organizations. When employees feel empowered, they have more positive attitudes in terms of work/job satisfaction (Spreitzer et al., 1997) and organizational commitment (Liden et al., 2000). Similarly, Koberg et al., (1999) found that empowerment perceptions were associated with increased work satisfaction and reduced propensity to leave the organization. Empowered employees also reported less job strain (Spreitzer et al., 1997). But empowerment does not only affect attitudes, it also affects performance – more specifically, managerial effectiveness and innovative behaviour (Spreitzer, 1995), employee effectiveness (Spreitzer et al., 1997), employee productivity (Koberg, et al., 1999), and work unit performance (Seibert et al., 2004). Spreitzer and Quinn (2001) found that supervisors who reported higher levels of empowerment were seen by their subordinates as more innovative, upward influencing, and inspirational. All in all, the findings suggest a great deal of positive potential for psychological empowerment in a work context. Yet, within in the literature on psychological empowerment, there still remains the issue of where is the power in empowerment. This is why the critical perspective emerged.

**The critical perspective:** Critical and postmodern empowerment theorists contend that without the formal power structures of direct worker ownership and representation, typical empowerment interventions are in fact disempowering (Wendt, 2001) because real power still resides at the top of the organization (Boje and Rosalie, 2001). These theorists argue that feeling empowered is not the same as being empowered (Jacques, 1996). They note how discussions of power are conspicuously absent in the literature on empowerment (Hardy and Leiba-O'Sullivan, 1998). Moreover, these theorists recognize how empowerment interventions sometimes create more controls over employees through less freedom. It was evidenced from the organizational practices that an intervention focused on empowering employees by putting them into work teams, resulted in extensive peer pressure that left employees feeling ever more controlled and disempowered. So unless power is granted to employees through real
ownership and control in the firm like worker councils and cooperatives, critical theorists question the extent to which empowerment interventions ever can be truly empowering (O'Connor, 2001).

Vogt and Marrel (1990) argued that power is a complex interactive process, whereas employee 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 such as: educating, leading, mentoring/supporting, providing, structuring and one that incorporates all the above. This clearly indicates that empowerment is a multi-dimensional process which involves many elements in an organization.

Looking across these three perspectives, it can be seen as each one views empowerment a bit differently, they are complementary to one another. Each provides a different lens for understanding empowerment in the workplace (see Table 2.1).

<table>
<thead>
<tr>
<th>Table 2.1 Perspectives on Empowerment</th>
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<tbody>
<tr>
<td><strong>Social/Structural</strong></td>
</tr>
<tr>
<td><strong>Psychological</strong></td>
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<tr>
<td><strong>Critical</strong></td>
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Source: Spreitzer and Doneson, 2005.

The organizational perspective: Employee empowerment is a tool to enhance teamwork in organizations and empower members of the team to achieve organizational objectives so that the organization competes with others in terms of human resource utilization (Shipper and Manz, 1992). Most employees to a certain degree appreciate the greater responsibility and decision making as one way of empowering them. Thus, a complete
understanding of empowerment at work requires the integration of the four perspectives (Sahoo, and Das, 2010) as reflected in Figure 2.1.

Figure 2.1: Empowerment Perspectives

2.2.2 Source of Empowerment

Upper management is the source of empowerment. They empower the level of management reporting to them. That level, then empowers the next-lower level, and the process continue down through the company hierarchy. Each level of management must receive the authority and decision-making power to accomplish its particular responsibilities. Each level must relinquish authority and decision-making power to employees on the level directly below it. In her article, Fragoso notes that “the power managers have—to influence behaviour of employees and work responsibilities—must now be shared with employees through the creation of trust, assurance, motivation, and support. Work-related decisions and full control of the work is pushed down toward the lowest operating levels.”
Some employers have instituted empowerment programmes that are, in fact, not what they are supposed to be. Adrian Wilkinson (1998) in “Empowerment: Theory and Practice,” states that, “Even though employers have instituted ‘empowerment programmes,’ they varied in the decision-making powers given to employees. They were more of an effort to increase employee contributions to the company.”

2.2.3 Elements of Empowerment

Elements of empowerment distinguish it from the delegation. In their book, Three Keys to Empowerment, Ken Blanchard, John Carlos, and Alan Randolph (1999) state, “In a hierarchy, structure is created to inhibit the behaviour of people. Rules, procedures, policies, and management relationships inform people about what they cannot do or how they must do a task. In empowerment, the structures have a different purpose and take different forms. Now, the structure is intended to inform team members about the ranges they can act with autonomy. Employees to be empowered must know what their specific responsibilities, authority, decision-making powers are to operate within the new boundaries to be created.” Carol Yeh-Yun (1998), author of “The Essence of Empowerment: A Conceptual Model and Case Illustration” defined three elements exist within empowerment. Each needs to be present for empowerment to be successful.

- Style: Empowered employees have a working style of self-management and possess a team spirit. Employees make, implement, and are held accountable for work-related decisions.
- Skills: Empowered employees are trained to have effective problem-solving and communication skills. They challenge inefficient policies and identify problems.
- Staff: Empowered employees are bred in empowering organizations. With empowering leaders as drivers, immersed in a culture of empowerment and reinforced by empowering management practices, employees are expected to grow.

Employee empowerment is not a product of any structure or system, but it is a process which is ongoing, dynamic and fluctuating. Ongori (2009) argued that employee empowerment is “getting workers to do what needs to be done rather than doing what they are told, and it involves delegation, individual responsibility, autonomous decision making, and feelings of self-efficacy”. 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 the organization. These include the following.

- **Attitude**: It is the pivotal point of any progressive idea and relates to the psychological stance of an individual or group of individuals in respect of a concept, central theme or idea. In general, one's attitudes have learned from those in authority over one (parents, teachers, managers) and are reinforced by subsequent experience - unless or until some other different experience enlightens with a new message entirely.

- **Commitment**: This implies a sense of duty and obligation to the company which employs one. All employees must be committed to ensure that the organization nurtures the process of employee empowerment. In addition, it also means that everyone in the enterprise, direct from the managing director downward must accept responsibility to make sure that the process of employee empowerment is successful in an organization.

- **Involvement**: This is considered as the keystone of corporate success of employee empowerment. There is much evidence to prove that involving individuals in the planning processes and their abilities are utilized, there are higher chances of achieving the plans of the organisation. Equally, where employees are involved in the identification, discussion and agreement of personal objectives (in relation to the corporate plan) there is a higher desire to ensure that the tasks for which one is responsible are carried out efficiently and effectively (Ralph, 1996).

