# CHAPTER-2

**Employee Engagement: Review of Literature**

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Employee Engagement in Real Estate: Review of Literature

This chapter consists of a literature review from six aspects. First, researcher reviewed Employee Engagement theories and the current research that exists related to Real Estate industry and other industries in India. This review includes introduction to topic, how did Employee Engagement evolve worldwide, status of Employee Engagement in India, distinguishing between Employee Engagement and similar constructs, the current state of Employee Engagement, Employee Engagement definitions by consultancy firms, why organisations are adopting Employee Engagement, Employee Engagement drivers.

Second, researcher reviewed the research surrounding how Employee Engagement help organisations to solve people matters. Third, Review of literature on how organisations are using Employee Engagement to their advantage. This review includes study of Employee Engagement models, Employee Engagement best practices in residential sector of Real Estate industry in Mumbai and other industries across India.

Fourth, researcher reviewed the research surrounding benefits of Employee Engagement. This review includes study of Employee Engagement drivers to drive performance, factors influencing Employee Engagement its impact on productivity, safety, customer loyalty, profitability, impact of rewards and few other alternatives to revolutionize Employee Engagement in the organization. Fifth, researcher reviewed the research surrounding on limitations which includes factors affecting Employee Engagement in organizations, intrinsic and other factors which might vary from employee to employee, impact of workplace culture of fear, impact of economic downturn, impact of low engaged employees and Employee Engagement as an activity vs. strategy.

Sixth, researcher reviewed the research surrounding conceptual framework of Indian Real Estate and its impact on Employee Engagement. This review
includes study of regulatory updates and policy measures for Real Estate in India, city wise future demand and supply analysis, Real Estate Bill 2016 and its impact on Mumbai Residential sector, HR challenges due to Real Estate Regulatory bill, study of Employee Engagement practices of Real Estate Industry in Mumbai through Industry Interactions, Studies and research conducted by the governing bodies in Real Estate sector, enhancing the image as preferred employer and HR challenges, Evolution of HR function impacting Employee Engagement in other sectors. Finally, Hypotheses are defined based on statement of problem and extensive literature review. Summary of other literature review on aforesaid topic through journals, books, white papers, articles, websites and business magazines is provided at end of the chapter in bibliography.

2.0 Introduction

Employee Engagement is the emotional connection of an employee towards his work with positivity. Engagement is affective, normative, and continuance commitment. Engaged employees are motivated to go beyond the required efforts to meet business goals. Segmentation is the key to managing employee commitment and productivity. Great managers are key to achieving an engaged workforce.

Real Estate has a tremendous effect on the economy and hence is a driving force for economic growth. It generates second-largest employment after agriculture. Growing at a rate of about 20% per annum this sector contributes about 5-6% to India’s GDP (Source: http://indiainbusiness.nic.in/new design/index.php?param= economy_landing/403/2). Incentives and reward systems therefore should be in-line with the changing/growing economies to keep the employees loyal, motivated and ensure better employee retention.
LITERATURE REVIEW:

2.1 Evolution of Employee Engagement

The terms Employee Engagement was first used in 1990 by William A. Kahn (Academy of Management Journal). Kahn’s research on personal engagement and disengagement at work tested the factors at work which contribute to engagement and disengagement. He found that the individual and contextual sources of meaningfulness, safety, and availability had a significant impact on engagement.

During the mid-1990’s Gallup started to refine and extend their Q12. The Q12 is a twelve question copyrighted survey asking such questions as, “Do you know what is expected of you at work? And, do you have a best friend at work?” Gallup has asked these questions millions of times and created a significant data base and spawned the industry of Employee Engagement. Gallup’s questions were simple and the implications of a more engaged workforce were compelling. In the 2000’s the popularity of engagement increased with frequent searches on Google.

There have been a lot of studies conducted on engagement in the past decade but concerns about the meaning, measurement, and theory of Employee Engagement still remain. In one of the article, concerns have been reviewed and a theory of Employee Engagement has been proposed that integrates Kahn’s (1990) theory of engagement and the Job Demands–Resources (JD-R) model (Bakker & Demerouti, 2007).

It can be concluded that there is no consensus on the meaning of Employee Engagement and validity of Employee Engagement measure. It is also difficult to draw causal relations about the antecedents and consequences of Employee Engagement.

Even if there has been a lot of work done in the past 10 years, UK leads the world on Employee Engagement research with support from 2 Prime Ministers through Engage for Success movement development. They then released a
report highlighting the business benefits that occur due to Employee Engagement.

2.1.1 Status of Employee Engagement in India

Employee Engagement is on priority list of top corporate leaders and HR especially in a VUCA world (Volatile, Uncertain, Complex and Ambiguous).

Indian Council for Research on International Economic Relations said that, though India’s economic expansion has stimulated business profits and employee incomes, it has also increased workplace stress and this stress impacts productivity and Employee Engagement levels. It is hence made clear that organizations must use innovative methods to increase Employee Engagement like helping in maintaining work life balance, ensuring employee wellness, creating healthy work culture, etc. to cope up in heating war for talent in the knowledge economy.

2.1.2. Distinguishing between Employee Engagement and similar constructs:

- **Job Satisfaction**

An employee may be satisfied with a job but yet not engaged. Job satisfaction may lead to employee contentment and retention but Employee Engagement promotes increased productivity.

An engaged employee is deeply involved and invested in their work. The factors that drive Employee Engagement, however, are different than those that drive satisfaction. Engagement factors include Meaning, Autonomy, Growth, Impact, and Connection. Employee satisfaction is the foundation upon which Employee Engagement can grow and thrive.

Satisfaction of employee is the minimum entry fee that needs to be met in order for an employee to be fully engaged (Source: Job Satisfaction vs. Employee Engagement posted by Charles Rogel; [https://www.decision-wise.com/job-satisfaction-vs-employee-engagement/](https://www.decision-wise.com/job-satisfaction-vs-employee-engagement/)).
Organizational Commitment and Employee Engagement

Both Employee Engagement and Commitment are different. Engagement is a driving force for commitment, but not vice versa.

Employee Engagement happens when employees exhibit interest in their jobs, and are willing to exert an extra discretionary effort to get the required results. It is an intrinsic factor of motivation. An engaged employee as defined by Bevan et al (1997) as someone who is aware of business context, and works closely with colleagues to improve performance within the job for the benefit of the organization.

An Engaged employee has more affection and dedication towards the job he/she performs than organization. For example, a Lecturer may take part in events, seminars since his/her interest lies in the field of teaching, whereas it may really not align with the objectives of the organization, but this engagement has positive impact on the institute, since producing good research, taking part in extra-curricular activities would brand the name of the institute he or she is working for along with his/her personal growth.

Employee Commitment is identifying with the organization, feeling proud to go to work, but may not be willing to put extra effort. But a highly committed and high engaged employee would be excited about the job, put maximum effort into his/her duties and identify with the organization.

2.1.3 The Current State of Employee Engagement: two roads diverging

Two roads are diverging on Employee Engagement. One seems to lead to the end of engagement as a fad that failed to realize its promise. The other road leads to the end of engagement because it will integrate so closely into how we lead and manage our people that using the term will become superfluous. The second road has work revolving around engagement rather than engagement revolving around work.
2.1.4 Employee Engagement as defined by some of the consulting firms:

Employees' willingness and ability to contribute to company success (Towers Perrin).

- Staff commitment and a sense of belonging to the organization (Hewitt).
- Employee's commitment to the organization and motivation to contribute to the organization's success (Mercer).
- Employees' exertion of "discretionary effort" going beyond meeting the minimum standards for the job (Hay).
- Creating the sense that individuals are a part of a greater entity (Best Practices, LLC).

A research and information company Melcrum, in 2014 surveyed 1,000 corporate communications and HR professionals and analysed 40 case studies and found that many respondents credit offering Employee Engagement programs with the following benefits: More than 50% report improvements in employee retention and customer satisfaction, 33% report higher productivity, 28% report improvements in employee advocacy, 27% improved status as a "great place to work", 27% report increased profitability and 25% report improved absenteeism. A snapshot of the corporations in this study shows that 74% began focusing on Employee Engagement between 2000 and 2004 and report performance improvements each year, 36% have a dedicated Employee Engagement program, 64% apply the philosophy of Employee Engagement to their people practices. The Forum for People Performance Management and Measurement at North-western University released their report in November 2004, titled The Impact of Employee Attitudes on Market Response and Financial Performance, which also links employee satisfaction to customer satisfaction and a company's financial success. This finding is true even if employees have no direct contact with customers. 110,000 surveys were mailed to media companies, with a 34% response rate.

Below are key findings from the report: a) the key indicator of employee satisfaction is organizational communication as employee satisfaction is a precursor to Employee Engagement. b) Organizational culture is a significant driver of Employee Engagement, where employees must be
expected to work together and provide a voice for the customer within the organization.


A preview of the partnerships in this study demonstrates that 74% started concentrating on Employee Engagement somewhere around 2000 and 2004 and reported execution changes each year, 36% have a committed Employee Engagement program, 64% apply the theory to Employee Engagement to their people practices. The Forum for People Performance Management and Measurement at North-western University discharged their report in November 2004, titled The Impact of Employee Attitudes on Market Response and Financial Performance, which likewise interfaces employee fulfilment to consumer loyalty and an organization's economic achievement and productivity. This finding is genuine regardless of the possibility that employees have no immediate contact with clients.

2.1.5 Why Organisations are adopting Employee Engagement

Employee Engagement gives a comprehensive framework that helps business leaders to connect their overall business strategy with the human resource. Employee Engagement Programs, if effective, aids in building a workplace with committed employees, meaningful environment, stronger employer employee relationships and provides competitive advantage (Source: Employee Engagement by Brad Federman (2009) “A roadmap for creating profits, optimising Performance and Increasing Loyalty”).

2.1.6 Employee Engagement Drivers:

- Employee Loyalty

Employee loyalty may mean different things to all, be it employer or employee. An employee’s decision to voluntarily leave a company is complex and difficult to measure. Rarely does one leave because of a single event, but rather for reasons that develop over time and are typically related to an environment that is no longer desirable to them. Research findings show that there is significant
research on employee attrition, with some research specifically looking at the correlation between employee loyalty and attrition (Griffith, Horn, & Gaertner, 2000; Griffith & Horn, 1995; Tett & Meyer, 1993). However, there are varying opinions as to how strong this correlation is and how much loyalty/intent to stay can accurately predict attrition results (van Breukelen, van der Vlist, & Steensma, 2004; Weisberg & Kirschenbaum, 1991). Overall, the considerable amount of research expended on understanding the relationship between intent and actual attrition has shown a moderately positive relationship between them (Brett & Reilly, 1988). However, the results of some studies on intent to leave have shown mixed results depending upon the types of attitudinal variables employed and the type of multivariate analysis performed (Kirshenbaum & Weisberg, 1990). According to Griffeth et al., (2000) intent to quit is one of the apt predictors of employee turnover. And a study performed by van Breukelen, van der Vlist and Steensma (2004) found that attrition intentions proved to be the best predictor of employee turnover, with behavioral intentions being the best predictor of actual resignation. In some cases, it may be easier to express intentions to leave than to actually act on those intentions. One may express an intent to leave, but may not actually act on that intention due to a variety of reasons. The nature of employers and employees’ relationship has undergone a paradigm shift: Today, employees really don’t want to work for the same companies till retirement age but also they don’t look at continuous jumps. It takes time for them to assimilate, understand and settle in their mind for what they want from their careers. Organizations have been investing a significant amount of resources to recruit and engage high potential employees.

Work Engagement

Work engagement is another important issue that is considered as an effective-motivational work-related state of employee fulfilment that can be characterized by vigour, dedication and absorption (Xanthopoulou et al., 2009). Kenexa’s client-based research over the last 25 years has shown that highly engaged employees tend to be more productive. To achieve the desired organizational and business results, highly engaged employees must be supported by a work environment that enables employees to reach their potential. These two factors
– engaged employees and an enabling work environment – are both essential elements of a high performance organization, one that is capable of performing at the highest level. (Source: MacKay J. (n.d.) Employee Engagement survey overview - IBM).

- **Employee discretionary efforts**
  
The amount of effort an employee wants to dedicate to his /her job is their own choice. It is called as discretionary efforts. Engaged employees are enthusiastic and dedicated to their jobs as they genuinely care for the productivity and success of their organisation. The Employee Engagement drivers are pace, anxiety, schedule, technology. These Macro Shifts in the Employment Environment are challenges that will not disappear.

- **Pace:** Speed is in and it is hard for the organizations and employees to cope up with it. To be precise, the pace of work has increased and the number of responsibilities in the organization to be completed has risen too.

- **Stress and Anxiety:** The pace of work alone gives belief to the fact that many employees feel a huge amount of stress and anxiety, but this does not end here. The pressure to perform is equally high. Dearth of uniformity in leadership, lack of security and trust is an adage. Layoffs have become common.

- **Schedule:** Organizations are working globally, increasing working hours to 24 hours 7 days a week. That type of efforts produces tough lifestyles for employees.

- **Technology:** It is an irony that technology has not eased our lives. Businesses fight because they hire knowledge workers, and place them in organograms and then devise polices. The employees feel uncomfortable being controlled. So there is a need to devise organization structure, policies, etc. to accommodate employee expectations too. The
organizations that build processes, systems, and employee relationships based on these principles earn an edge in the industry.

- **Employee Separation:** Organization would like to have more control over the attrition rates. In fact, separations should be optimized as per requirements. Turnover and engagement are correlated. For example, the fortune 100 Best Places to Work list has organizations with high Employee Engagement levels which have separation rates lower than the industry average. Hence organizations need to figure out what is good and what is bad separation.

- **Revenue and Profitability:** Top Management are concerned with bottom line and are driven by metrics, sometimes to organization loss. We easily ignore that the success that we achieved was due to hard work of our employees. The moment we react to our numeric, we miss on long term vision and overlook the contribution of our most valued human assets. Many organizations still look at Employee Engagement as a soft approach and forget to look at it as a business driver. This is where they falter.