- **Communication**: Employees must clearly understand the vision and goals of the top management. Management should encourage open communication and teamwork (Quinn and Spreitzer, 1997). Management needs to communicate to their employees regularly so that they are informed of what is taking place in their organization. Employees are entitled to get the right information to enable them to make informed decisions. Communication in particular, is arguably one of the basic employee empowerment tools, without proper communication, contemporary organizations would cease to exist.
2.2.4 Employee Empowerment Issues

In the competitive environment, most of the organizations have successfully developed, executed, evaluated, refined and perused employee empowerment as a prime human resource practice with business value (Kandula, 2004). The very success of empowering practices has been reflected through the following:

1. Business Mission: Customers satisfaction by taking appropriate measures through the empowerment and involvement of employees.
2. Divergent Human Resource: Strong work culture through empowerment and involvement to integrate workforce emotionally towards better performance.
3. Employee Motivation: Mutual trust, confidence, and cooperation will foster a participative culture in the organization and gratify employees' higher order need.
4. Clarity and Understanding: Clearly defined objectives of various schemes of empowerment and involvement well accepted by the parties.
5. Willingness by the Employers: Belief, attitude of employers towards participation.
6. Willingness by the Employees: Encouragement of the employees through continuous dialogue towards empowerment and involvement.
7. Skills for effective Participation: The specific skills must be acquired among both managers and employees before the enforcement of various schemes like: perception about the objectives; knowledge and expertise about functional areas; interpersonal and communication skills; negotiating skill; accommodation of each other and degree of tolerance; and understanding the impact of environmental factors on the organization.
8. Level of Participation: The degree of employee participation may vary from organization to organization depending on technology, products, processes and type of people. The various schemes of participation are works committee, joint management council, plant council, shop council, unitary council, joint council, canteen committee, employees' welfare association, safely committee, sports committee, the cultural committee, quality circles, etc. which are creating a participative environment.
9. Role of Trade Unions: Realization of trade unions as strategic business partners for which they have extended their whole hearted support towards effective participation.

Most of the organizations in the present context have developed and implemented a number of key strategic drivers in a more planned and systematic way to empower the existing employees in order to increase the level of commitment for survival and sustainability of the organization. Yukl and Becker (2006) identified ten conditions which are favouring towards building of the climate of empowerment (see table 2.2). Several strategies which are exercised for this purpose are: delegation of authority; formation of bipartite committees; sense of trusteeship by the employees; employee suggestion scheme; and interaction with top executives.

Table 2.2 Facilitating Conditions for Empowerment

<table>
<thead>
<tr>
<th>Condition</th>
<th>Unfavourable</th>
<th>Favourable</th>
</tr>
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<tbody>
<tr>
<td>Organizational structure</td>
<td>Highly centralized and formal structure; low cost, standard product or service</td>
<td>Decentralized and low formalization; customized, highly differentiated product or service</td>
</tr>
<tr>
<td>Organizational culture</td>
<td>Reliable, efficient operations that do not allow mistakes; internal politics, criticism of new ideas; destructive internal competition; avoidance of risk; or an overemphasis on the status quo</td>
<td>Flexibility, learning, and participation; fair, constructive judgment of ideas; reward and recognition; mechanisms for developing new ideas; an active flow of ideas; and shared vision</td>
</tr>
<tr>
<td>Job design</td>
<td>Simple, repetitive tasks with technology dictating workflow; brief customer transactions that take place in a short time interval</td>
<td>Complex, nonroutine and challenging tasks; flexible technology; repeated customer interactions in a continuing relationship</td>
</tr>
<tr>
<td>Access to resources</td>
<td>Resources are scarce or non-existent</td>
<td>Access to appropriate resources, funds, materials, facilities, and information</td>
</tr>
<tr>
<td>Employee rewards and ownership</td>
<td>None or very little</td>
<td>Employees are shareholders or coowners or otherwise invested in the organization's success</td>
</tr>
<tr>
<td>Employee traits and skills</td>
<td>Low achievement motivation; low self confidence; and an external locus of control orientation</td>
<td>Low skill employees may benefit more from empowerment efforts; employees with high need for achievement; high self confidence and self efficacy; and an internal locus of control orientation</td>
</tr>
<tr>
<td>Condition</td>
<td>Unfavourable</td>
<td>Favourable</td>
</tr>
<tr>
<td>-----------</td>
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</tr>
<tr>
<td>Autonomy</td>
<td>Employees’ lack freedom in deciding how the work is done and lack control over their work</td>
<td>Employees have freedom in deciding what work to do and how to do it; employees have a sense of control over work</td>
</tr>
<tr>
<td>Mutual trust</td>
<td>Low</td>
<td>High</td>
</tr>
<tr>
<td>Leader selection</td>
<td>Appointed by management</td>
<td>Elected by team members</td>
</tr>
<tr>
<td>Leaders as role models</td>
<td>Leaders do not model, empowering behaviors</td>
<td>Leaders serve as role models, set appropriate goals, support the work group, value individual contributions, and show confidence in employees</td>
</tr>
</tbody>
</table>


2.2.5 Pillars of Employee Empowerment

Employee empowerment is not a product of any structure or system, but, it is a process, which is ongoing, dynamic and fluctuating. Thorlakson and Murray (1996) stated that empowerment is getting workers to do what needs to be done rather doing what they are told and involves delegation, individual responsibility, autonomous decision-making, and feelings of self-efficacy. Employee empowerment to be successful in an organization, management must put in place a structure in the system to support the whole process (Boglar and Somech, 2004). It is observed that the empowerment process should take place in an environment where it is allowed, nurtured and promoted by management and employees.

In order for employee empowerment process to be successful in any organization, the following pillars should be put in place by management as indicated in (figure 2.2). These six pillars include resources, coaching, alignment of goals with the organizational strategy, information, climate and training of employees.

Resources: Includes financial, information, tools and equipments.

Coaching: Managers must act as mentors in their organizations.

Alignment: Alignment of organizational goals with the strategy- goals formulated by management should be specific, measurable, achievable and realistic and should have the time limit to be achieved. This will motivate employees to work towards achieving these goals.
Information: Employees should get the necessary information in good time to make thoughtful decisions. Information should be readily available and quickly transmitted to all concerned employees.

Climate: High degree of trust among the employees should be highly encouraged and maintained. The higher degree of trust among the employees will make them do the right things and make the right decisions at the right time which will add value to the organization. Trust is a lubricant that facilitates the activities in terms of organizational behavior. Therefore, employees should trust their managers and managers should trust their employees too (Ergeneli et al., 2007). This will create an environment of empowerment.

Training: The management of an organization must plan and conduct training programmes for the development of knowledge and skills of their employees.

Figure 2.2: Basic Pillars of Employee Empowerment


2.2.6 Six Steps to Empower Employees

Ghoshal (1997) in their book, The Individualized Corporation, state that to “build on the belief of the individual one must create a sense of ownership, develop self-discipline, establish clear standards and expectations, and provide a supportive environment. Blanchard et al., (1999) have suggested the following steps which are in sequence and in a logical order, and each is necessary to fully empower employees
Step 1: Acquire empowerment

Upper management starts the empowerment process. They must be willing to relinquish authority and decision-making power to lower levels of the organization.

Step 2: Choose employees to empower

Employees must want to be empowered. Some employees are unwilling to accept additional responsibilities and decision-making power regardless of the potential rewards. They need skills to make correct decisions and accomplish additional responsibilities.

Step 3: Provide role information

Upper management defines the employee's role and assigns responsibilities, authority, and decision-making power to meet company and department goals. Define boundaries to clarify decisions employees will and will not make. Also, specify performance criteria and rewards for outstanding achievement.

Step 4: Share company information

Help people to understand the need for change, teach company financials, share some sensitive information, list facts people have and need, share good and bad information, and view mistakes positively. Explain company vision and values, clarify priorities, and teach decision-making and problem-solving skills.

Step 5: Provide training to employees

Teach them the basics of cost and revenue. Open financial books and inform employees of the situation so they can feel more related to the company. Let employees decide how to handle clients, and give them discretionary power when deciding what to spend in order to mend a certain problem. Most companies will train new employees. Current employees with experience and knowledge, also need training. Training should be continued because it is a major key to the success of a business.

Step 6: Inspire individual initiatives

An inspired employee is a highly productive resource to a company and department.
2.2.7 Strategic Employee Involvement and Empowerment

Most of the business organizations in the present context have developed and implemented a number of key strategic drivers in a more planned and systematic way in order to achieve success (Kandula, 2004; Sahoo and Das, 2010) and the strategies which are exercised for this purpose are discussed and mentioned below:

**Strategy I: Delegation of Authority**
Organizations rightly spotted that through delegation of authority to the executives will nurture the hidden talents or competencies towards the business requirements in the areas like starting of new projects, operation and methods, effective employee engagement, etc.

**Strategy II: Formation of Bipartite Committees**
The logic behind the formation of several joint forums comprising of equal representation from both workers and management side at all the levels of organization will foster a healthy employee relations climate and better organizational performance.

**Strategy III: Sense of Trusteeship by the Employees**
Employers are the trustees for their respective employees because of rightly identifying and implementing several welfare measures for them and the prime reason behind this to motivate them for organizational achievements and gratification of individual desires and needs.

**Strategy IV: Employees Suggestion Scheme**
This provides opportunity to all employees to influence the managerial decision-making and involve themselves in organization building activities as an employee is the best judge of the job, perhaps the best person to suggest changes for improving performance. The abilities of employees are utilized to the fullest extent of encouraging them to make suggestions and rewarding them.
Strategy V: Interaction with top Executives

The chief executive officer (CEO) along with the board of directors addresses all employees at least once or twice a year in the meetings discussing the business issues of the company. This is the right platform where the employees can raise several issues, offering their views, and suggestions for survival and sustainability of the organization. The meeting followed by lunch or dinner hosted by the management to make the employees more emotionally attached to the organization.

2.2.8 Empowerment and Organizational Outcomes

Singh (2003) has said mutual understanding comes through meaningful social dialogues and transparent communication system. Empowerment also marks a shift from the concept of employees are not managed by the traditional hierarchical control system; instead, out of their commitment towards shared organizational goals, as they enforce self-discipline to achieve them. This is possible when hierarchies are dissolved, internal political games are minimized, and organizations adopt the performance based reward system and recognition of individual contributions. Again team organization and decentralization should be encouraged for effective empowerment and meaningful participation. For employees, empowerment provides a sense of high self-esteem, high degree of involvement, and a greater sense of achievement. It has been observed that employee empowerment is the only influential factor for the significant business growth and indicators of it are: achievement of business results through employee empowerment; development of unified work culture and better employee relations climate; and gratification of individual motivational needs (self actualization, job enrichment, etc.). Empowerment thus helps to create autonomy for employees, allows the sharing of responsibility and power at all levels, builds employee self-esteem and energizers for workplace commitment and better individual performance. Spreitzer (1996) has suggested some factors which are to be addressed for successful employee empowerment such as: role ambiguity, span of control, social support, access to information, access to resources, and participative environment.
- **Role Ambiguity:** It occurs when an individual is unsure about others’ expectations of him or herself. Hence every organization has clearly defined tasks which are to be performed and to avoid confusion and frustration.

- **Span of Control:** Individuals working under supervisors with narrow span of control are less intrinsically motivated than those working under a wide span of control because their bosses specify much of their work behaviour.

- **Social Support:** Relevant support networks include the boss, peers, subordinates and the members of his or her work group. Membership in support networks increases social exchange with key organizational constituencies and thus enhances a sense of personal power which can be manifested in enhanced feelings of both self-determination and impacts.

- **Access to information:** Basic information about workflow, productivity, external environment, and firm strategy which allows individuals to see the big picture and perceived empowerment.

- **Access to Resources:** A lack of access to critical organizational resources (funds, raw materials, equipments, space, time and manpower) contributes to powerlessness and dependency.

- **Participative Environment:** In an organization the participative environment will enhance individual contribution and initiative rather than excessive command and control by the superiors.

An empowering organization emphasizes on autonomy, proper information sharing and individual participation for organizational excellence. Empowerment thus helps to bring autonomy for employees, allows sharing of responsibility and power at all levels, builds employee self-esteem and energizes the workforce for better performance. The factors of empowerment along with compelling factors have induced the need for specific employee empowerment initiatives for organizational excellence. Sahoo and Das (2011) proposed a conceptual model which indicates the relationship between factors of employee empowerment, perceived empowerment and organizational outcomes. (see Figure 2.3).
2.2.9 Benefits of Empowerment

Employee empowerment benefits a company by developing personnel and attaining objectives and goals and overcoming challenges (Bartlett and Ghoshal, 1997). Among other benefits are:

- **Company's success**: Empowerment is a win–win situation—customers benefit from sharp employees; companies benefit from satisfied customers and sharp employees; and employees benefit from improving their confidence and self-esteem.

- **Development of employees’ skills**: Empowerment is one of the greatest ways that can develop employees. Giving them the opportunity to solve their own problems and please customers in their own way helps some of them to be ready to move into the supervisory position themselves. Also, when an employee feels as though he/she has some ownership in the job, overall job satisfaction increases.
Goal attainment: Empowered employees meet department and company goals and promote an increasingly positive and progressive workplace. Employees increase in motivation, self-direction, productivity, commitment, social interaction, and develop behaviours useful in other areas of their lives. Goals are an integral part in planning for individual and company successes.

Enhanced problem-solving: Empowerment gives employees the opportunity to solve problems as they arise. Time spent solving problems uses time to accomplish necessary tasks.

Use of employees' full potential: Top management must be committed and provide employees with resources to promote continuous improvement in their company. Use and develop employees to their full potential, leading to a successful company and satisfied employees.

Employee empowerment is critical for the success and survival of the organization in this post LPG era. Employee empowerment provides significant benefits to the organization and the individual (Ongori, 2009) as highlighted below.

First, it makes employees feel that they are vital to the success of the organization. It is also a vote of confidence in the employee’s ability to significantly contribute to the organizational objectives. Employee empowerment places people at the centre of the circle rather than on the fringes. Employees, feel most valued through empowerment, especially when they are involved in the decision making process of the organization.

Second, empowerment builds commitment and creates a sense of belonging. Acceptance and ownership are basic human needs that are satisfied through the employee empowerment.

Third, empowered people join in creating their own destiny; work becomes exciting, stimulating, enjoyable, and meaningful. Employee empowerment builds trust and promotes effective communication.

Fourth, employee empowerment increases organizational effectiveness and employee wellbeing. For instance empowering employees has shown to improve efficiency and reduces costs on the assembly line in a Transmission plant (Suzik, 1998). Employee empowerment
leads to job satisfaction, job involvement, loyalty, higher performance and faster service delivery to customers (Fulford and Enz, 1995).

Fifth, empowered employees, makes quick decisions and suggestions that improve quick service delivery in their sphere of operations and this saves a lot of money and time in organizations. In addition, an empowered employee provides exceptional customer service in several competitive markets and improves the profits of the organizations through repeated business.

Sixth, employee empowerment promotes a good relationship between the employee and the customers and the end result will be promoting a good image of the organization in the environment.