- **Leadership and Communication**
  Effective communication is important in an organization’s function and is a means for greater organizational effectiveness (Bush & Frohman, 1991). According to Lawler (1989), sharing information is one of the easiest and most effective ways that managers can foster employee involvement within organizations. For the sake of this particular research study, the definition of communication will be narrowed slightly in scope to be “effective communication by an organization’s leadership and management” (see Definition of Terms). “Managing an organization is fundamentally tied to communicating” (Penley, 1991). Hypothetically speaking, one would draw the conclusion that communication plays a significant role in Employee Engagement, as it is the vehicle for providing direction, definition, and drive. The important priority of leadership is to engage the right people, at the right times, to the right degree in creative work. Unfortunately, there is once again limited research currently available that specifically reviews the relationship
between communication and Employee Engagement. However, there are some pieces of literature that do examine the effects of communication related to leadership roles, management styles, and organizational performance. Results in the search for communication research based on sub-components of Employee Engagement proved to reveal some findings (Bames, 2002; Church, 1995; Kahn, 1990; Kress, 2005). However, the study on the role of communication is not clear due to most studies finding complex relationships with multiple variables. According to Rodwell et al. (1998), “the pervasiveness of communication, especially as an inherent and vital characteristics of organizations, makes it difficult to separate out as a phenomenon for investigation”. McMaster (2004) defines engagement as consisting of the relationships and process of “communication that engage the intentions of others in the absence of coercion”. Such engagement involves dialogue and a measure of introspection. He insists that the degree of engagement is inversely proportional to the amount of authority being exercised. It is noteworthy that many researchers and theorists have overlooked the communication-authority relationship as a dimension of engagement. Higher growth companies tend to divert more energy on Employee Engagement - communicating more frequently and thoroughly, using more employee survey feedback, providing more clarity of career path and direction, and having more visionary leaders (Baumruk, 2004). The degree of Employee Engagement is enhanced when management links the needs, values and expectations of employees with the goals and values of the organization so that both can reach their full potential (Kress, 2005). Therefore, communication becomes key in bridging the gap between those who are engaged and those who are disengaged.

**Communication and Employee Engagement**

Gallup’s (1999) research has shown that managers play a pivotal role in raising levels of engagement by clearly communicating what is expected of employees, matching talents with roles to capitalize on employee strengths and providing feedback to employees regarding their progress at work. Kahn (1990) also recognizes the impact of management style, suggesting
that a supportive management style positively affects level of engagement. Kahn (1990) describes this as a supportive manager as one who allows trial and error, and creates varying degrees of openness in the environment. However, Kahn (1990) does not go to the extent of identifying the manager’s communication style and the potential affects communication has on engagement and organizational performance.

It has been suggested that recent increases in competition, forces companies to implement practices for creating higher involvement and higher performing organizations (Traecy, 2004). A major component of these approaches is to foster increased involvement so the improved quality, improved employee attitudes and increased productivity can be achieved (Cotton, 1996).

Meyer (2002) said that a genuine leader shares details of company information with employees. Communication and management appear inextricably linked because of the nature of management and managers' responsibilities (Penley, 1991). Therefore, one could argue that management and leadership have the opportunity to directly influence the level of Employee Engagement through their means of influence by communication. Wilier and Henderson (1988) found statistically significant associations between the generalized measure of communication competency and employees’ reports of their satisfaction, their sense of role clarity, their perceptions of their supervisor's effectiveness, and their perceptions of their work unit’s effectiveness.

It is noteworthy that psychologists have also overlooked this communication-authority relationship dimension of engagement. Bames (2002) would suggest that “an organization’s communication competence is much less about what its communication professionals think and much more about what the business and its employee do with respect to purpose clarity, effective interfaces, information sharing, communication behaviour of leaders”.

This suggests that it is necessary to have open lines of communication in today’s competitive business environment in order to be positioned for
success. Clarity of purpose is the employees need to make the connection between what they do every day and how that supports the goal and contributes to an organization’s success. Effective interface is what instils trust among the employees. Effective information sharing is related to the free flow of information and having the information to perform their jobs well. This proposes that it is important to have the open lines of communication in today’s focused business environment to be positioned for achievement. Clarity of design is the employees need to make the association between what they do each day and how that backs the objective and adds to an association’s prosperity. Powerful interface is the thing that ingrains trust among the employees. Powerful data sharing is identified with the free stream of information and having the information to perform their jobs well.

Finally, communication behaviours of leaders is about consistency between words and action, visibility among the organization and being role models for good relationships and effective information sharing (Bames, 2002). Improving communication and consultation has been seen as a powerful way of eliciting shifts in employee attitudes and behaviour, which might be expected to feed through in a positive way to corporate outcomes. Kress (2005) states that “strategic, proactive, targeted and continuous communication contributes to an organization’s ability to strengthen Employee Engagement, commitment, trust, and retention”. The difficulty in researching these various communication studies is in clearly being able to differentiate between the multiple variables and their impact.

Communication and Employee Loyalty

Key commitment factors identified by the Center of Creative Leadership (CCL) indicate that every ten% improvement in commitment can increase an employee’s level of discretionary effort by 6% and performance by 2% and decreases likelihood of attrition by 9%. CCL attributes this commitment improvement to key commitment drivers such as communication, management effectiveness and inclusion (Richman, 2006). The role of communication by management and senior leadership in relation to
employee loyalty has been well recognized. But due to limited research found on this, one can conclude communication is only loosely tied to Employee Engagement and does not address the employee retention and the effect of effective communication on engagement and attrition.

**Engaging Leaders, Engaging Culture**

There is indeed a thought provoking saying in the corporate world, "Leaders cast a long and cascading shadow." Many corporate leaders want to change their organization and its culture but fail to practice the same at their level and serve as examples.

![Engagement by Level in Organisation](image)

**Figure 2.1.6.1:** Engagement by level in the organisation. Source: Aon Hewitt Global Best Employers Research.

Following aspects help to create engaging culture (Brad Federman, 2009):

- Collaboration.
- Organization Awareness through surveys, feedback mechanism, self-awareness amongst leaders and executives.
- Adopt new skills through change in behaviours.
- On-the-job training.
- Leaders active participation in engagement journey.
- The following skills are very important to create engaging culture of any organization:
Problem-solving skills - Collaboration, Innovation and Thinking.
Leadership and people skills – Listening, Asserting and Influencing.
Appreciative Inquiry – Focus on positive change.
Strength-Focused Development – Focus on strength rather than weakness.

During difficult times, change is not always positive or comfortable. There are times when it is difficult to build from strengths. The world is changing faster and faster. There are times when we do need to re-create ourselves, our organizations. We must look at both our strengths and our development areas.

Building a culture is not an event. Training alone will not create culture. Development can create a shared language and a base of understanding. Building a culture is a process. An organization must hold its leaders accountable, clearly articulate values and manage by those values. The culture helps employees need to move along the continuum from powerless to powerful – becoming engaged versus being disengaged.

Characteristics of engaged individuals versus disengaged are shown in the following chart:

<table>
<thead>
<tr>
<th>Engaged</th>
<th>Disengaged</th>
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<tr>
<td>Confidence</td>
<td>Apprehension</td>
</tr>
<tr>
<td>Opportunity</td>
<td>Risk</td>
</tr>
<tr>
<td>Growth</td>
<td>Stagnation</td>
</tr>
<tr>
<td>Innovation</td>
<td>Status quo</td>
</tr>
<tr>
<td>Committed</td>
<td>Indifferent</td>
</tr>
<tr>
<td>Authentic</td>
<td>Fake</td>
</tr>
<tr>
<td>Ownership</td>
<td>Blame</td>
</tr>
<tr>
<td>Creative and resourceful</td>
<td>Unimaginative</td>
</tr>
</tbody>
</table>

Table 2.1.6.2: Characteristics of engaged versus disengaged individuals

We can see the difference between a person who is engaged and one who is not. The distinction is even easier to see in a crisis.

It is critical to understand that engagement is not merely getting more from employees at less cost. Conversely focusing on Employee Engagement, balancing and creating a win-win situation for both management and employees is the challenge. For the employees to understand the importance of Employee Engagement, they need to be educated about its relevance, functions and benefits.

It is evident that engaged employees are a key competitive differentiator. Employee Engagement needs to be viewed as a strategic partner. It is the researcher’s belief that both hard and soft aspects can be achieved if there are well-designed procedures, policies, consensus on them across the organization and planned implementation of the same. HR experts, administration specialists, and other who exhort associations can accomplish the full advantages of upper hand through Employee Engagement.

Various Employee Engagement drivers were studied namely, Employee Loyalty, Work Engagement, and Employee Discretionary Efforts, Leadership Communication, Communication and Employee Engagement, Engaging Leaders, Engaging Culture. All these factors were analysed and ways through which they can drive engagement levels higher were explored.
2.2 How Employee Engagement help Organisations to Solve People Matters

Employee Engagement: the definition of engagement that will be used for the purposes of this study is the emotional and intellectual involvement and commitment by employees to their organization in which the employees’ actions are measurable at the work group level rather than at the individual level (Hewitt, 2004). To better understand this definition, it is first significant to review the current models on Employee Engagement that have been created to help organisations to Solve People Matters.

Employee Engagement Models

Axelrod (2001) has designed an engagement paradigm to provide a framework for developing engagement throughout an entire organization. Key principles in his description of engagement are: people grasp the issues, become aligned around a common purpose and create new directions because they understand both the dangers and the opportunities; urgency and energy are produced to create a new future; free-flowing information and cooperation replace organizational silos because people are interconnected to one another and issues; broad participation, improving productivity and customer satisfaction; creativity is sparked when people from all levels and functions, along with customers, suppliers and important others, contribute their best ideas; capacity for future change increase as people develop the skills and process to meet not just the current challenges but future challenges as well. Marcum (2000) created an engagement formula to reflect the correlation between engagement and learning and involvement: E = L (I=Cp+Ch) x Inv (A+Co+Cm)\[\text{Increased Knowledge and Effectiveness}\] which results in increased Engagement.

In The Gallup Organization’s (“Gallup”) attempt to better understand Employee Engagement and its organizational impact, Gallup (1999) created a model to emphasize the relationship of management and the organization. First, an organization needs to identify its strengths, and then determine the best fit for
each employee. Gallup believes that once one combines appropriate employee job fit with great managers, then the organization will have engaged employees. The model continues, reinforcing the theory that engaged employees will then produce engaged customers which will impact business results including growth, profit increase and stock performance. Unfortunately, the Gallup model, and its survey instrument, do not specifically identify communication as a variable to engagement, nor do they link engagement to one’s intention to stay. Gallup (1999) has identified 12 core questions to measure four components of engagement. More specifically, the four components create their Hierarchy of Engagement Model.

**Table 2.2.1:** Gallup’s Hierarchy of Engagement Model (Gallup 1999).

<table>
<thead>
<tr>
<th>Hierarchy 1: What do I get? (Basic Needs)</th>
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<tr>
<td>Q 1. I know what is expected of me at work</td>
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<tr>
<td>Q 2. I have the materials and equipment to do my work right</td>
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**Hierarchy 2: What do I give? (Management Support)**

| Q 3. At work, I have the opportunity to do what I do best every day |
| Q 4. In the last seven days, I have received recognition or praise for doing good work |
| Q 5. My supervisor or someone at work seems to care about me as a person |
| Q 6. There is someone at work who encourages my development |

**Hierarchy 3: Do I belong? (Teamwork)**

| Q 7. At work, my opinions seem to count |
| Q 8. The mission/purpose of my company makes me feel my job is important |
| Q 9. My associates (fellow employees) are committed to doing quality work |
| Q 10. I have a best friend at work. |

**Hierarchy 4: How can we grow? (Growth)**

| Q 11. In the last six months, someone at work has talked to me about my progress |
| Q 12. This last year, I have had opportunities at work to learn and grow. |
Hewitt (2000) has taken a slightly different approach to Gallup’s model. Hewitt’s model begins with the employees being engaged regardless as to what extent the engagement level may or may not be, or the job fit of the employee.

**Figure 2.2.2:** Hewitt’s Engagement Model (Hewitt 2000).

The behaviour of the employees is influenced by their level of engagement. These behaviours have a direct impact on the organization and the customer experience. The customer then affects the business results based on these experiences with the organization and its employees. Finally, those business results will positively or negatively impact shareholder value and stock performance. Although each model is slightly different as to when and how engagement begins, they all acknowledge that there are several key components/drivers of engagement.

The research on engagement recognizes certain variables that drive engagement also impact an organization’s performance and productivity. Previous theories, such as job satisfaction, are not easily compared to theories of Employee Engagement, because these theories measure the individuals’ perception rather than the organization as a whole.

**Why Employee Engagement is more than these previous theories.** In an attempt to better understand Employee Engagement and its key components, the research search was expanded to include the following related areas: employee attitudes, employee behaviours, organizational citizenship, job satisfaction, job involvement, organizational commitment, and work environment. Overall, each of these areas of research provided a plethora of results and conclusions based on years of research and validation. However, none of these areas adequately account for the current understanding of Employee Engagement which is defined at the organization level. When reviewing the research, it became easy to understand the potential relationship and impact each theory would have on engagement, but none of the theories
listed above, were specific enough to explain the relationship between Employee Engagement and organizations. Furthermore, theories of Employee Engagement, and the limited existing research, do not yet address the direct influence of effective communication to engagement, nor do most of the theories address engagement related to employee attrition or employee loyalty.

**Employee attitudes and behaviours.** In researching employee attitudes, Schneider et. al. (1995) indicates that over time, employees in an organization become more homogeneous in disposition and therefore, develop shared attitudes. In addition, Schneider et. al. argues that employee attitudes can be correlated to customer satisfaction because employees are in an immediate position to respond to customer goals. To further understand the impact of employee attitude at the organizational level, one must first differentiate between employee attitudes and employee behaviours. Employee behaviours are one’s performance, retention and organizational citizenship. Employee attitudes are one’s feelings or emotions toward the job, peers, management and the organization. Therefore, attitudes cannot influence organizational effectiveness on their own, but rather employees must behave in a certain way prompted by these attitudes. Regardless of which comes first, both employee attitudes and behaviours only go so far in defining engagement since neither take into account productivity and performance.