The most common benefits of employee empowerment in the organization include reduced work load of the top management, improve training of employees and boost their morale. Employee empowerment fosters competitive climate and facilitates change in organization. In practice empowered employees have a high sense of self-efficiency, are given significant responsibility and authority over their jobs (Conger and Kanungo, 1988; Ford and Fottler; 1995, Quin and Sprietzer, 1997). Thus, upper management must be an active factor in building and implementing employee empowerment initiatives. According to the researchers R. Ripley and M. Ripley (1992) and Spatz (2000), employee empowerment will bring the followings:

- increase employees’ trust and commitment;
- increase motivational level to reduce mistakes and individuals take more responsibility for their own actions;
- provides a forum through which employees can express their beliefs and innovative ideas about day-to-day activities;
- assist the continuous improvement of processes, products, and services;
- increase employee loyalty, while at the same time reducing turnover, absenteeism, and illness;
- increase productivity by increasing employee pride, self-respect, and self-worth;
- use peer pressure and self-managing team methods for employee control and productivity;
• increase the bottom line by such methods as reducing waste and building quality, while meeting customer requirements;
• maintain and increase competitiveness and achieve long-term competitiveness with an ever increasing market share;
• increase trust and cooperation with management;
• increase communication among employees and divisions;
• enable employees to identify and solve problems so that they can improve their own performance;
• increase organizational commitment and organizational effectiveness; and
• will build a healthy organizational climate and culture.

2.2.10 Obstacles in the Process of Employee Empowerment

Kaplan (1991) suggests that employee empowerment often fails due to entrenched patterns and attitudes of employees'. Most employees are hampered in accepting change because of philosophically entrenched patterns and self-limiting attitudes. People may believe they want greater freedom and responsibility but, after years of being restricted, may prove unwilling or unable to take advantage of it. However, there are several factors which might discourage employee empowerment in the organization; these include the poor credibility of management, mistrust in management, fearing of losing jobs and employees unwilling to take responsibility for their actions.

Lack of information, management might decentralize resources in objective reality, but if employees are not informed that resources are available for their use, then access to resources will have little influence on feelings of empowerment (Spretzer, 1996), nor will employees utilize these resources to effect desired organizational outcomes. Employee empowerment is also criticized that it increases the scope of employees' jobs. This requires that employees should be properly trained to cope with a wider range of tasks (Mohammed et al., 1998). This will be criticized on the aspect of service delivery; it slows down the service delivery to the customers, simply because employee's attempts to individualize service for customers (Bowen and Lawler, 1992), thus reducing the overall productivity of the service. This would have negative effects to the customers and the organization at large. Empowerment
is also criticized in the sense managers may abdicate all responsibility and accountability for decision making to juniors and in case of accountability purposes employees might be punished for failures, mistakes which are not the source and this makes them to flee away from empowerment.

2.2.11 Strategies to Overcome Obstacles of Employee Empowerment

In empowering employees in organization management should consider external environmental forces, the strategy of the organization, the nature of the decision, the attitudes of the employees, the size and the growth rate of the organization and desire for dependence vi's-à-this interdependence. Employee empowerment goes hand in hand with accountability. Accountability instills discipline and creates a sense of responsibility among employees. This will creates a high degree of commitment and reduces employee turnover. Management should trust their employees and encourage open communication in the organizations. 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 the organizations. The following strategies are to be adopted by the organizations to make employee empowerment initiatives more fruitful.

- Management should ensure that there is good leadership at all levels of the organization. Good leadership is crucial for the success of employee empowerment in the organization. This will make employees feel valued and committed to work towards achieving the vision created by the management (Hamish, 2004). Empowerment policies will not be implemented at all levels of management, if the leadership of the organization is wanting. Good leadership at all levels of management crucial for the success of empowerment.

- Employees should be empowered in organization because it's through empowerment that an organization will be able to survive, grow competed, and face challenges posed by globalization with confidence. Previous research consent that the facts which are associated with employee empowerment are autonomy in decision making process and the freedom of employees to act.

- All managers should be involved and act as coaches in empowering employees (Malone, 1997).
Employee empowerment is a continuous process, which needs to be encouraged, monitored, nurtured and enhanced in their organizations. This is not a destination, but a journey that no one reached at its final stage (Linda, 1997; Thomas and Vethouse, 1990).

Managers, in various organizations must accept that empowering individual employees is empowering the entire organization. Therefore, managers should empower employees from time to time to increase job satisfaction, commitment and reduces employee turnover.

Employee empowerment to succeed in organizations, the management pyramid must be inverted.

Old fashioned managers must step off their pedestals and for the first time serve their subordinates and give up control. They must agree to the changes and see empowerment as an opportunity for the organization rather than as a threat.

Leaders who empower employees must be at all levels of the organization. Empowering leaders must not just delegate and disappear. They must mentor their employees so that they have a good chance of being successful in decisions they make. This mentoring process involves training and providing them with the necessary resources, especially the information resource.

Management should remove all barriers that impede the ability of employees not to practice empowered behaviour in organizations. The management has the responsibility to remove all barriers that limit the employees not to act in empowering ways. These barriers include time, tools, lack of training, and lack of coaching to mention a few.

Thus management should ensure that employees do not feel under-compensated, under-titled for the responsibilities they take, under-noticed, under praised, and under-appreciated.

There is evidence that teamwork is an important characteristic of organizations that facilitate successful empowerment. It was found that empowerment operates through individual variations in experience and is a perception that individuals hold. All of the employees were able to describe in their own words how they were or were not empowered, "the process of empowerment" and the meanings they associated with this, that is, "the outcomes of empowerment". Both the processes and outcomes described form key components of the perceptions that are held by each individual employee. Hence, it is the perception of empowerment with all its associations and meanings that form the employee reality. Through exploration of the perceptions, beliefs and feelings of empowerment the
importance of competence and control in the form of decision making and problem solving is identified. The general consensus is that employees typically want some empowerment in the form of control, authority and decision making, but the level and form of the desired empowerment vary. Notably they do not associate themselves with the term “power”, perhaps because they do not recognize this in themselves or in their roles in the team. The limits of empowerment vary according to the individuals’ willingness and ability to be empowered and should this line be crossed then empowerment soon becomes exploitation.

There is a high level of understanding of the meaning of empowerment and exploitation at an individual level. Managers therefore need to be aware that there is a clear recognition by employees of what empowerment is and what it is not and once deemed exploitative negative consequences can emerge. To avoid such outcomes employees’ personal responses to empowerment, control and competence should be examined at an individual level. In essence, it is important not to underestimate the awareness and understanding of employees’ for despite the lack of reference to abstract academic labels they understand clearly their meaning of empowerment. The innate “feelings” (Gagne et al., 1997) that employees have enabled them to recognize whether or not they are empowered in their team and organization. Therefore, to understand empowerment from the employee perspective, it was highly essential to access these emotional responses.

A primary goal of employee empowerment is to give workers a greater voice in decisions about work-related matters. Their decision-making authority can range from offering suggestions to exercising veto power over management decisions. Although the range of decisions that employees may be involved in depends on the organization, possible areas include: how jobs are to be performed, working conditions, company policies, work hours, peer review, and how supervisors are evaluated. Empowerment can strengthen motivation by providing employees with the opportunity to attain intrinsic rewards of their work, such as a greater sense of accomplishment and a feeling of importance. In some cases, intrinsic rewards such as job satisfaction and a sense of purposeful work can be more powerful than extrinsic rewards such as higher wages or bonuses. Second means by which employee empowerment can increase productivity is through better decisions. Especially when decisions require task-specific knowledge, those on the front line can often better identify problems.
2.3 Employee Engagement

In the 21st century many companies and research firms have seen engagement as a powerful source of sustainable competitive advantage. For organizational excellence, employee engagement is the mantra of success to achieve organizational vision and goals. Employee engagement is a winning formula for making organizational excellence. Organizations today are increasingly dependent on knowledge creation and human development for their optimal and sustainable growth. To meet the challenges resulting from global competitiveness, they need to demonstrate world class performance, re-examine the drivers of organizational performance through employee engagement. Human capital is a key distinctly different from other assets of the firms. It consists of employee's skills, competencies, commitment, motivation and loyalty, problem solving capability, innovation, knowledge and attitude. If the human capital development and nurtured appropriately by the organization, then this will drive towards development of other assets or capabilities necessary for the organizational growth and development in recent times.

In the post globalization scenario, employee engagement is a pivotal mechanism for nurturing a high performance culture to drive the organization towards success. This is about building a truly great relationship with the workforce. Any organization that embraces fine management philosophy, recognition of employees' talent, potential and is committed to provide enriching professional experiences is bound to succeed. The employee is one of the key assets of an organization and today's employees in the organization are treated more than an 'employee' (Rajgopal and Abraham, 2007). So it is directly linked with the company's growth and development and contributes towards the core competencies of a successful organization. Any employee, who does not engage in their respective jobs strategically, is the first thing that affects organizational productivity. The more engaged an employee is, the more is his commitment level towards making a plan more significant way, so that each of the employees should think like the strategic business partner of the business process. Success is very important for growth and development and that for the organizations. Engaged employees do not look for organizational support in each and every step of the way. They are self-starters, and believe in supporting the organization an all its endeavours. Employee engagement has some merits likewise self-starters and believe in supporting the organization,
motivate co-workers, work with passion and better performance, get better aligned with organizational goals and lead to productivity and profitability for sustainability.

### 2.3.1 Significance of Employee Engagement

Employee engagement is a relatively recent development concept in human resources management and a mantra for today’s workplace and leading organizations to recognize the vested interest for measuring, monitoring and maximizing the level of engagement amongst the employees and ensuring it is not left to chance. It is loosely defined as the level to which employees are fully involved and committed to their work, care about their organization and colleagues and are willing to extend themselves and go to the extra mile for their company to ensure its success. The publication of the Conference Board of USA (2006) describes employee engagement as a heightened emotional connection that an employee feels for his or her organization that influences him or her to exert greater discretionary effort to his or her exert great discretionary effort to his or her work. Employee engagement matters as it impacts on companies’ bottom lines, both through HR related impacts (such as recruitment and retention) and through wider impacts on productivity, profit and achieving the core values, envisioned future and objectives of the organization. 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. Engaging employees is a combination of organizational aspects like individual commitment, organizational citizenship behaviour (OCB) and employee motivation. It is a real challenge (Wash, 1999). The argument is that an engaged employee works with passion and is more committed to the organization. In other words, it is the extent to which people enjoy and believe in what they do and feel valued by doing it. It is the degree of commitment towards the hub, which an employee remains with the organization as a result of their commitment (Mahendru and Sharma, 2006).

In the changing global market, competition and managing change over a period of time the strategy of an organization has changed from just promoting the knowledge worker to increase EE. Employee engagement and organizational performance are highly interlinked
(Concelman, 2005). He further states that an engaged employee tries harder, contributes more, speaks positively about the organization, and stays longer. The trend shows that almost all of the companies explore the possibilities for adopting employee engagement as a strategy for human resource planning (HRP). Harter et al., (2002) examined the relationship at the business unit productivity and employee engagement and noticed that the ‘engaged employees ‘are satisfied employees, which in turn leads to higher productivity. According to Erickson (2004), the best ways to shape the behaviour of an employee towards work is to improve employee engagement. The assumption is that the greater their inclination to ‘go the extra mile’ and put in the extra effort for the benefit of the organization. The Corporate Leadership Council (CLC) defines ‘engagement’ as ‘the extent of employees’ commitment, work effort, and desire to stay in an organization. Stockley (2006) defined ‘engagement ‘as the extent that an employee believes in the mission, purpose and values of an organization and demonstrates that commitment through their actions as an employee and their attitude towards the employer and customers. An institution’s ability in providing psychological safety, such as good support from the supervisors and a rewarding system has a positive relationship with employee engagement, job enrichment and work role (May et al., 2004). Value of assessment and taking feedback of employees has been followed as practical strategies for employee engagement according to Glen (2006). He further adds that work environment is a better predictor in this direction. MC Cashlan (1999) define employee engagement as ‘commitment or engagement – an emotional outcome to the employee resulting from the critical components of the workplace’. Miles (2001) described it as intensively involving all employees in high- engagement cascades that create understanding, dialogue, feedback and accountability, empower people to creatively align their subunits, teams and individual jobs with the major transformation of the whole enterprise.

Employee engagement is a valuable concept for understanding and improving individual and organizational performance. In today’s organizations, employee engagement is vital because more is being required of workers than ever before. Employee engagement has become a hot topic in recent years. Despite this, there remains a paucity of critical academic literature on the subject, and relatively little is known about how employee engagement can be influenced by management. Although there is a great deal of interest in engagement, there is also a good deal of confusion. At present, there is no consistency in definition, with
engagement having been operationalized and measured in many disparate ways. Engagement at work was conceptualized by Kahn (1990) as the ‘harnessing of organizational members’ to their work roles. In engagement, people employ and express themselves physically, cognitively, and emotionally during role performances. The second related construct to engage in organizational behaviour is the notion of flow. Flow is the state in which there is little distinction between the self and environment. When individuals are in flow state little conscious control is necessary for their actions. Employee engagement is thus the level of commitment and involvement an employee has towards their organization and its values. 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. Thus employee engagement is a barometer that determines the association of a person with the organization.

2.3.2 Importance of Engagement

An organization’s capacity to engage employees is closely related to its ability to achieve high performance levels and superior business results. A highly engaged employee will consistently deliver beyond expectations (Wright and Cropanzano, 2000). Some of the advantages of engaged employees are:

- Engaged employees will stay with the company, be an advocate of the company and its products and services, and contribute to bottom line business success.
- They will normally perform better and are more motivated.
- There is a significant link between employee engagement and profitability.
- They form an emotional connection with the company.
- It builds passion, commitment and alignment with the organization’s strategies and goals.
- Increases employees’ trust in the organization.
- Creates a sense of loyalty in a competitive environment.
- Provides a high-energy working environment and boosts business growth.
- Makes the employees effective brand ambassadors for the company.
2.3.3 Antecedents and Consequences of Employee Engagement

The antecedents of engagement appear to be present in the conditions under which employees work and their outcomes are considered invaluable for an organization (Erickson and Gratton, 2007). The nature of work (challenging and task variety) and the nature of leadership (transactional leadership) are the conditions that have attracted the most attention. Although there is little empirical research on the factors that predict employee engagement, it is possible to identify a number of potential antecedents from the different studies conducted earlier.

- **Job characteristics:** Psychological meaningfulness can be achieved from task characteristics that provide challenging work, variety, allow the use of different skills, personal discretion, and the opportunity to make important contributions. Job enrichment was positively related to the meaningfulness and this mediated the relationship between job enrichment and engagement (May et al., 2004; Maslach, et al., 2001).

- **Intrinsic and extrinsic rewards:** 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 (Bates, 2004). Furthermore, a sense of return on investments can come from external rewards and recognition in addition to meaningful work.