**Job satisfaction.** Job satisfaction is not considered an all-encompassing description of Employee Engagement because it has traditionally been researched at the individual level rather than the organization level. Job satisfaction is defined as the level up to which an employee has positive affection or attitude for their job, either in general or towards particular facets (Tett & Meyer, 1993; Smith, Kendall, & Hulin, 1969). Employee Engagement is measured at the organizational level within an organizational environment to adequately account for organizational performance. Job satisfaction is an individual measure and is too narrowly defined as a factor of engagement. An employee may be satisfied in his/her job and find it personally rewarding, and yet not be committed to the organization itself or prompted to be fully engaged at the organizational level. Depending on the particular situation, one may or may not be satisfied with such employment factors as management’s
interaction, communication, and involvement. Research suggests that job satisfaction influences organizational commitment, yet this research does not address how an individual’s performance and productivity and job satisfaction impacts business results. Essentially, job satisfaction does not guarantee that an employee would be motivated to perform, or is more dedicated to the organization (Harter & Hays, 2002; Lambert, Hogan, & Barton, 2001).

**Organizational commitment.** Organizational commitment can be seen as an individual's psychological bond to an organization (Coopey & Hartley, 1991) and the binding of the individual to the organization by past behaviour (Salanick, 1977). Three variables of organizational commitment are affective, continuance, and normative commitment. O’Reilly and Chatman (1986) pointed three kinds of commitment viz: compliance (exchange), identification (affiliation), and internalization (value congruence). They later modified this to define commitment based on two factors —instrumental commitment and normative commitment (Caldwell, Chatman & O’Reilly, 1990). By this definition, organizational commitment takes into account one’s level of commitment to stay, but does not consider one’s level of productivity, performance and effectiveness. Going back to the definition of Employee Engagement used for the purpose of this study, Employee Engagement is related to the organization’s performance. Therefore, to better understand this relationship, it is important to review other organizational variables that influence engagement. What is more significant is understanding that Employee Engagement goes beyond individual preferences and satisfaction, and takes into account the actual amount of productivity of an employee based on their affinity toward the organization. The available research reinforces the theory that Employee Engagement has more breadth and depth than previous theories of employee commitment and job satisfaction, because the components are measured at the organization level (Baumruk, 2004; Traecy, 2003). What is also implied, but not specifically called out in any of these theories, is the relationship between communication and any particular theme. For example, if an employee population increases its engagement because of better goal setting and role definition, then one would assume these factors would have been clearly communicated to them by leadership and management. Because the current
engagement models do not address the next layer of variables such as communication, the intent of this particular research study is to begin to look at effective communication by leadership related to Employee Engagement and its three prevailing themes of stay, say and strive (Hewitt, 2000).

Every Organisation wants to win and winning for them means: lower turnover, higher productivity, stronger customer loyalty and better bottom line (Brad Federman, 2009):

❖ **Lowering Turnover**

Organization would like to have more control over the attrition rates. In fact, separations should be optimized as per requirements. Turnover and engagement are correlated. For example, the fortune 100 Best Places to Work list has organizations with high Employee Engagement levels which have separation rates lower than the industry average. Hence organizations need to figure out what is good and what is bad separation.

❖ **Increasing Productivity**

Increasing Employee Engagement is not just enhancing productivity. It has been observed that success of highly engaged organizations has been double the rate of lower engaged ones. Comparing top-quartile companies to bottom-quartile companies, the engagement factor becomes very noticeable. For example, top-quartile firms have lower absenteeism and turnover. Specifically, high-turnover organizations report 25% lower turnover, and low-turnover organizations report 65% lower turnover. Engagement also improves quality of work and health. For example, higher scoring business units report 48% fewer safety incidents; 41% fewer patient safety incidents; and 41% fewer quality incidents (defects) (Source- Baldoni, John. "Employee Engagement Does More than Boost Productivity." Harvard Business Review, 2013 Oct, Web. [https://hbr.org/2013/07/employee-engagement-does-more/](https://hbr.org/2013/07/employee-engagement-does-more/)).

Everybody is working harder nowadays, and nobody questions that work is more upsetting. Profitability is around significantly more than the quantity of hours' individuals work or the quantity of errands scratched off a schedule. Efficiency is how associated every employee is to the mission of the
organization. Is it true that they are taking a shot at the right stuff? Profitability is likewise about taking the business forward, going out on a limb, and being ingenious. It’s disgraceful when employees and leaders are more concerned with time rather than quality.

- **Revenue and Profitability**

Top Management are concerned with bottom line and are driven by metrics sometimes to organizations loss. We easily ignore that the success that we achieved was due to hard work of our employees. The moment we react to our numeric, we miss on long term vision and overlook the contribution of our most valued human assets. One must remember that in engaged organizations one observes:

- Focus on current and future job.
- Identifying with the team.
- Resistance to make frequent employment jumps.
- Adopt change and confront fear matured.

Also many organizations still look at Employee Engagement as a soft approach and forget to look at it as a business driver. This is where they falter.
2.3 How organisations are using Employee Engagement

The Employee Engagement formula has been derived to enhance engagement in organisations.

❖ **The Employee Engagement Formula** (Source: Gallup Analysis, 2010)

Dr. Ross Reck has given an Employee Engagement Formula called the engagement formula having three steps which make the most difficult situation in Organisations look so simple and doable. According to an article published by him in The Economic Times, he stated that India has become the world leader in employee turnover with a turnover rate of about 27% in 2013. The cost incurred for recruiting the new workforce and training them is high and has an impact on the profits of the organisation.

One of steps in his formula is creating a culture that defines the organisation and derives the performance. The organisations like SAS, Intel and Marriott Hotels feel that there should be minimum distractions so that all the attention and focus of the employees is on their roles and responsibilities and therefore they believe in paying compensation more than the industry standards. In the second step, he focuses on hiring the qualified people who culturally fit with the organisations culture. Hiring people who are a culture fit also helps in employee retention for an increased period of time.

<table>
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<th>REGION</th>
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<td>Former Soviet Union</td>
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**Figure 2.3.1:** Comparison of engaged, disengaged and actively disengaged worldwide. Source: Gallup Analysis, 2010.
The third and the most important step is that leaders must lead the path and not order their subordinates, as how the bosses/leaders treat their subordinates also has an impact on employee retention. In a study done on Employee Engagement, it was found that people do not leave organisations, they leave bosses. Therefore, this is one of the most important part of the engagement formula.

The McKinsey Quarterly survey suggests that motivating people is far beyond the money. The major non-monetary motivating factors are praise from their immediate supervisors, succession planning and a chance to lead tasks. The major monetary incentives are cash bonus, increase in base pay and ESOPs. (Source: http://www.mckinsey.com/business-functions/organization/our-insights/motivating-people-getting-beyond-money November 2009)

Chandrasekhar Sripada, VP and head, HR at IBM India, South Asia in one of the articles, wrote that 3C’s are very vital for Employee Engagement which are career, competence and care. He wrote that people misunderstand fun and food as Employee Engagement, whereas it’s much more than that. According to him, competence is the ability to grow and learn and employees look for opportunities to grow in their careers. Any employee, when he/she feels cared, they develop an emotional bond which helps in employee retention. These 3C’s won’t arrest the employees but rather retain them for a longer period of time. (Source: http://articles.economictimes.indiatimes.com/2011-04-05/news/29384472_1_employee-engagement-myths-bright-future April 2011)

Saks in 2006 pointed out the difference in organisational commitment and Employee Engagement, along with attitude and behaviour of the employee; also includes the commitment towards their job role and their dedication towards their performance. Kahn, one of the Employee Engagement experts, defined three psychological factors for engagement or disengagement of individuals in their work. These 3 factors are availability, meaningfulness and safety i.e. how meaningful it is to derive performance in that work, how available he is to do that and how safe it is to be done? Kahn also brought out in literature that job enrichment is the positive indicator of meaningfulness and job fitment also whereas redundancy is a negative indicator. Similarly, availability of
resources to the employee was a positive indicator of availability and assistance and guidance from peers and bosses is the positive indicator of safety.


The Gallup organisation (2004) found a positive correlation between Employee Engagement, customer retention and business growth and profits. Also from the Gallup findings positive correlation was found between Employee Engagement and EPS (Earnings per share). The business units showing high Employee Engagement were found to be having a higher earnings per share. Gallup observed that married people have a better level of engagement than single employees.

In a research, ISR (International Survey Research) identified that employees showed a huge need for empowerment. Empowerment here refers to autonomy and freedom to innovate, and contribute in their own way; to present their ideas. The highest level of engagement was found between seniors and lowest among hourly wage employees who have no control or influence over work experience. Also, a substantially higher level of engagement was found in employees working in non-profit organisations which have a sense of mission and are dedicated to a cause. The employees in non-profit organisations have a passion towards their work.

(Source: http://eprints.kingston.ac.uk/4192/1/19wempen.pdf  October 2008)

The study of Towers by Perrin in 2003, claimed that Employee Engagement has two core components: one is emotional and the other is rational. He said that Employee Engagement is a never ending process and also it should have a base resting upon the foundation of meaningful and purposeful work experience. (Source: http://eprints.kingston.ac.uk/ 4192/1/19wempen.pdf, October 2008)

A survey on Employee Engagement and engagement was conducted by SHRM in 2012, in which every respondent was to rate the listed factors on the scale of very important, important, unimportant and very unimportant. The 5 factors which got the rating as being very important were the opportunities to use skills
and talent in their roles at work, the compensation being paid, job security, the
exchange of communication between the employees and the senior
management, and the relationship of the employees with the immediate
supervisors/seniors.

(Source: https://www.shrm.org/Research/SurveyFindings/Documents/12-0537%202012_jobsatisfaction_fnl_online.pdf, 2012)

According to a survey done among various countries covering about 20
countries and 29,000 employees on study of Employee Engagement, India
scored the highest with 71% engagement and Japan the lowest with 38%
engagement.

(Source: https://www.shrm.org/Research/SurveyFindings/Documents/12-0537%202012_jobsatisfaction_fnl_online.pdf, 2012)

Dr. Vince Molinaro and Dr. David Weiss (The Banff Centre) found similarities
between Employee Engagement factors and the contribution employees make
to their employers. These factors which had similarities were: the employees
want to be an integral part of the ‘winning’ organisation, have positive working
environment and relationships, work for leaders they admire the most, find a
sense of purpose in their roles and duties, have a work life balance and need
to be recognised and appreciated for the work they do.


Similarly, a study done by Skill Soft, a pioneer in learning with a history in
innovation shows that in most companies’ CEOs are getting changed
frequently. According to the study 83% of the CEO’s were expected to be
succeeded by the potential candidates in the upcoming 5 years and were
actually knowing about the plans of their departure and about 34% of the
respondents were expecting to be replaced within the next three years. When
the CEO’s were probed about the reasons for attrition and turnover, it was
noticed that about half of the people left the firm due to dissatisfaction in the
compensation and 20% left because of the stress level and the work life
balance. The CEO’s told personal issues as being prevalent for all the people
they didn’t know the reason for leaving the organisation. About 93% of the employers were planning to increase or maintain the training and development budget in the upcoming years and 26% of the employers refused to spend on T&D. Thus organisations not having proper succession planning would have to suffer in the long run. Moreover, a traditionalist recruitment drive in the current scenario is obsolete and cannot be used as it is. Sectorial expertise, experience in the relevant role, and leadership qualities should be the criteria for recruitment. CEO’s need to plan and allocate budget for learning. Technical and job specific learning is still essential, but it needs to be complemented by the management, communications and interpersonal skills. (Source: Skill soft 2012). CEO: Perspectives on people: Leadership, recruitment and skills. Skill soft. Retrieved, from www.skillsoft.com)

Using formal and informal information, we can create the most impactful and successful learning program. Smart companies’ crowd source information about high and low performers to create an effective career development or succession planning process. Crowdsourcing reinforces the social-collaborative mind-set of young people. It provides a transparent platform where peers can follow the performers, hence it is more than peer recognition. By using gamification and investing in technology any company can commit itself to the new form of engagement. (Source: Skill soft. (2012). CEO: Perspectives on people: Leadership, recruitment and skills. Skill soft. Retrieved, from www.skillsoft.com)

Human Value Connection:

Gallup Researchers pointed out that the employee and supervisor/manager relationship has a crucial and fundamental approach for boosting the productivity of companies through Employee Engagement. This data was collated from over 50,000 respondents and 10 major industries and concluded that effective engagement and recognition schemes are the main builders of company’s success where the employee supervisor relationship is the factor in making these programs successful. (Source: Finding the Human Value Connection through Mission and Community Involvement. The Forum: Business Results through People. Retrieved.
This research also proves the quote “People leave managers and not organisations” correct to a large extent.

About 70% of the respondents who gave the best rating to the managers/supervisors also rated the organisations engagement system as very good whereas only 5% showed a negative correlation. 85% of the respondents who rated their manager as below average also said that their Recognition and Reward Schemes were poor.

It can also be seen that organisations are benefited by the relationship that employees develop within or across the company. The friendships and the social ties develop an increased level of happiness and lead to higher satisfaction level, higher retention levels and also better performance levels. People sharing common missions create relationships as they work towards the same end point with persistent intensity and direction that transcends to individual objectives.