- **Organizational and supervisor support:** According to the organizational support theory (Shore and Shore, 1995) in order to determine the organization's readiness to reward increased work effort and to meet socio-emotional needs, employees develop global beliefs concerning the extent to which the organization values their contributions and cares about their well-being. Perceived organizational support (POS) is also valued as assurance that assistance will be available from the organization when it is needed to carry out one's job effectively and to deal with stressful situations (Rhoades and Eisenberger, 2002). In addition, first-line supervisors are believed to be especially important for building engagement and to be the root of employee disengagement (Bates 2004; Frank, et al., 2004).

- **Distributive and procedural justice:** Distributive justice deals with the ends achieved (what the decisions are) or the content of fairness, whereas procedural justice is related to the means
used to achieve those ends (how decisions are made) or the process of fairness. A review of organizational justice research found that justice perceptions are related to organizational outcomes such as job satisfaction, organizational commitment, organizational citizenship behaviour, withdrawal, and performance (Colquitt, 2001). When employees have higher perceptions of justice in their organization, they are more likely to feel obliged to also be fair in how they perform their roles through greater levels of engagement.

'Engaged' employees are builders. They want to know the desired expectations for their role so they can meet and exceed them. They perform at consistent high levels and want to use their talents and strengths at work every day. They work with passion, drive innovation, and move their organization forward. Employees who are not-engaged tend to feel their contributions are being overlooked, and their potential is not being tapped. The 'actively disengaged' employees are not just unhappy at work; they are busy acting out their unhappiness. As workers increasingly rely on each other to generate products and services, the problems and tensions that are fostered by actively disengaged workers can cause great damage to an organization's functioning. Thus antecedents are expected to predict engagement and engagement predicts the outcomes, it is possible that engagement mediates the relationship between the antecedents and the consequences. The main reason behind the popularity of employee engagement is that it has positive consequences for organizations (see figure 2.4).

- **Job satisfaction**: Job satisfaction, a widely researched construct, is defined as a pleasurable or positive emotional state resulting from the appraisal of one's job or job experiences (Locke and Henne, 1986). It has been found that while the relationship between job satisfaction and performance is weak at the individual level, but is stronger at the aggregate level.

- **Organizational commitment**: This also differs from engaging in that it refers to a person's attitude and attachment towards their organization. Engagement is not an attitude; it is the degree to which an individual is attentive and absorbed in the performance of their roles (Ostroff, 1992).

- **Intention to quit**: Intention to quit includes basically the reasons why employees are going to quit the job, and what factors made the employee to leave the organization (Bakker and Schaufeli, 2008). The engaged employees do not frequently quit the job.

- **Organizational citizenship behaviour**: Organizational citizenship behaviour (OCB) involves voluntary and informal behaviours that can help co-workers and the organization, the focus of
engagement is one’s formal role performance rather than extra-role and voluntary behaviour. According to Maslach et al., (2001), six areas of work-life lead to burnout and engagement: workload, control, rewards and recognition, community and social support, perceived fairness, and values. They argue that job engagement is associated with a sustainable workload, feelings of choice and control, appropriate recognition and reward, a supportive work community, fairness and justice, and meaningful and valued work.

**Figure 2.4: Antecedents and Consequences of Employee Engagement**

<table>
<thead>
<tr>
<th>Antecedents</th>
<th>Employee Engagement</th>
<th>Consequences</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job Characteristics</td>
<td>Psychological makeup and experience</td>
<td></td>
</tr>
<tr>
<td>Perceived Organizational Support</td>
<td>Conditions that promote employee engagement</td>
<td></td>
</tr>
<tr>
<td>Perceived Supervisor Support</td>
<td>Interaction between employees at all levels.</td>
<td></td>
</tr>
<tr>
<td>Rewards and Recognition</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Procedural and Distributive Justice</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Job Satisfaction</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Organizational Commitment</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Low Intention to Quit</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Organizational Citizenship Behaviour</td>
<td></td>
</tr>
</tbody>
</table>

*Source: Sahoo and Mishra (2012).*

### 2.3.4 Drivers of Engagement

The key drivers of employee engagement will help to create a road map for achieving organizational excellence. In order to achieve this employee engagement helps to drive value and optimize the resources properly. The work of the Conference Board, a major US organization, reflected twelve major studies on employee engagement. Each of the study has used different definitions and, collectively, came up with 26 key drivers of engagement out of all 26 key drivers the Conference Board’s syntheses were 8 key drivers of engagement. The figure 2.5 given below shows how key drivers of employee engagement play the pivotal role towards organizational excellence. All these drivers are given below with some valuable inputs.
- Trust and integrity – how well managers communicate and ‘walk the talk’.
- Nature of the job – whether the job is more challenging or not.
- Line of sight - between employee performance and company performance.
- Career growth opportunities – are there future opportunities for growth?
- Pride about the company – how much self-esteem does the employee feel by being associated with their company?
- Co-workers/team workers – significantly influence one’s level of engagement.
- Employee development – is the company making an effort to develop the employee’s skills?
- Relationship with one’s manager – does the employee value his or her relationship with his or her manager?

**Figure 2.5: Employee Engagement (EE) - Key Drivers**


It is thus extremely important that companies give more attention to fostering engagement in their employees. By removing roadblocks, which retard employee engagement and deploying the key drivers of engagement, companies can achieve great results. Change requires a very positive leadership style and commitment from top down in order to drive the
entire organizational culture. The employee’s willingness to work hard and identify with the company usually will not result from top management cracking a whip; rather a good leadership is the key driver. All managers and supervisors become part of the change process, with the goal being a true culture modification that heightens employee engagement performance and the bottom line.

Career development influences engagement for employees and retaining the most talented employees and providing opportunities for personal development (Concelman, 2005). Employees want to be involved in the decision-making processes that affect their work. If the employee is given a say in the decision making and has the right to be heard by 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). In order to boost engagement levels the employees should also be provided with certain benefits and compensations. Employees need to feel that the core values for which their companies stand are unambiguous and clear (Pech, 2009). High levels of employee engagement are inextricably linked with high levels of customer engagement, performance appraisal, and safe working environment (Shaw, 2005). If the entire organization works together by helping each other, the employees will be engaged. When an employee realizes that the organization is considering his family’s benefits also, he/she will have an emotional attachment with the organization which leads to engagement. There are a number of reasons to expect engagement to be related to work outcomes. The experience of engagement has been described as a fulfilling, positive work-related experience and state of mind (Schaufeli and Bakker 2004; Sonnentag, 2003) and has been found to be related to good health and positive work affect. These positive experiences and emotions are likely to result in positive work outcomes. The engaged employees likely have a greater attachment to their organization (Sahoo and Mishra, 2012) and a lower tendency to leave their organization as reflected in figure 2.6.
2.3.5 Principles of Employee Engagement

Employee engagement has been described as a positive, two-way relationship between employees and their organizations where both parties are aware of their own and the other's needs, and support each other to fulfil these needs. Gibson (2006) has defined employee engagement as "a heightened emotional connection that an employee feels for his or her organization, that influences him or her to exert greater discretionary effort to his or her work". Gallup Consulting (2008) describes employee engagement as "the extent to which employees are psychologically connected to something or someone in the organization". High levels of employee engagement are associated with high levels of organizational performance (Soladati, 2007). A lack of employee engagement can lead to disloyalty and organizational failure (Khan, 2007). In addition, the Involvement and Participation Association (2007) has found that there are five key steps to engagement:

1. Bring employees closer to strategic decisions made by senior management.
2. Creating buy into the strategic decision.
3. The what, the why and the what else? (Dealing with suspicion)
5. Create a positive and credible employee voice in a culture where employees want to contribute and get involved.
Review of literature confirms that engaged workplaces compared with least engaged are much more likely to have lower employee turnover, higher than average customer loyalty, above average productivity and earnings. These are all good things that prove that engaging and involving employees make good business sense and building shareholder value. Negative workplace relationships may be a big part of why so many employees are not engaged with their jobs. Employee engagement needs to be measured at regular intervals in order to track its contribution to the success of the organization. But measuring the engagement (feedback through surveys) without planning how to handle the result can lead employees to disengage. The macro-level organizational practices that make up the HR value chain to provide the context in which an engaged workforce can develop. However, if these organizational practices are not reinforced at the micro-level, employee engagement may still be lacking. Thus, the micro-level practices may be even more important than the macro practices which are helping to build an organizational climate for workforce engagement. The key employee engagement principles based on micro-level practices for organizational effectiveness are given in Table 2.2.

<table>
<thead>
<tr>
<th>Key Engagement Principles</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principle 1</td>
<td>Employee engagement will be positively impacted when the organization has an integrated HR value chain.</td>
</tr>
<tr>
<td>Principle 2</td>
<td>Managers engage in a full-range of leader behaviours that incorporate contingent reward and transformational behaviours, employee engagement will be positively impacted.</td>
</tr>
<tr>
<td>Principle 3</td>
<td>The level of employee engagement will increase when employees work in jobs those are enriched by providing variety, significance, and task identity.</td>
</tr>
<tr>
<td>Principle 4</td>
<td>When employees are working to achieve challenging and specific performance goals, their level of engagement will increase.</td>
</tr>
</tbody>
</table>
Principle 5  Engaged employees are high performers

Principle 6  Engaged employees go beyond the minimum requirements specified in job descriptions and performance evaluations. They are outstanding organizational citizens who engage in a wide variety of extra-role performance behaviours.

Principle 7  When employees have a high level of trust in their leader the amount of engagement increases.


2.3.6 Strategic Employee Engagement

The focus for HR was on improving ‘employee engagement’, which was about creating an ‘emotional connection’ with employees so that they are passionate, committed, and long term attachment to the organization (Tomlinson, 2010). The employee engagement strategy consisted of five interventions that were distinct but interconnected for symbiosis and greater impact as reflected in the figure 2.7.

- **Leadership development**: All members of the management team were sent on a series of training courses to improve their management skills. In order to measure their behavioural change, all managers were tested through a 360-degree assessment tool before and after attending the training. The focus was very much on doing rather than knowing, built around five core behavioural competencies (delivering results, customer focus, communication, managing self or others and teamwork) which are applicable for all employees, each of which has positive and negative indicators.

- **Employee recognition**: To ensure the awards gained employee support, the nominations came directly from employees, rather than purely from senior management.

- **Internal communications**: To support the improvement of internal communications, a number of tools to facilitate greater organizational communications were introduced. The content was a combination of key business information, presentations and provision of some more light hearted commentary to build a sense of togetherness across the various departments. This in particular has proven to be a
useful tool to support employees in raising items of concern. To further ensure transparency the minutes and agreed conclusions of the meeting are published for all to see.

- Organizational development: This intervention was in many ways the most-wide ranging. HR led the negotiations with the relevant employees, gaining universal support for the implementation of HR policies and programmes.

- Employee development: The organization also ensured that non-management employees received training to support them in both their role and career development. Training needs analysis was carried out across the organization and utilized to create a clear training plan for each employee, aligned with their career aspirations as expressed in their annual appraisal.

2.3.7 Work Culture and Employee Engagement

The "work culture" of an organization represents the internal work environment created for operating an organization. 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. After reviewing a wide range of research studies, a conceptual model was proposed by Sahoo et al., (2011) in their work which shows the factors influencing work culture and the impact of work culture on employee engagement along with the results of engagement initiatives (see figure 2.8).
Figure 2.7: Employee Engagement Strategies

Leadership
Development

Employee development
Employee Recognition
Organizational Development
Internal Communications


Figure 2.8: Work Culture and Employee Engagement

Effective Communication
Shared Decision Making
Mutual Co-operation
Employee Development
Career Advancement

Work Culture
Employee Engagement

Employee Loyalty
Employee Retention
Improved Performance
Increased Productivity
Financial Success

Source: Sahoo, et al., 2011.
In the above model, five work related factors as shown: effective communication, shared decision making, mutual cooperation, employee development and career advancement, are the most important drivers of work culture which foster employee engagement. Effective communication means allowing workers the opportunity to share their views and opinions with management and that when management keeps employees informed about what is going on in the organization, it builds a high level of employee engagement. When employees participate in making decisions, they feel more engaged in the organization. The organization must work to nurture employee engagement, which requires a mutual relationship between employer and employees. An organization that provides employees with opportunities to develop their abilities, learn new skills, acquire new knowledge and realise their potential, fosters a high level of employee engagement. When companies plan for the career advancement of their employees and invest in them, this promotes a positive work culture which influences engagement of employees and retaining the most talented employees and providing opportunities for personal development. Employee engagement is a barometer that determines employee loyalty and retention, improve performance and productivity and also brings financial success in the organization.

2.3.8 Diagnostic Models of Employee Engagement

In the context of global HR, diagnostic models of employee engagement are the key factors to drive the organization forward. Here an attempt is made to examine some of the models of employee engagement to determine what the key drivers of engagement are, and the extent to which employees adding value, and what motivates employees to perform above and beyond expectations and compels them to actively promote the interests and goals of the organizations. The approaches to employee engagement (Robinson et al., 2004) stresses the importance of 'feeling valued and involved' as a key driver of engagement (figure 2.9). In this model some of the factors are very fundamental (hygiene factors), such as pay and benefits and health and safety: whereas others are the areas where the organization must 'go to extra mile' to ensure effective communication, proper management and cooperation.
Figure 2.9: Model of the Drivers of Employee Engagement

- Training, Development and Career
- Immediate Management
- Performance Appraisal
- Communication
- Equal Opportunities and Fair Treatment
- Pay and Benefits
- Health and Safety
- Cooperation
- Family Friendliness
- Job Satisfaction

Source: Robinson et al., 2004.

Penna (2007) presents a hierarchical model of engagement factors (figure 2.10), which illustrates the impact at each level of attraction, engagement and retention of talent. The model carried with 'meaning at work' at the apex, which defined this as the situation where a job brings fulfilment for the employee, through the employee being valued, appreciated, having a sense of belonging and congruence with the organization and have a sense of ownership and contributes significantly towards the goal attainment. In this model, as the hierarchy ascendant and the organization successfully meets each of these engagement factors, the organization becomes more attractive to new potential employees and becomes more engaging to its existing staff.
Interestingly the above model which identified the 'hygiene' factors appear in the foundation of the model, indicating the nature of these factors as a necessary, but not sufficient, building block upon which the organization must further develop in order to engage staff.