❖ Engaging with the health of the employees:

Making the employees feel that their boss and organisation cares about them is a major part of the engagement especially in the times of financial uncertainty, where it is very difficult to motivate and engage employees. Taking care of the employees is a very crucial and can be very helpful for the organisation in return. By maintaining regular check-ups for the employees the care can be shown towards the employees. If any employee is waiting for a medical intervention the employer can help speed up the process via tie-ups so that the employees can be treated promptly and return to work as soon as they have recovery. There is obviously a benefit to the organisation if the employees are at the best of their health, as that would help in lowering down the absenteeism as well as provide engagement. Principal Financial Group in 2011, conducted a study on 394 adults
in U.S. from companies with workforce strength of 10-1000 employees and these people took advantage of minimum one health program in a year. 35% respondents were said to miss lesser days at work with the help on wellness program. When asked about whether the level of energy is higher and employees are more productive due to the wellness program, 52% said yes where as 36% were indifferent (Source: Employee Engagement by Brad Federman (2009) “A roadmap for creating profits, optimising Performance and Increasing Loyalty”). By providing medical benefits, special aesthetic treatment opportunities, etc. the employer can help motivate and retain employees. It shows the human aspect and getting in touch with the sick employees goes a long way in showing that. It helps in reducing absenteeism and also increases productivity. It can also be used as a benchmarking tool for Employee Engagement. And also, the management of the organisation cannot expect the employees to be fully engaged when they show no signal itself of being committed to the staff. The study showed that 55% of the employees said that the health programs improves health and reduces health risks (Source: Employee Engagement by Brad Federman (2009) “A roadmap for creating profits, optimising Performance and Increasing Loyalty”).

- Engaging with the Rewards for the employees:

As the economy revives and returns to a healthy state the first thing to be done is refresh and revive the Reward Scheme for the employees. This helps motivate, retain and attract the employees towards the organisation and also makes the organisation “An employer of Choice”. According to the meta-analysis by the Gallup Organisation, Performance and Employee Engagement have a strong high and positive correlation and this has been verified across departments across organisations across industries. Therefore, it was concluded that investment in Employee Engagement gives you performance in ROI and also a competitive advantage. Solid investment in Employee Engagement and Reward platform will give a competitive advantage to the bottom line. Incentives and Reward system should be in-line with the changing/growing economies to keep the employees loyal and motivated. Further the Reward system should be closely aligned with the financial department to make it cost-effective. Awards should be
aspirational and imaginative. For Example, the Incentives to the employees have become a common ways of investment for the employees. The employers are putting forward aspirational rewards which are motivating the employees to surpass the targets and fully utilising the available resources (Source: Employee Engagement by Brad Federman (2009) “A roadmap for creating profits, optimising Performance and Increasing Loyalty”).

- Engaging by Linking Organisation’s Characteristics to an individual employees Attitude and Behaviour:

![Diagram](image)

**Figure 2.3.2:** Employee Engagement, Customer Satisfaction and Profitability (Source: the forum, Business results through people).
A research was conducted for C-suite Executives wherein the connection between internal organisational drivers and the financial performance was examined. To deliver a better customer service and to have loyal customers, there is a need to develop satisfied employees first. The growth strategy of any organisation starts with an investment in Employee Engagement and employee enrichment. The reward and the recognition scheme and the incentive and bonus program are to reinforce the support to the cultures, values and objectives of the organisation. There are four types of organisational cultures: cooperative, competitive, passive and aggressive as defined by Cooke and Rousseau's in 1988. The most effective cultures are a mix of cooperative and competitive. The passive and aggressive cultures aren’t much successful and engaging. Therefore, the latter fail to impact the financial performance (Source: Employee Engagement by Brad Federman (2009) “A roadmap for creating profits, optimising Performance and Increasing Loyalty”).

The Employee Engagement is found to be higher where there is autonomy and empowerment, open communication between employee and employer, and positivity in the interaction among supervisors and subordinates. The study found communication as a key driver of Employee Engagement and satisfaction. Therefore, an employer needs to establish clear communication lines upstream and downstream. The downstream helps in clarifying the corporate message and the upstream communication gives the employees a platform to synthesise the corporate message and give their feedback in the form of ideas and observations. Feeling of being heard and making a contribution towards the organisation gives a sense of satisfaction and employee enrichment (Source: Employee Engagement by Brad Federman (2009) “A roadmap for creating profits, optimising Performance and Increasing Loyalty”).

The employees must be surveyed from time-to-time in order to collate their thoughts about the gap areas and also the areas which need improvements. The findings must be reviewed and suggestions should be implemented to the best possible manner so that the employees know that they are being heard. A culture that is a balanced mix of Cooperation and Competition should be developed. The competition should be healthy enough to motivate people to
perform better than their peers and also feel free to raise their opinions to give best solutions to their customers.

The Employee Engagement should be increased with the employee recognition plan which is formally institutionalised in the organisation. By providing clear direction to the employees and then validating their action towards the set objectives is very essential for the organisation.

The study concludes that the financial performance of the organisation is very much related to the enriched workforce. A two-way communication is very important and means a lot for the employees which in turn has a positive impact on the bottom line and Front line of the organisation. An investment in Employee Engagement gives a very high ROI and also gives a happy and enthusiastic workforce, a loyal set of customers who are satisfied and an improved and sustainable financial performance for the organisation (Source: Employee Engagement by Brad Federman (2009) “A roadmap for creating profits, optimising Performance and Increasing Loyalty”).

❖ Engaging with Gamification:

This technique was used by Next Jump Founder and CEO Charlie Jim. The company has a specialisation in loyalty and reward programmes technology. The company also counts few of the biggest corporations in the world among its clients. According to the CEO, recruiting and developing the right human capital is very essential and more than quantity, quality matters. This was one of his biggest realisations. The other biggest priority was focus on health and welfare on the workforce. The workforce could take training in sports like boxing and ping pong at the company gym. This would help the workforce to exercise and eat properly. The health benefits would help to gain higher energy limits and also improve productivity which is very important to any struggling employer. The gym facility could attract only 15-20% of the workforce but this had to be increased. Then one of his engineers created a leadership board and this led to increase in participation dramatically to 80%.
Therefore, gamification and Health welfare schemes help in Employee Engagement.

**SMAC and Gamification**

The SMAC Stack or **Social, Mobile, Analytics and Cloud** technologies, is a disruptive set of technologies that is transforming the way companies innovate and evolve. This is as true on the customer-facing front as it is in Employee Engagement. Enterprises that are able to engage their employees with these technologies stand to make the most of the SMAC Stack. Enterprises are banking on their social and mobile initiatives to increase collaboration among employees. However, just bringing SMAC technologies into an organization will not automatically result in a more collaborative, productive workforce. What you really want to change is employee behaviour, which can be done using the gamification principles of “stimulus action-reward.” Injecting gamification into the SMAC Stack will facilitate the behaviour changes necessary for a successful transition.

![Simulation Games Result in Better Training Outcomes](image)

**Figure 2.3.3:** SMAC and Gamification to bring in best results.


Gamification can start right at the on boarding stage, when new hires need to complete what may seem like mundane exercises such as filling out forms and learning about the company’s policies and values. From there, gamification can
become an integral part of employees’ time at the company, enriching their experience at each stage of the employee lifecycle


Change and employee involvement

Most of the organisations are going through a change and these changes drift away from the norms in which the sector operates. A survey was conducted in UK of 2000 employees to understand how the leaders were perceived to bring about change and its impact on the success of such initiatives. One of the major areas that was looked upon was the change the employees see the organisation going through and the skill of the leaders to bring about the change in a brain-savvy way. The employees were asked how much do their leaders help them understand the change and what's their role in making it successful. The financial services were the last one in the list. Only 11% of the employees thought that the leader has put in efforts to make them understand the change and also 40% employees thought their bosses had put in a lot of pressure in the financial services. On the contrary only 14% of employees in Telecom were reported to be under a lot of pressure.

The main point to be kept in mind during a change is that keeping the employees informed and communicating the fact that why the change is happening and what's in it for them keeps them engaged. 70% of the employees felt difficulties at work because of the changes and 15% of those said that their leaders did not help to understand the change of their role in making change successful. In the financial services, 86% of the employees went through an organisational change but in that 22% bosses failed to lead the path of the employees or making them understand the change.
Graph 2.3.4: Leader Role in Change Management Implementation.

The percentage of employees who went through a change and also the percentage of leaders who did not help their employees understand the change going around them (Source: HR Zone 2013).

In the financial sector, 40% of the employees said that their goals weren’t clear and also that there was a huge amount of uncertainty. Telecom sector leaders were one of the best in giving clear targets and also certainty of goals. 72% employees had clarity in role and responsibility and also the purpose which is higher than the UK average which is about 60%.

Leaders need to develop a charter which would lead to successful results and minimize resistance to change. This would happen by the following measures:

- Involvement of people in designing the strategy.
- Encouraging the employees to innovate and build their own way of working and performing within the broad strategy.
- Focusing on training and development which makes people competent and build upon the existing skills and expertise.
- Providing positive feedback and celebration of success.

(Source: HR Zone 2013).
Engaging the survivor employees during Redundancies:

Redundancy time creates two groups of people: one those who have been made redundant and the others are those who survive along with their organisation and employers. Usually the HR policies have been laid down in place in every organisation on how to go about in the times of redundancies. The following steps are recommended to keep the survivors engaged during the times of redundancies.

- Having a clear channel of communication and a plan of action prepared.
- Communication should be continued even after downsizing.
- Emotional response should be allowed.
- Counselling services should be used.
- Involve survivors and be approachable.

Engaging with Self-development plans:

The employees in UK find it difficult to communicate their desires and requirements for personal development with their supervisors/managers according to a recent study. About 45% of the respondents feel uncomfortable in discussing such plans with their seniors. The employees aged between 16 to 24 years of age also called as Generation Y or Gen Y are less likely to actively address the issue, but 59% said the issue made them uncomfortable too. The research in Adecco Group suggested that about 50% of the employees of group under 34 years wanted to be promoted every 2 years.

52% employees confused personal development as standard training and regular meetings with line managers or performance appraisals.

Nicola Linkleter, MD of Badenoch and Clark said that opportunities of growth and development should be well communicated to workers and specially those which are related to career progression. The company’s personal development plan would help engage the workforce and would increase the ROI for the organisation. The employees will also take further actions to enhance their learning as well (Source: Employee Engagement by Brad Federman (2009) “A roadmap for creating profits, optimising Performance and Increasing Loyalty”).
Engaging by doing good to society:

Employee Engagement gives you an opportunity to rapidly progress towards your sustainable goals. Some of the Employee Engagement programs deliver very well even on very low cost programs which could increase the extent of employee participation on one hand and save millions of dollars on the other hand, especially on the front of resources and energy. This could also help to reduce an organisation’s carbon footprint.

Literature tells that employees in sustainably focused organisations are 6% to 16% more productive as compared to other organisations. Also 90% of the employees wish to work for an organisation which has a strong green reputation.

Employee Engagement is very challenging in large organisations which are multinational, multifunctional and multigenerational. To make CSR and Employee Engagement successful and effective, the concerned authority must establish highly visible and communicated campaigns whose goals drive desired employee behaviour. A very good and successful strategy can be collaborating an Employee Engagement program with a green and environmental friendly product or service which is provided to the customers.

To attain more productivity, it is better to allow green teams operate in a self-driven and organised manner and to take suggestions from all site workers and also take care of the organisations best practices (Source: Employee Engagement by Brad Federman (2009) “A roadmap for creating profits, optimising Performance and Increasing Loyalty”).

Figure 2.3.5: Roadmap for success.

Source: Perspectives on sustainability, Jones Lang LaSalle, Mar 2010.
Engaging the Young Workers

On assessing the happiness of 2136 young people who were between the age group of 16 to 25, 10% of the people felt they weren’t able to cope up with the daily stress. The people who are NEET’s (Not in education, employment or training) feel the stress twice as much as their peers feel. More than 50% of the young people said that they feel disillusioned by the current state of the jobs in the market.

The survey concluded with the importance of employment in the overall, well-being of the young people. The employers who could tap the benefits of recruiting the young people and training them could claim long term benefits and business rewards. Employers can get great benefits by having an open minded approach along with effective support structures (Source: Employee Engagement by Brad Federman (2009) “A roadmap for creating profits, optimising Performance and Increasing Loyalty”).

Engaging the employees through Employee Empowerment in B2C organisations including Residential sector of Real Estate Industry to build employee loyalty:

i. IBM:

In mid-1980’s, empowerment meant taking more responsibility and accountability in order to get better results. This was known as physiological empowerment i.e. giving your employees a sense of control which enhances the level of satisfaction which motivates and increases productivity.

Empowerment also has certain limits. Empowering your employees in a business model which is not competitive enough, won’t make your business competitive.

This can be done only by reducing the frequency that an employee has to get an approval from his/her boss to get things done for customers.
It’s very important for empowerment to be aligned with the organisations strategy and also be relevant to the employee’s role. The four main things for designing an empowerment strategy is aligning it with the business strategy; tying it to the customer in terms of relationship, and longevity; the nature of macro and micro environment of the business and the type of employees and people in business.

ii. **Ritz Carlton:**
Ritz Carlton has empowered all its employees to spend up to $2000 to delight a guest and not just to fix their problems
(Source: [http://ritzcarltonleadershipcenter.com/2013/08/440/](http://ritzcarltonleadershipcenter.com/2013/08/440/)).

iii. **Zappos:**
The employees don’t rush customers on call if any customer calls Zappos to give feedback/advice on any order, because the agents on call have been empowered to give as much time as required to create a good experience for a customer. The outline retailer has setup a reward for a 10 Hour call for a service, and the core value of the service was exemplified as “wow through service”.

iv. **Technology Supporting Empowerment:**
Empowerment is not directly about technology, however technology can be one way to access information and resources. For example, the EFM i.e. Enterprise Feedback Management, are used to collect, collate and analyse the results. The results would help in stimulating actions by the responsible department. The feedback that comes is not from one source i.e. questionnaire surveys, it also comes from Blogs, websites, Facebook and twitter. The social media has become a very important source of getting feedback and is helping employees become responsive.
The social media networks drive business value in 4 ways:

<table>
<thead>
<tr>
<th>Encourage Sharing</th>
<th>Create two-way dialog</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Makes business personal</td>
</tr>
<tr>
<td></td>
<td>Reduces power distance to leaders</td>
</tr>
<tr>
<td></td>
<td>Connects globally, person by person</td>
</tr>
<tr>
<td></td>
<td>Forms private groups</td>
</tr>
<tr>
<td>Capture Knowledge</td>
<td>Identify expertise</td>
</tr>
<tr>
<td></td>
<td>Avoid duplication and have better coordination</td>
</tr>
<tr>
<td></td>
<td>Transfer knowledge</td>
</tr>
<tr>
<td></td>
<td>Improve best practices</td>
</tr>
<tr>
<td>Enable Action</td>
<td>Solve problems faster and better</td>
</tr>
<tr>
<td></td>
<td>Bring outsiders in</td>
</tr>
<tr>
<td></td>
<td>Streamline processes</td>
</tr>
<tr>
<td>Empower People</td>
<td>Give employees a voice</td>
</tr>
<tr>
<td></td>
<td>Make meaningful contributions and innovations</td>
</tr>
<tr>
<td></td>
<td>Increase engagement, satisfaction, and retention</td>
</tr>
</tbody>
</table>

**Table 2.3.6:** Social media networks


Customers also want to deal with employees fully empowered to serve the needs they possess. Therefore, empowerment can be used to unleash the energy and innovativeness of the workforce. It’s always better to determine the needs of the customers you are serving and hence work backwards. It’s important to determine what drives long term customer lifetime value and then figure out how to empower your employees.

**iv. TESCO:**

Tesco, a B2C organisation in UK, recently has taken a few measures in order to enhance Employee Engagement. Tesco has the UK’s largest workforce in the private sector with about 295000 employees. All these employees have a different set of behaviour, needs and also expectations from the work, organisation and opportunities in career. One of the recent activities started by Tesco is to listen and fix. The main aim of Tesco was to make Tesco a great place to work and shop for everyone. This was mainly started as an exercise to develop a more engaged work force. This was not the first survey to gauge the viewpoint of the staff as they also run an annual staff survey called as “VIEWPOINT. The “listen and fix,” was a simpler version of Viewpoint. In the earlier model, the staff was asked to rate the employer on certain aspects but
in the newer version the staff was asked about what do they want to fix and what is intruding in their way from doing the best for the customers.

This maintained a two-way communication and used advanced technology to optimize the process. A low barrier in participation was maintained as the communication vehicle chosen was text and e-mail and therefore the responses received were more than twice the expected response and hence a huge repository of granular data was created.

The huge number of responses received were because anonymity was maintained and either they could specify the store number or the name of their division director and then the whole data was collated and then categorized to be analysed. They key issue areas were identified and then planning was done to fix local and central issues.

The Listen and Fix model provided a holistic or helicopter view to the whole scenario as one third of the responses were majorly about 125 issues. The most important part was to prioritize or to rank the broad areas. These broad issues needed significant investment and the investment done in that particular year was greater than the investment done in previous four years.

Tesco discovered that Listen and Fix has become a brand and is recognised. They haven’t yet fixed all the issues, but they understood how powerful a tool a two-way communication can prove to be and, the results can itself be an engagement tool (Source: Employee Engagement by Brad Federman (2009) “A roadmap for creating profits, optimising Performance and Increasing Loyalty”).

v. Godrej Properties Limited (GPL)

GPL follows a culture that enhances trust and empowerment. The vision for 2020 of the organisation is to be future ready and for that they see human capital as enabling it. HR is the key function to institutionalise and rationalise the systems, procedures and facilitating the value creation for employees and the organisation. It’s the endeavour of the HR function, to create an environment which is trustworthy, open, and empowering and also driven by performance. GPL is building towards a people centric culture and the values
like trust and progression enhance people centricity. GPL has a belief that an informed employee is an engaged employee. It has built up a struited channel for communication which encourages suggestions and feedback from the employees as well. The MD shares the monthly business highlights with the team to facilitate communication. Therefore, the channel is a perfect mix of Bottom Up and Top Down approach. The employees in the organisation are provided with various touch points to make their employment a unique experience (Source: Industry Interaction).

vi. LODHA Group

“India’s best companies to work for” is a survey done every year by an institute named, Great Places to Work Institute, India. In June 2009, Lodha group was ranked second in the construction and the Real Estate sector for all its employees and potential employees in this survey.

A survey was done across a range of parameters amongst the employees of the organisations and ranked accordingly. The comprehensive representation of the employee perception about the organisation was made. Lodha group recognises human resource as the best available capital unlike other organisations in the current scenario where the management gives priority to the profitability and, human resource is the second priority. The Focus of Lodha group is not only on the benefits or pay being provided to the organisation but the culture of trust, respect and integrity and along with that the competence of their employees to contribute and the recognition they receive for company’s success.

Lodha scored very high on work life balance and on the cooperation and support among the peers and Management ranks. The company also scored very high on the Job Role Clarity, Non-partiality and Integrity. All these factors indicated that a high level of Employee Engagement was very important to have a fully engaged workplace and also making it a truly great place to work for (Source: Industry Interaction).
vii. COMMON WEALTH BANK:

Common wealth bank in 2011 in Australia, developed a game to improve the literacy of potential customers in Real Estate known as Investorville. This was kind of an online simulator wherein the players were allowed to fiddle in Real Estate investing and there was no risk of equity. This game was created by the bank with the help of a company which had all the information relating to the Real Estate properties and economists. By choosing an investors profile the players used to learn about the rate of interest, strategies for investment and rental returns.

This gamification method was used to engage the employees and customers and mainly to clarify and break down certain misconceptions and also to show the practicalities of investment in property. According to a report, this game generated about 600 loans within a year of launch and an investment of around $400,000 (Source: https://www.commbank.com.au/about-us/news/media-releases/2011/010811-Investorville.html).

viii. MICROSOFT

Microsoft used gamification as a technique for Employee Engagement while they were facing issues in Testing and Releasing of Windows 7 in various countries and multiple languages. The issue was to be sure that the dialogue boxes worked accurately in all languages. This process was manual and required highly motivated testers who would perform a mundane but an important assignment with full enthusiasm and attention. Therefore, a simple competition was designed across different geographies and employee teams to find as many errors as possible in the localized dialogue box. The testers weren't given any monetary rewards but were excited about finding the most coding errors and to be amongst the most successful office on the published leadership board. In this exercise, the employees reviewed more than 5,00,000 dialogue boxes and found thousands of bugs that weren't recognised initially.

Therefore, Microsoft got committed to gamification and now designs productivity games and virtual worlds as a part of the 21st century business
ix. PROCTER AND GAMBLE
The company once did a green Employee Engagement initiative wherein 13,000 global employees participated through R (Responsibility) for sustainable tomorrow. The Green teams were established by the Procter and Gamble global sustainability head and led by an Ambassador called as the sustainability Ambassador, they all were provided with The Sustainability Toolkit that had a way to use 10 Step Formula which could help engage the co-workers for a Green Success. Procter and Gamble combined the sustainability champions of the site with e-training which was personalised and thereby motivated the workforce globally to voluntarily behave in a green and environment friendly way. The results were seen globally as many employees contributed ideas which saved the company $1 million annually in energy costs.
2.4 Benefits of Employee Engagement

Employee Engagement can add a competitive advantage to the organization. To enable this, we need to find the linkage of Employee Engagement with the different drivers like management development programs i.e. the training and development initiatives given to employees all throughout their tenure, the career management schemes, and competency management framework. Along with these, the focus is also on leadership development and talent management. These two are critical for maintaining the talent pipeline. These factors are the main workplace requirements for long term sustainability and engagement of the employees.

Nowadays, when everyone is busy in career advancement, with increase in Gen Y people as workforce, career development has become an integral part of HR process in the organization. The employees see training and development as intrinsic initiatives of motivation and engagement. In modern era, HRM is the solution inventor for several problems which affect the capability to work and facilitate individual growth.

Hence for engaging the employees, HR managers nowadays are coming up with new initiatives for staffing, selection, orientation, induction, training and development, performance management and safety measures. Organisations are doing their best to ensure that they can engage the employees in a much sustained manner, as it is quite well known to the managers that career development, training and development have become an intrinsic part of the organisation and are very important for motivation and engagement of employees.

2.4.1 Employee Engagement Drivers to Drive Performance:

From the research conducted by Langford, P. H., Parkes, L. P., & Metcalf, L (Langford et al, 2006), the importance of traditional human resource management practices (such as rewards and recognition, recruitment and selection, involvement and developing leadership) for contributing to passion and progress (performance). Intellectual capital has been formalized, captured and leveraged to produce higher valued asset.
Figure 2.4.1: Levels of Employee Engagement.

Figure 2.4.2: Commitment type and focal points of commitment.

Source: Corporate Leadership Council 2004 Employee Engagement Survey.
Figure 2.4.3: Extent to which the factors positively influence Employee Engagement in organisation.


The analysis above clearly says that the focus of the employees is directly related to how the managers are aligned with the requirements of the employees. Even Employee Engagement, disengagement and above all the attrition rates in the organisation are closely linked with the day to day work assigned to the employees, manager’s way of dealing and overall level of benefits which the organisation can provide to them.

It can be clearly seen that managers are coming up with learning, training and growth opportunities, followed by good on-boarding processes because they are aware that all these are quite essential for the employees to engage the employees for a longer span of time.
2.4.2 Factors influencing Employee Engagement

Engagement drivers are important elements to the success of an entity. Following systems, processes, and factors serve as drivers of Employee Engagement:

<table>
<thead>
<tr>
<th>Culture</th>
<th>Way of working; shared norms; Values-espoused or desired culture.; behaviour patterns; What is said and what is done.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Success Indicators</td>
<td>Known and shared success measures for all key stakeholders; Alignment with each other and culture; relate to the value we bring to our customers.</td>
</tr>
<tr>
<td>Priority Setting</td>
<td>Define clear priorities and goal setting, gain buy-in, leverage the resources; wish list to be pared down to reality.</td>
</tr>
<tr>
<td>Communication</td>
<td>Formal and Informal communication system and structure; social networking, collaboration and co-ordination, use of technology; clarity, candour and honesty in communication to gain attention of employees.</td>
</tr>
<tr>
<td>Innovation</td>
<td>Core skill related to problem solving, creativity, and collaboration; Advancing, progressing and building upon our past successes; working environment which encourages professional freedom and safety to learn from mistakes are essentials.</td>
</tr>
<tr>
<td>Talent Acquisition</td>
<td>Robust selection and on-boarding process, reduce learning curves,</td>
</tr>
<tr>
<td><strong>Talent Enhancement</strong></td>
<td>Increasing organizational knowledge; Impart skills to employees to grow, develop and change over time; Knowledge Management.</td>
</tr>
<tr>
<td>------------------------</td>
<td>----------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td><strong>Incentive and Acknowledgement</strong></td>
<td>Compensation structure; maximizing profits or minimizing costs; acknowledge employee efforts not as strategy but right to do so. People the prime mover.</td>
</tr>
<tr>
<td><strong>Customer-Centred</strong></td>
<td>Focus on customer need, customers’ preferences and buying cycles; create positive and intuitive customer experience.</td>
</tr>
<tr>
<td><strong>Global to Local Lenses</strong></td>
<td>Employees connect to broad ideas and to people; Employee Engagement to create an organizational dialogue and promote transparency; Managers to balance their own individual needs with their responsibilities for Employee Engagement; team to create type of work environment that fosters Employee Engagement; Individuals to create and sustain connections at work; Employees to increase ownership/accountability and their ability to change.</td>
</tr>
</tbody>
</table>

**Table 2.4.2.1**: Factors influencing Employee Engagement.

The drivers mentioned above serve as engagement indicators to drive performance. They help us stay focused on the business through our people. Robust selection and on-boarding process, reduction in learning curves, promotion in early period, increase in productivity and reduction in attrition helps
the employee to engage and to create an organizational dialogue and promote transparency at various levels.

Also, these factors help: the managers - to balance their own individual needs with their responsibilities for Employee Engagement, team - to create type of work environment that fosters Employee Engagement, individuals - to create and sustain connections at work and employees - to increase ownership/accountability and their ability to change.

This study poses a topic of utmost importance, as a concrete investment of resources in the Employee Engagement practices will definitely add on to the competitive advantage of the organisation to ensure better employee retention and dedication.

2.4.3 Impact on productivity and customer loyalty

![Diagram showing the impact of higher engagement on productivity and lower absenteeism through higher focus and motivation.]

**Figure 2.4.3.1: Impact on engagement on productivity.**

Source: Insync surveys research consulting, November 2012.

Gallup conducted a study for evaluating the level of engagement and took a sample of about 50,000 business units and a high level of disparity was observed in terms of dollars among the engaged and highly disengaged employees in those units. The engaged units were found to be 22% more productive as compared to the disengaged ones. The number of accidents reported in the engaged units were also 48% lesser than those of the disengaged units as reported by Sarah Halzack in The Washington Post.
Jim Harter, who is a chief scientist at The Gallup’s workplace management practice, portrayed some relevant findings of the Gallup Survey:

- The ratings by customers were also better in the engaged units than those of the disengaged ones.
- If an employee feels valued and cared they tend to reciprocate the same to the customers as well and hence impact the bottom line of the business.
- A happy employee helps in developing a healthier employee-customer relationship which further helps in developing customer loyalty.
- Harter also added the fact that happy workforce should always be interpreted as an engaged one because happiness or sadness is just a state of mind.
- In another experiment conducted by Harter et al. in 2009, the outcome was that more the Employee Engagement, lesser the absenteeism, higher the focus and higher the productivity. In the experiment, a sample of about 32,400 business units with 9,55,000 employees were taken. 18% drop in productivity was observed from top to bottom performers in the organizations. The absenteeism was higher in companies that were in bottom 25% of the engagement list.
- So it can be concluded that a happy employee helps in developing a healthier employee-customer relationship which further helps in developing customer loyalty.

2.4.4 Impact on Profitability

Employee Engagement, largely, has an indirect impact on an organization’s profitability. According to Talco research in 2009, some engaged organizations earn 26% higher revenue on each employee. Also, the amount of loss in profit due to employee theft is 27% lower in engaged organizations and this is a significant amount of cost saved in engaged business units. Also there has been a significant rise in the shareholder value and 13% increase in shareholder returns in engaged business units. Engagement helps in employee retention and retention further affects the bottom line of the business units. The loss of each employee incurs a recruitment cost, the cost of loss in productivity
due to a vacancy and the cost incurred in training the new employee. Therefore, Employee Engagement helps in saving a huge cost by retention.

![Employee Engagement and its Impact on Profitability](image1)

**Figure 2.4.4.1:** Employee Engagement and its Impact on Profitability.

Source: Insync surveys research consulting, November 2012.

From the above figure, it can be concluded that the loss of each employee incurs a recruitment cost, the cost of loss in productivity due to a vacancy and the cost incurred in training the new employee. Therefore, Employee Engagement helps in saving a huge cost by retention.

**2.4.5 Impact on Safety**

The more the Employee Engagement, the more an employee is focused on his work and there are less chances of an accident/mishap. This is very crucial for industries which are prone to accidents. This also paves a way towards more productivity, as an accident impacts the profitability and bottom line of the organization. It might also cost the brand image of the organization if the

![Impact on Safety](image2)

**Figure: 2.4.5.1:** Impact on Safety.
accident happens on a large scale. If the employees are engaged, they might even suggest ways to improve upon the safety mechanism being used and thereby helping the organization. A study reveals that non-engaged or disengaged workplace is more prone to burnout as compared to the engaged workforce. Losses occurred due to accidents can be monetary or nonmonetary. The Nonmonetary losses can be loss of life, loss in brand image, etc. which might carry more weightage than that of monetary loss, and sometimes is non-recoverable (Source: In sync surveys research consulting, November 2012).

The employees who are engaged tend to be highly engrossed in their work and the role given to them as compared to an employee who is less focused and has low involvement and therefore, tend to make a lot of mistakes. There has been a considerate amount of literature available displaying a high positive correlation between Employee Engagement and Safety concerns. Harter et al. in 2009, conducted a meta-analysis and found that the top 25% business units having employees who are engaged, have 49% less safety accidents as compared to the bottom engaged business units. From the study it was incurred that the highly engaged employees are highly involved and motivated. Therefore, they are less prone to accidents due to the care and attention they pay to the job.

This, when seen from the organisation’s perspective, the lesser engaged employees tend to make mistakes and accidents which cost heavily on the organisations and further more effects the bottom line which is not the case with engaged employees. Engagement therefore has an impact on safety, productivity and retention of the employees in the organisation.

The above facts reinforce that losses occurred due to accidents can be monetary or nonmonetary. The Nonmonetary losses can be loss of life, loss in brand image, etc. which might carry more weightage than that of monetary loss, and sometimes is non-recoverable. The employees who are engaged tend to be highly engrossed in their work and the role given to them as compared to an employee who is less focused and has low involvement and therefore, tends to make a lot of mistakes.
2.4.6 Impact of Rewards:

Extrinsic rewards like pay raises, bonus and benefits are tangible and controlled by external authorities whereas intrinsic rewards are psychological rewards which are manifestation of meaningful work and good performance. Extrinsic motivators are important at the initial stage of accepting a job, while the day-to-day motivation is driven by intrinsic rewards.

Intrinsic rewards can be described by the following 4 parameters:

- The **sense of meaningfulness** means the purpose you are trying to attain and you are able to accomplish and attain from the opportunity you have.
- The **sense of choice** is the autonomy to choose the path that makes most sense according to you and to accomplish your work in the best possible manner.
- The **sense of competence** is when you achieve a standard better than what you think you would have done and attaining the sense of complete satisfaction in the masterpiece or artistry you have done.
- The **sense of progress** is when you are moving in the right direction towards your goals with the right amount of intensity and persistence. The amount of burnout with intrinsically motivated people is also low. The employees with a high reward level are more positive towards their job.
  
  - As per the Work Engagement Profile, intrinsic rewards are of 3 levels: High Range, Mid-Range and Low Range. Higher levels of reward mean high employee self-management and high retention. The following points are important to consider:
  
  - From the employer’s point of view, the intrinsic rewards have a positive correlation with employee self-management.
  - People who have a higher reward level have shown to be rated higher and also have a greater attention towards their work and role allotted.
  - The Intrinsic rewards are a strong predictors of employee retention with an employer and people who have intrinsic motivation usually recommend the employer to their friends and market the product and services to the right target customers and overall they are proud to work for that organisation.
As per the Ivy Business Journal, there is a need to build a culture that supports high level of engagement and intrinsic rewards, because usually, people hired in the organisations are intrinsically low motivated. It can be done by beginning with a meaningful purpose, by building intrinsic motivation and engagement into management training and executive coaching, by engaging the middle layer, by measuring the reward levels and filling the gaps in the reward system. Finally, the organisation needs to adopt a change and implement processes for engagement (Source: http://iveybusinessjournal.com/publication/the-four-intrinsic-rewards-that-drive-employee-engagement/ Nov/Dec 2009).

The effectiveness of the reward mechanisms can be increased if the rewards are in line with the employee perceptions. This way will help deliver a better Return on Investment to its employees who are working really hard for the employer. At the Apex level in the organisations, the variable pay is around 15-30% of the fixed component in the CTC (The Economic Times, October 2013). Sridhar Ganesan, a managing consultant in Hay group, suggested that the reward mechanism can be very effective if it focuses on quality of work done by the employees, recognises the appropriate performance and makes the work climate very healthy.

The Experts have a view that the hurry by the professionals in HR in aligning with the short term goals can cause an increase in employee costs. Professor Cary Cooper and Les Worrall described that there is a negative cycle in many business units that is originated due to ill managed organisational change that causes distress and reduces the level of motivation and productivity. The organisations have started realising that PRE (people related expenses) cost is highest in their business units and hence have started changing staffing approach to substitute the full-time permanent employees with contract employees or third party employees, which is helping to reduce PRE cost. This kind of staffing approach has revealed a contradictory outcome like loss in knowledge, lower engagement, weaker customer service. Impact on quality of work and productivity are also affected.

During the times when the economy is not in favour and it’s on a downturn, the organisations move towards cost cutting wherein engagement is sacrificed and
is the first to go, whereas Employee Engagement actually becomes highly crucial in times of environmental change. It's a common phenomenon that the financial outcome of an engaged organisation outweighs others in the three key financial measures - net operating income, net income growth, and EPS. The most important step to be taken care of during the economic downturn is proper communication, honesty, and an open door policy as it prevents the spreading of unwanted and harmful rumours which creates a sense of distress and insecurity in the minds of all employees which in turn can reduce the productivity. The employees should be given opportunities to work and gain expertise and knowledge via training which acts as a retention strategy during economic downturn and creates a sense of security among the employees in the organisation.

According to a research in 2008, when there was a downturn in the economy it was found that there was a mismatch in expectations in employees and employers side. One-third of the employees were fearing a cut in their benefits and allowances but rather, it was seen that 45% employers were planning to enhance them. 30% of the employees were not expecting a pay rise in 2008 but rather only one-tenth of the employers were planning a freeze in the pay (Source: Hymans Robertson).

Many organisations are noticing a decline in employee retention and therefore consciously changing their organizational practices and also positioning themselves for a greater Employee Engagement in the upcoming years. The decline in the level of Employee Engagement has given a different viewpoint to the leaders and critical position holders in the organisation to evaluate their current strategy of Employee Engagement in the times of uncertain economy. According to a report by Kenexa High performance Institute Work Trends, the primary drivers of Employee Engagement are work life balance, management practises, and training and development of employees (Source: Hallmark Business). In UK, according to a study, the top 5 reasons given for failure of engagement by the top leaders/ CEO’s are:

- Failure to link self- awareness with effective leadership.
- Lack of communication and inability to break hierarchy causes an emotional distance between the human resource of the organisation and the leaders.
- Over-stressing on the short term goals with long term benefits.
- Inability to connect emotionally with the employees.
- Not letting go of power and leading by control and demand.

- Hence the effectiveness of the reward mechanisms can be increased if the rewards are in line with the employee perceptions. This will help deliver a better Return on Investment to its employees who are working really hard for the employer. The decline in the level of Employee Engagement has given a different viewpoint to the leaders and critical position holders in the organisation to evaluate their current strategy of Employee Engagement in times of uncertain economy. Owing to all these reasons the organisations have started seeing employees as a cost, as the labour costs are the highest in all the business units. Due to this the employers have started to substitute the full-time permanent staffing to part-timers or contract employees or third party employees because the benefits and pay are lesser for the latter.

2.4.7. Few other ways to create a revolution of Employee Engagement in the organization

Here are few suggestions to help create a revolution in Employee Engagement for the benefit of all:

- Check all work conditions have been met for the employees to be interested and able to engage authentically towards their work.
- Remember Employee Engagement is not just adding more programs but needs to be integrated into organization’s current working pattern combining it with performance management, monitoring progress, etc.
- Connect engagement to key organization results and not measured in isolation.
- Spend appropriately on engagement intervention and not just a survey.
- Employee participation is another aspect to ensure successful engagement.

2.5 Limitations: Factors affecting Employee Engagement in organizations

2.5.1 The Employee Engagement depends upon the intrinsic factors which might vary from employee to employee.

Extrinsic rewards like pay raises, bonus, and benefits are tangible and controlled by external authorities whereas intrinsic rewards are psychological rewards which are manifestation of meaningful work and good performance. Extrinsic motivators are important at the initial stage of accepting a job, after the day-to-day motivation is driven by intrinsic rewards.

Intrinsic rewards can be described by 4 parameters: sense of meaningfulness, sense of choice, sense of competence, and sense of progress. According to the Work Engagement Profile, intrinsic rewards are of 3 levels: High Range, Mid-Range and Low Range. Higher levels of reward mean high employee self-management and high retention.

Organization needs to build a culture that supports high level of engagement and intrinsic rewards. It can be done by beginning with a meaningful purpose, by building intrinsic motivation and engagement into management training and executive coaching, by engaging the middle layer, by measuring the reward levels and filling the gaps in the reward system. Finally, the organisation needs to adopt a change and implement processes for engagement.

2.5.2 Low Return on Investment

The surveys for statistically analysing the engagement and its correlation with the performance and bottom line of the organisation are expensive and also the employees fill the survey in their paid time so that adds to the cost. The responses of the survey might sometimes not be reliable due to the impact of external factors such as market, economy, environment, etc. A considerable amount of time is spent by employees to gather, organise, interpret and analyse the survey data collected for Employee Engagement. Also the benefits given to the employees to enhance the satisfaction and engagement in employees, the cost might overweigh the benefits provided.
2.5.3 Performance might not be related to engagement

Much evidence has been found that employees might perform even when they aren’t emotionally connected with the organisation. There are certain factors which might cause good performance of the employees such as compensation, job security, and professional attitude. The engagement depends on various factors and performance is one of the various outputs caused by it. Therefore, measuring engagement only on performance of the employees would not be the right way.

2.5.4 Impact by Length of commute:

The Gallup Health Ways Well-being Index and the Gallup daily Tracking collected data in 2011, which concluded that Employee Engagement and the Length of commute have a correlation. The people who are actively engaged tend to be less effected by their commutes. The disengaged people who aren’t emotionally attached to the organisation and less productive at work tend to report a high relationship of commuting and their mood at work.

Jim Harter and Nikki Blacksmith said that Gallup has found that long commutes are usually said to link to well-being, daily mood and physical health. Especially for disengaged and highly disengaged, the longer the commute the higher is the dissatisfaction.


2.5.5 Impact by workplace culture of Fear:

Fear is considered to be the ultimate killer of culture. Most business units have certain amount of fear that holds the workforce’s potential back and prevents ideas. Fear in the workforce slows down the organisation due to hesitation and stress and thereby keeps a lot of people away from reaching their maximum potential and thereby stopping them in effectively working for the organisation.)
The following signs indicate fear:

- The career planning and pay are determined by results not by behaviour.
- One-way communication.
- Lack of clarity about managing work.
- Non confrontation of bad behaviour.

2.5.6 Impact of economic downturn on Employee Engagement:

- Employee Engagement will step down in years ahead and increase cost for employers and then affect customers but remember, Employee Engagement is directly related to the experience customer's desire.

- A 2008 Bain Consulting study shows that 81% of senior leaders believed that they provided excellent customer service, but in fact only 80% of the customers agreed. This is called as “Customer Service Gap.” Whatever the customer service trouble is called, the root cause is leaders, many of whom have never worked the front lines servicing customers. This “Great Recession” will widen the gap between the few companies that deliver a consistently good experience and the great majority whose employees are more disengaged than ever and deliver poor service. A Quantum Market Research study revealed that between fall of 2007 and fall of 2008, nearly one-half of companies surveyed had a decrease in Employee Engagement scores, measured by an employee’s willingness to put in extra discretionary effort for the good of the business, speak positively about the business to others, and stay loyal to the job. (Source: http://www.businessweek.com/debateroom/archives/2009/09/employee_engagement_enough.html, June 2009).

- In general, there is a tendency to treat the survey in isolation, tick the box and engagement is over for the year. There is pressure to boil engagement down to one summary score, the engagement index, which can then be used in management appraisals, sometimes in a punitive way; and finally this summary score really does nothing to explain why levels of engagement are what they are. In the main, they relate to organisational engagement, giving the impression that this is the only, or most important, type of engagement.
Decent engagement surveys will look for evidence of engagement at different levels: the job itself, with co-workers, with customers, with the immediate manager and with senior managers as well as the organisation. This can be very revealing, but in creating the overall score the tendency is to sum all the objects of engagement together. This means that for an employee to be fully engaged the person has to meet all of the requirements. (Source: https://www2.warwick.ac.uk/fac/soc/wbs/research/irru/wpir/wpir_96.pdf, Aug 2010)

2.5.7 Impact of Low Engaged Employees on an Organization:

- The organization loses its cream talent: In times of economic downturn, investing in Employee Engagement is a smart choice one can make. The organizations which ignore this will have to face the employee turnover when the economy boosts back.

- Impact on Organizational Success: Employee Engagement is not a just a repairer for current problems but is also a tool for long term development. Hence, low Employee Engagement, may make a negative impact on success of organization.

- There is always an uncertainty amongst the people managers. There is never a pre-defined goals oriented approach which tells how they are cascading the engagement with the employees and hence it develops a negative aspect on overall organization
  
2.5.8 Employee Engagement is considered as an activity not a strategy: A wrong perception amongst employees

- As per Gallup survey, only 13% of employees worldwide are engaged at work. Managers everywhere can help solve this problem -- and reap the benefits of higher Employee Engagement. Engaged employees are rare. According to Gallup's State of the Global Workplace report, only 13% of employees worldwide are engaged at work. New Zealand has one of the highest levels of engaged employees among the countries surveyed, at 23%. Australia's engagement rate is similar, at 24%. But both countries fall short of the United States, where 30% of employed residents are engaged at work.

- Engaged workers put discretionary efforts consistently in their work. They go out of their way, with the passion have for the company. They bring innovation and take business upwards.

- Contrarily, disengaged employees, impact the company results in a negative way. They are really not bothered about company mission, values, etc. They may not even care or feel guilt while offering bad customer service. They are not very hostile, but work is average. They are concerned about coming to work, putting in their duty hours, worried about lunch time and then leaving for home.

- New Zealand's majority workforce is not engaged. 62% of them do not want to go to work, lack enthusiasm, energy and passion for their jobs. To convert these disengaged employees into engaged is a strategy they can adopt. (Source: http://www.gallup.com/businessjournal/166667/five-ways-improve-employee-engagement.aspx, February 2013)

The majority of the respondents always consider Employee Engagement as an activity and not a long term strategy. The general perception is that employees consider Employee Engagement as fun and creative tasks and not a long term strategy. The major pains involved at the back end are not considered while building such a perception in mind.
Figure: 2.5.8.1 Employee Engagement Archetypes.
2.6 Conceptual Framework: Indian Real Estate

India and China are the two emerging economies of Asia that had suffered a slowdown in the past few years. But in 2015-16 the GDP of India was recorded to be around 5.7% in the first quarter as compared to 4.6% in the last quarter. The Modi Government has promised the delivery and making of 100 smart cities and bullet trains along with great infrastructure which has critical connection with the Real Estate, manufacturing and construction sector and also impacts the employment scenario in India in a positive manner. Therefore, the improvement in the Indian economy should increase multiple times.

Figure 2.6.1: Top Foreign Direct Investment destination in 2016.

The above graph shows the top perspective investment destinations for the survey conducted by UNCTAD world investment report; 2014, where China has
been at the top since two years. India was at position 3 in the year 2013 and was at position 4 in the succeeding year. Indonesia which was at position 4 last year exchanged the positions with India.

Graph 2.6.2: Key GDP Indices in India and World.

In September 2014, RBI has extended support to the rupee and also in controlling inflation. Therefore, the repo rate benchmark has been raised by 75 basis point. High import duty has been put in place to help improve and increase the Forex reserves.
Key Demand and Supply and Job Indicators

Fourth largest sector in terms of FDI inflows

FDI in the sector is estimated to grow to USD25 billion in 10 years

Rapid urbanisation bodes well for the sector

The number of Indians living in urban areas will increase from the 406 million in 2014 to about 600 million by 2031

India’s Real Estate sector’s market size is expected to increase 1.92 times by 2020

India’s Real Estate sector’s market size is expected to be USD180 billion by 2020 from USD93.8 billion in 2014

Source: Ministry of Tourism, Report on Real Estate Sector in India – Corporate Catalyst India Pvt Ltd, KPMG, World Bank, Census 2011, TechSci Research

Graph 2.6.3: Estimated supply pipeline 2013-25.
2.6.2 Regulatory Updates and Policy measures for Real Estate in India:

The Indian Real Estate sector is going through tough times since past few years, the economic state has affected the various people involved in this sector and inflation aggravates the situation. The policy makers have taken certain measures to improve the scenario of the Real Estate market. The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act was implemented from January 2014 to help issues related to the Rehabilitation and Resettlement (R&R). The act also focussed on the delays in case of compensation. Policies for the relaxation of FDI and for the issues of long term bonds by banks for financing affordable housing were approved in July 2014. In September 2014, REITs were approved. The Real Estate Regulation and Development bill is supposed to be introduced in the session to be conducted in Parliament in November – December 2014 (Source: http://www.ijmbs.com/24/rajeev2.pdf). Foreign investors are allowed to invest too.

2.6.3 Future Demand and supply Analysis: City Wise

Cushman and Wakefield conducted a research after which they concluded the estimate of overall housing demand by the end of the year 2018 in urban India will be nearly 13 million units. The middle class population in India has increased with an increase in the disposable income, a better access to the funding facilities, and attractive payment schemes which has led to an increase in the growth of investment from this group. The cities like Ahmedabad, Mumbai and Delhi NCR are expected to lead the ranks in the shortfall of housing number to the middle income group. The High Income segment would notice a high supply of housing units in Mumbai and Kolkata.

India is expected to have a total demand of 2.3 million units of residential property in the coming five years, whereas supply is estimated to be approximately 1 million. According to Cushman & Wakefield’s (C&W) and Global Real Estate Institute’s (GRI) annual report “Embracing Change – Scripting the future of Indian Real Estate”,

India may experience a demand of 3.94 million housing units, with growth rate of 11% Compounded Annual Growth Rate (CAGR). Of this 2.3 million units will be demanded from the top seven cities viz. NCR, Mumbai, Bangalore, Chennai, Hyderabad, Pune and Kolkata. Cushman & Wakefield Research team estimated demand and supply for the years between 2011 – 15 (both years included).
Graph 2.6.3.2: City wise contribution to total demand and supply 2014-18.
In recent times, there has been a gap between the expectation and the development of projects. For example, for the high income group the demand will be exceeded by the supply. This mismatch will lead to inactive sales and inventory pile up in the market, though there is a shortfall existing.

**Graph 2.6.3.3:** City wise Overall Gap Supply Vs Demand (2014-18).

Source: Cushman & Wakefield Research, October 2014.

**Figures 2.6.3.4:** The vacancy rates trend and the rental values trend city wise.

Source: Cushman & Wakefield Research, October 2014.
Three cities - Bangalore, Chennai, and Mumbai along with Pune witnessed a decline in rental value by 3% as compared to the last year. Delhi-NCR is the only place expected to witness average decline of 2-3% from 2015-18 due to peripheral supply in Gurgaon and Noida which have lower rents and higher vacancies.

The Key drivers for this Real Estate demand are summarised in the picture below:

Figure: 2.6.3.5: Key drivers for this Real Estate demand.
2.6.3 Real Estate Bill 2016 (Impact on Mumbai’s Residential sector)

The ministry suggested new recommendations for the Real Estate Regulatory Bill and this will be laid in the parliament for passing of Bill to an Act. The suggestions of the Bill and the ways in which the Real Estate Regulatory Bill will impact the Mumbai residential sector can be listed as follows:

- Minimum balance limit in the escrow account of a project has been reduced from 70% to 50%.
- This will help the developers to divert funds collected for a project for land acquisition and other assignments. But a strict control will also be maintained on completion records.
- For the buyers, funds diversion would be a concern since the Bill will be slightly less in favour of buyers.
- The Bill covers commercial Real Estate now, including brokers, and agents and effective punishments have been laid in case of failure to follow the authorities and tribunal’s ruling. Compulsory registration has to be made for all under-construction projects and developer has to take consent of two third of the customers before planning to make changes to original plans of project. Regulatory bodies have to be set up by the State within one year of the Bill’s enactment and facilities to be made for web-based online registration.
- If the developer fails to register a project, he has to pay a penalty of 10% of the overall project cost, with additional 10% penalty and/or a 3-year prison term if non-compliance continues. Penalty of 5% of the project cost for making incorrect or incomplete disclosures. Project cancellation could also happen for continued non-compliance.
- An important concern is that if only regulatory bodies are there to address the concerns, they would be burdened by cases and there would be delay in litigations. Hence customers can now go to consumer courts and forums.
- The Bill gives a considerable scope for transparency in the Indian Real Estate sector. India is in the middle position in a survey of 90 countries for the JLL Transparency Index, which will help increase the ratings and boost the confidence of global investor Source: http://www.moneycontrol.com/news/realestate/real-estate-regulatory-bill-close-tofinishline_1352990.html?utm_source=ref_article).
The new act is a blessing for Mumbaikars as it will bring transparency and safety for home buyers in the city with the regulator being mandated to ensure this. It is also a blessing in disguise for the developers as it will bring credibility to them and people including NRIs will be willing to invest their funds in this sector.

There are over 1,00,000 buildings and lakhs of people across Mumbai who are suffering because their homes are under construction and the project has been delayed or stalled due to reasons like builders using their money in other projects or construction beyond permissible limits and/or without obtaining necessary clearances as also the change in development rules or red-tape or delays by the Government. It is estimated that most of the completed projects in Mumbai do not have occupation certificates. The Bill is expected to change all this. Given that the RERA (Real Estate Regulatory Authority) will also cover existing projects which are incomplete, it is expected to bring respite to people waiting to see their dream of a home in Mumbai come true.

Under the provisions of new Bill any project over 500 sq. mt. area or 8 flats must be registered with regulatory authority with full disclosure – details of project, promoters, plan of development works, layout plan, land status, status of statutory approvals, etc. as well as the details of their past and ongoing projects. New projects can be launched only after the developer secures all statutory clearances from relevant authorities and the promoter must upload details of the project on the website of the RERA.

As far as Mumbai consumers are concerned, one of the most important provisions of the new Bill is that the developer needs to deposit 70% of the booking money in an escrow account in a scheduled bank preventing diversion of the money for other purposes. This may lead to a rise in the number of fresh bookings. Currently, bookings are at an all-time low and many developers are struggling to deal with piled up inventory. Changes in original plans have to be made with certain restrictions.

The Bill also seeks to settle disputes by fast track mechanism through adjudicating officers and Appellate Tribunal. Consumer courts are allowed to hear Real Estate matters. There are 644 consumer courts in the country.
The higher number of avenues for grievance redressal would mean lower litigation costs for the buyers. Appellate Tribunals will now be required to adjudicate cases in 60 days. Penalty for violating the order of the appellate tribunal is jail for three years or a fine or both.

❖ Now if the project is delayed the builder will have to pay interest.

❖ The Bill specifies that in case there is substitution of developer or builder, the new promoter will assume all the liabilities and the change won’t trigger any extension of the deadline. The buyer will have the right to get all details of the project including government approvals and floor plan besides quarterly progress. The Bill mentions the regulator won’t extend the deadline for completion of project beyond one year in normal circumstances. Thus, this Bill will change the face of residential Real Estate in Mumbai.

2.6.4 HR challenges due to the introduction of Real Estate Regulatory bill

- Estimation for coping up to the huge demand from 2013 to 2025 is given below in the chart:

![Expanding Employment Opportunities](chart)

**Graph 2.6.4.1.:** Expanding employment opportunities in Real Estate sector from 2013-2025.

- **Imparting training for revealing high homeownership rates to the customers** – Trends show low interest rates that make it easy for people to buy a home. But, rates increase in 2012 which continue and make it difficult for many people to buy a home. However, renter households and multifamily construction is boosting.
Retention issues and Limited Market Flexibility - Residential Real Estate brokerage face tough time when the assets get devalued in a weak economy. Also, companies which operate as REITs, face restrictions to buy and sell assets as per financial regulations.

Technological Tools and Competition - Real Estate brokers have to compete with Internet listing services such as Zillow, Yahoo! Homes, etc. Recent innovations also help users to search listings through Google map. So there is possibility for MLS listings to expand more.

Demand for Services Cyclical - Real Estate services demand may differ every year. The volume of brokered transactions and the amount of space under management can fall more than 10% per year. Globalization has increased the vulnerability of markets. So the Real Estate sector has to cope with the challenges in the dynamic business world.

Demand is dependent on Local Conditions – Lease, vacancy rates, rents may differ in different markets.

Brokerage and profit/revenues depend on Key Employees and their engagement – Efforts of individual brokers bring contact which an organization may lose if it partners with someone else or leaves. Recruitment of new brokers and retaining top brokers becomes a challenge. So, if the employees within the company are highly engaged and do understand the main objectives of the Bill, then they can actually contribute to the overall revenue generation for the company.

Economies of Scale - This industry is still fragmented because of its local nature. Property management more than managing brokers and supervising local service provider best rates. This has direct effect on the engagement of the employees of the organizations. (Source:http://www.sikich.com/find-solution/industries/real-estate/real-estate-challenges, Industry Intelligence from First Research, a division of Hoover's (a D&B company), March 2016).
2.6.5 Employee Engagement Practices of Real Estate Industry in Mumbai (Industry Interactions)

As part of the research, different Real Estate companies in Mumbai have been made part of this study. The companies viewed are:

- Shapoorji Pallonji
- Lodha Group
- Godrej Properties
- Kalpataru Ltd
- Hiranandani Developers
- Tata Housing
- Mahindra Life spaces
- Piramal Realty
- K Raheja Corp
- L&T Realty

The methodology used to get key insights is through in-house employee survey and interview with Real Estate HR practitioners.

❖ Employee Engagement Models

- In most companies in Real Estate, they have formulated their own indigenous models for Employee Engagement.
- While a few companies have embraced the existing models. Eg: Lodha Group has adopted the GPTW (Great Place to Work) Model for Employee Engagement. They also use satisfaction surveys to gauge the level of engagement and the survey happens annually.
- A few companies have their own in-house survey. E.g.: HIRCO and Shapoorji Pallonji use Employee Engagement/Satisfaction Survey. But these surveys are not regular; they are done once in a while.

❖ Key Drivers of Engagement

Since most of the companies use in-house engagement models, there is no uniformity or a set of standards for the drivers. The drivers of Engagement vary from company to company.
Team Building

- Companies, especially the diverse conglomerates like Godrej Properties, Tata Housing, Piramal Realty, Mahindra Life spaces, Shapoorji Pallonji, etc. value team building and collaboration.
- At Shapoorji Pallonji, Employee Engagement is an internal aspect and not the sole responsibility of the HR department. It is also integrated at the department and individual level.
- They emphasize on team-work and group synergy which enhances Inter-Department and Intra-Department Trust.
- At Godrej Properties Ltd, cross-functional team interaction was promoted through office picnics/outings or offsite trips.
- At Lodha Group, employees have to do small stints in different teams.
- At L&T Realty, Group Lunch and Team Breakfast facilitate team building activities.

Training and Development

- Most companies have Induction Programme with the exception of K-Raheja and Hiranandani Group.
- At Godrej Construction, L&T Realty, Lodha Group leadership training is given along with trainings on presentation, public speaking and behavioural soft skills. These are done through in-house and 3rd party facilitators.
- At Kalpataru, the training is done by 3rd party, based on project requirements only.
- At Shapoorji Pallonji, they have a unique programme called Find Your Guru. Through this programme they encourage Mentoring and Development across diverse functions and domains.
Customer Orientation

- At Shapoorji Pallonji, customer feedback is very vital. They have devised efficient methods to capture Customer Voice.
- At Kalpataru, foreign visits to consultants and client-site visits are encouraged as engagement activities.

Values and Ethics

- General conception is that engagement activities should be based around the values and ethics of the company.

Engagement Initiatives

- At HIRCO, they have Friday/Saturday forum on a weekly basis, L&T Realty has casual Fridays/Saturdays.
- At L&T Realty, Saturday is half-day, while at Kalpataru, they have alternate Saturday as holidays so that they can balance family life and work.
- At K. Raheja, they organise sessions on Wellness semi-annually, coupled with guitar session and yoga sessions as stress busters. Yoga sessions are popular at various other companies like L&T Realty, Lodha Group, and K. Raheja.
- Celebrations like Women’s Day, Rangoli Making Competition, inclusion of family members in office functions, celebration of Annual Days are common activities done in companies.
- Stress Reduction and Work Life Balance.

CSR Activities & Green Initiatives

- At Shapoorji Pallonji, they engage themselves in a lot of CSR activities like donations to schools, general hospitals, blood donation camp, etc. They maintain a Benevolent Fund for the welfare of its employees and their family too.
HIRCO group is associated with Meluha Hotel and other Eco Hotels. It has won numerous Green Building Awards.

At K. Raheja, all the employees celebrate Earth Day and they take active participation in such causes.

**Employee Recognition**

- At Shapoorji Pallonji, employees’ ideas are captured and they are rewarded based on their innovative contributions.
- At Lodha Group, performance is measured effectively and their reward system not only includes cash but also open appreciation for the employees. They have Annual Prize Distribution for employees as well.
- At Godrej Construction, performance pay is coupled with profit sharing to increase the ownership quotient.
- At Kalpataru, they encouraged people to perform by giving out-of-turn promotions (Source: Industry Interaction).
Figure 2.6.5.1: The Employee Recognition Maturity Model.

2.6.6. Studies and research conducted by the governing bodies in Real Estate sector:

- **MCHI-CREDAI**: The Maharashtra Chamber of Housing Industry (MCHI-CREDAI), formed in 1982, is the most prominent and the only recognized body of Real Estate Developers in Mumbai and MMR. It is a common platform for members dealing in Real Estate Development to address different issues faced by the industry. It has a membership of more than 1800 leading Developers in Mumbai. MCHI-CREDAI has expanded across MMR, having its own units in Thane, Kalyan -Dombivali, Mira - Virar City, Raigad and Navi Mumbai. Members of MCHI-CREDAI account for 80% of the organized development of new residential and commercial properties in Mumbai and MMR. It is recognized by Government of Maharashtra and the Central Government, and helps in meeting their objectives of providing housing, which is a basic necessity. It works towards raising awareness among the General Public, Real Estate and Construction Industry while providing them with detailed information on new developments in and around Mumbai and MMR. And, it is a Member of Confederation of Real Estate Developers' Associations of India (CREDAI), the apex body for Private Real Estate Developers in India and is also affiliated with leading Industry Associations like CII, FICCI, IMC and others.

(Source: [http://www.mchi.net/MCHI-Credai-introduction.html](http://www.mchi.net/MCHI-Credai-introduction.html)).

- **CII**: Indian Real Estate & Housing Sector plays a pivotal role in the country’s economic development. Estimates reveal overall employment generation in the economy due to additional investments leads to nearly eight times the employment through backward and forward linkages. The sector receives foreign direct investment (FDI), while supporting more than 350 industries in the country. CII, through its National Committee on Real Estate & Housing has been working closely with all stakeholders and the Governments – Union and State, to introduce several reforms with an objective to promote growth and enhance transparency & governance in the sector. Some of the crucial initiatives on which CII has been actively involved with all the relevant stakeholders include Real Estate (Regulation and Development) Bill,
promoting Public Private Partnership (PPP) in the affordable housing sector, and the Real Estate Investment Trusts (REITs), among others http://www.cii.in/sectors.aspx?enc=prvePUj2bdMtqTmvPwvisYH+5EnGjyGXO9hLECVuNiE5QrTui41YCElSE8v+oLk.


2.6.7. Enhancing the image of the company as preferred employer in Real Estate Industry in Mumbai through Employee Engagement practices

Becoming an employer of choice has a lot to do with being “branded” as a great place to work. Employer branding is a concept borrowed from marketing and strategic management. Essentially, it is an organization’s strategy to create a specific perception about working at the organization; the creation of an image of an organization as a great place to work in the minds of present and prospective employees. It is how an organization sells itself as an employer of choice.

Employer branding tells prospective employees what kind of employer you are and what to expect if they come to work for you. It reflects the organization’s engagement culture, its values, philosophy, policies, and management practices. Ultimately, employer branding says who you are and what you stand for as an employer. Employee Engagement helps organizations brand themselves as employers of choice.

To be branded as a preferred employer, organizations have to be able to distinguish themselves from the competition. They need to be able to stand out from the crowd. They need to give prospective employees reasons to want to work for them. Compensation is one way to do this. But organizations can’t depend on compensation alone to be considered a preferred employer, because, if this is their only competitive advantage, it’s only as good as the next highest bidder. This is where building an Employee Engagement culture comes in. To be viewed as a preferred employee, Real Estate sector is working immensely to enhance the engagement levels of employees.
Hay Group also performed a 2013 Employee Engagement Survey. The results for Real Estate and Facilities Managements identified a percentage of 59% companies with high Employee Engagement levels. They also had a high level of employee enablement (58%), respect and recognition (62%) and authority and empowerment (62%).


**Research conducted by the consultants in Real Estate sector in India by KPMG**

There has been a phenomenal growth in the Real Estate sector in the last decade resulting in sophisticated businesses. Clearance of several reforms like LARR Act, 2013, opening up of FDI in multi-brand retail, external commercial borrowings, etc. have helped the sector further. Several other reforms in the pipeline such as the Real Estate (Development and Regulation) Bill, 2013, Real Estate Investment Trust, relaxing foreign direct investment norms, single-window clearance mechanism and introduction of PPP mechanism in Real Estate propose to promote further growth in the sector.

To match up with the competition and sustain, developers should benchmark and adopt the topmost industry practices


**Research conducted by the consultants in Real Estate sector by Knight Frank**

With a new, stable government at the Centre, stakeholder sentiment has witnessed remarkable improvement in the sector of Real Estate. The first budget under the leadership of Mr Narendra Modi, offered several positive surprises to the realty sector, with special focus on housing. Expanding the avenues of fund flow to the sector and cementing the position of house buyers will benefit the Mumbai realty market, with peripheral markets being the biggest beneficiaries.
In order to establish the conceptual foundations for this study, literature pertaining to Employee Engagement practices from Real Estate sector as well as from other sectors was reviewed to investigate relationship between Employee Engagement and Employee Loyalty, Leadership and Communication. The objective of study is also to evolve Employee Engagement Model which can be applied in residential sector of Real Estate Industry in Mumbai. The significance of Employee Engagement in Real Estate is captured with the help of various available literature, which will be useful to develop an Employee Engagement model.

2.6.8. HR challenges in driving Employee Engagement faced by Real Estate players

- Most of the Real Estate companies are generally a part of large conglomerates owned by particular families. So this sector lacks in processes and policies. Since industry is unorganised with respect to structured policies and procedures, many people from Real Estate companies lack integrity/values. People in this industry tend to be functional with very few professionals who can combine commercial and technical skills. Non-Real Estate professionals bring in good ethics and generalist skills but lack core Real Estate ingredients including entrepreneurship, drive, and risk-taking.

- The HR department’s effectiveness can be assessed by understanding how it adds value to the organization as a facilitator, as an OD interventionist, and as a controller.

- The role of HR has changed from being soft centred i. e. a support function to a strategic business partner with the boom of knowledge economy.

- With the demand for knowledge workers, it becomes imperative for the HR to attract, motivate and retain them because they come with varied needs and are well informed.
The biggest challenge HR still faces, is the double whammy situation when it has to handle both employer and employee and is still not able to balance the needs of both. This is very much evident in Real Estate sector also.

HR needs to be given freedom to implement requisite changes from HR perspective, for it to be successful in its endeavours. (Source: Ms. Kanthi D. Suresh, http://www.track2realty.track2media.com/role-of-hr-in-real-estate-sector/, May 2011)

Hence we can conclude that building a strong Real Estate organization is difficult as per the current scenario of the market.

Heavy workload, poor work life balance, and unstructured compensation and benefit mechanisms are responsible for a higher attrition rate.

Recruitments in the realty sector have been very stable; jobs are open at all hierarchical levels in a typical organization. Apart from the conventional streams of Construction, openings with Sales, Marketing, Logistic Support, Finance & Accounts, Legal, Purchase, IT, Customer Support, etc. have been effectively handled. Salaries and perks offered, even for entry level positions, are lucrative enough. The sector has witnessed good salary hikes in the past few years and predicted to rise by 11-13.5% in the next few years too.

Furthermore, due to the scarcity of Talent in this industry, a common challenge faced by this sector is holding back its hired staff. Real Estate firms have been offering highly competitive salaries in an attempt to stem the attrition rates. The Sector has been adopting the best HR practices in making the working environment very comfortable to work such as flexibility of timings, regular corporate events, good training programmes, etc. (Source: Das Indranil, retrieved from https://www.linkedin.com/pulse/role-hr-indian-realty-sector-indranil-das, May 2012).

Today attrition is one of the most alarming situations for all HR employees’ and organisations that are finding ways to fight it out. Suggested retention
tools for curbing attrition to a great extent should be applied. One effective tool could be Employee Engagement (Source: N. Hari, G. Abhishek, P. Priyadarshini, 12, 13, HRD newsletter, July 2007).

- Employee attrition is a costly affair. In a study conducted by globoforce.com, an average company with 10,000 employees, the ideal manager-employee ratio could be broken down to: 70% - entry level employees, 20% - middle management and 10% - senior management. By calculating the cost of replacing talent and comparing the annual turnover, by reducing turnover cost to 10%, (where just 100 less people quit the organization), the company could save over $3.75 million. Apart from having a direct impact on bottom line cost, the benefits of retention analytics include: understanding trends in workforce attrition, helping companies understand the primary drivers of attrition, and enabling them to identify the stage at which attrition will have a negative impact on the company (Source: Moses, J Jerry published on March 2014, retrieved from https://www.peoplematters.in/article/hr-analytics/what-you-should-know-about-implementing-retention-analytics-13132).
The attrition rates at different levels has been calculated and it is clear that there is a certain level of increase in the attrition levels. Hence we can conclude that Talent Attraction and Retention is increasingly becoming vital nowadays in Real Estate sector.

While challenges exist at all levels of leadership in Real Estate sector, they are often most acute for frontline leaders. Frontline leaders serve as the connection between senior managers and executives who define business strategy and those individuals on the line who are responsible for execution of sub functions to deliver project on time. So, there are difficulties in nurturing, engaging talent and creating leadership pool for the future in Real Estate sector.

Junior team members look forward to interact with senior team members to learn. However, the latter consider mentoring an unnecessary drag on their
busy schedule and a thankless job. The temporary nature of teams makes the managers even more reluctant to invest time and efforts in teaching their junior members. So, there are difficulties in training, mentoring and knowledge management as an Engagement Practice.

- The War for Talent is intensifying, and the consequences can be felt across Real Estate industry. Leaders increasingly worry about the strength of their talent pipeline, and often the ball lands in the Human Resources department’s court. There is an increasing pressure on HR leaders to craft talent engagement strategies in line with the business agenda. This has, in the past, lead to a flurry of new programs, practices and processes to help organisations attract, develop, engage and retain talent; yet for all the increasing sophistication of talent management and Engagement Practices, the situation continues to deteriorate.
2.6.9 Evolution of HR function impacting Employee Engagement in other sectors


- HR has seen a lot of transition since its inception from just being a Personnel Department to Strategic HR to Talent Management.

![Evolution of the HR Function](image)

**Figure 2.6.9.1: Evolution of HR Function.**

In the 1970s and 1980s, the business function which was responsible for people was called “The Personnel Department.” The role of this group was to hire people, pay them, and make sure they had the necessary benefits. The systems which grew up to support this function were batch payroll systems. In this role, the personnel department was a well understood *business function*. 
Stage 2: Strategic HR:

The realization of the importance of HR as a function in the 1980s and 1990s led to the concept of “Strategic HR”. Organizations started to understand that the VP of HR had a much wider role.

The “Head of Personnel" became the “VP of HR" now contributing to business strategy and execution. The systems which were built up to support this new role include recruiting and applicant tracking (ATS), portals, total compensation systems, and learning management systems. HR now became a business partner.

Stage 3: Talent Management:

The role of HR is now extended to “Talent Management” and following issues have become prominent:

- How recruitment process can become more efficient on basis of competency?
- How to develop managers and leaders to build culture, values, and have a sustainable leadership?
- How do we quickly identify competency gaps so we can deliver training, e-learning, or development programs to fill these gaps? How can we use these gaps to hire just the right people?
- How do we manage people in a consistent and measurable way so that everyone is aligned, held accountable, and paid fairly?
- How do we identify high performers and successors to key positions throughout the organization to make sure we have a highly flexible, responsive organization?
- How do we provide learning that is relevant, flexible, convenient, and timely?

HR role has