Regarding the importance of communication, Moorcroft (2006) discussed the restructuring that took place at the Royal Back in Canada (RBC) in 2004. It was noted at that time that there was a need to engage rather than inform employees and thus better align their performance with the organization’s vision and business goals. Formerly, communication strategies had focused on informing employees and creating awareness. However, a new strategy was designed by the company in order to engage employees (desired behaviour) that
would help to achieve the outcomes (measurable effects) in support of the organization's objectives. This strategy has four key objectives such as:

a. Help employees to develop a better understanding of how and what they will do relates to the organization's vision, strategies and goals;

b. Create a more dynamic and interactive communication environment that involves employees in thinking about and understanding how they can influence business results;

c. Ensure employees are getting the information they need to help frame and guide their day-to-day decisions; and

d. Promote and recognize the desired behaviours and outcomes in communication.

The 'old' model was focused on developing tactics and methods by which to inform employees, or create awareness of company news and objectives. However, the new model (figure 2.11) is based on engaging employees in the communication process in order to achieve the desired outcomes and thus build the business value. This is achieved by helping employees have a better idea of how and what they do impacts upon the organization and by promoting behaviours that help achieve organizational objectives.

Figure 2.11: RBC's New Model of Employee Communication

An important consideration in understanding, engagement in the Australian Public Service (APS) is the multi-dimensional nature of “work” in the modern workplace; the concept of “work” has evolved substantially from a means of obtaining economic subsistence to something much more complex. In the modern workplace, employees are likely to engage with many different aspects of the workplace and therefore employee engagement is almost certainly a multi-dimensional concept. The purpose of any workforce research in the APS is to improve the understanding in order to guide managers and HR professionals in the development of strategies that will improve some aspect of the workforce or workplace that will lead to improvements in productivity and therefore better outcomes for APS clients.

The APS model provides a multi-dimensional view of employee engagement; it allows managers to develop a more sophisticated understanding of the engagement issues in their organization. Similarly, identification of clear antecedents of engagement supports the development of tailored strategies for addressing engagement in the workplace; an agency with low levels of job engagement due primarily to low job challenge might invest in job enrichment strategies, whereas another agency with high levels of job challenge, but lower agency engagement due to limited learning and development opportunities might gain greater value from investing in a learning and development strategy.

The identification of a suite of measurable consequences of employee engagement in the form of observable organizational behaviours will allow agencies to tailor engagement strategies that target these specific outcomes. However, once relationships and the consequences have been identified, they will provide APS managers and HR practitioners with a very sophisticated model for addressing key organizational capability issues in their workplace. The employee engagement in the APS can be conceptualized as the relationship an employee forms with a number of separate elements of their work: the job they do, the people with whom they work, their supervisor, and the agency within which they work (figure 2.12).

- Job Engagement: Job identification and workplace challenge;
- Team Engagement: Team behaviour and recognition;
- Supervisor Engagement: Supervisor behaviour and workplace conditions; and
Agency Engagement: Agency leadership, development, agency behaviour, and agency identification.

Job engagement: It gives them an opportunity to be innovative, gives them an opportunity to use and develop their skills, and whether it stimulates a degree of interest in the employee. It also relates to the sense of identification an employee has with the job; do they see the job as a fundamental part of who they are? Do they get a personal sense of achievement from doing their job?

Team engagement: This will revolve around the recognition that employees get for doing their job in a broad sense: do they receive feedback for what they do, are they happy with the feedback they get, and does the feedback allow them to do their job better. This is not limited to just feedback from employees' supervisors, rather it is open to all forms of feedback. The other component of team engagement is the work-related behaviour of other team members, does the team share information, cooperate, and treat each other well; is it a workplace where the employee wants to come to work?

Supervisor engagement: The behaviour of immediate supervisors in terms of honesty, concerns for their staff, and the provision of feedback is a key component of supervisor engagement. So too is the workplace environment and conditions created by the supervisor: the quality of the working relationships, the flexibility of the working conditions, and the feedback provided to staff.

Agency engagement: Agency engagement is the most complex component of engagement encompassing the quality and behaviour of senior leaders, the developmental opportunities provided by the agency, the behaviours exhibited by agency employees and how well the employee identifies with the agency, including how well the individual identifies with praise for the agency.

There is a degree of correlation among the elements that means that they can be aggregated in a meaningful way if needed, but that they can also be considered independently, and so can compensate for each other to some degree in contributing to organizational performance. For example, high team engagement may compensate for poor job engagement. The compensatory
nature of the model can provide managers and HR practitioners a much more sophisticated understanding of engagement in their workforce and allow them to tailor engagement strategies for different segments of their workforce depending on their specific characteristics.

Figure 2.12: APS Employee Engagement Model

Source: Cotton, 2012.

The Commission's examination of the literature identified the employee engagement model of the Corporate Leadership Council (CLC) to be a good fit within a human capital framework. The CLC identified two key organizational outcomes for engagement: to improve employee performance and to help organizations retain key staff. Fundamental to the development of the model was the CLC’s definition of ‘purposeful’ engagement.
The CLC engagement model is based on the following concepts:

- staff engagement is a function of rational and emotional commitment.
- staff commit, in varying levels, to a number of different elements of their workplace: their job, their team, their immediate supervisor and their organization.

The Council has defined engagement as the extent to which employees commit both rationally and emotionally—to something or someone in their organization, how hard they work, and how long they stay as a result of that commitment (figure 2.13). By using these outcomes-focused definition, the tangible benefits of engagement can be measured, as opposed to focusing on engagement for the engagement's sake.

**Figure 2.13 CLC Employee Engagement Model**

![Diagram of CLC Employee Engagement Model](source: State of the Service, 2011)

Engaged employees create winning organizations that are more profitable, a fun place to work and offer superb customer services and other solutions for which the organization exists. The concept has thus made headlines and becoming popular among major world class organizations be they in the private or public sector. Today, however, there is clear evidence that business leaders are not simply saying this – they are actually experiencing it too with the engagement tools. Companies who are able to better engage their people also deliver better business performance and maximize the shareholder value. Now, almost all of the organization is investing money towards people (HR-related practices). So that it creates value for organizational performance. Increasing employee engagement is highly dependent on the
leadership and establishes two way communication where people work and views are valued and respected. It is about building a truly great relationship with the workforce and a key driver to which employees are fully involved in their work, committed to their work, care about their organization and colleagues and are willing to go the extra mile for their organization to ensure its success.

Any organization that embraces fine management philosophy, a recognition of employee's talent, potential and is committed to providing enriching professional experiences are bound to succeed. The mantra of effective engagement is the highly dependent on the measures taken by the management are:

- Employee engagement starts right at the selection stage by choosing the right fit for the right job and giving a realistic job preview.
- Understanding of corporate goals, mission, and vision.
- Understanding of roles and responsibilities and how it contributes to achieve overall corporate goals.
- Regular feedback on performance to all employees.
- Employee freedom and job satisfaction.
- Employee involvement in decision making process.
- Providing learning and development opportunities.
- Mutual relationship between management and workers.
- Clear communication to the employees through a clear picture of company progress towards targets / goals.
- Keeping up the morale of the employees and driving them towards excellent performance through recognition letters, profit sharing schemes, long performance awards etc.
- Communication forums like in-house magazine, regular surveys and conferences.
- Maintaining the quality of work-life and a balance between personal and professional lives, through recreational activities like festivities, get-togethers, sports etc.
2.4 Empowerment, Engagement and Retention

Accountability instills discipline and creates a sense of responsibility among employees. Employee empowerment should be used by management as one of the strategies in achieving organization objectives. Employee empowerment creates a high degree of commitment and reduces employee turnover (Ongori, 2009). Management should trust their employees and encourage open communication in organizations. 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.
References:


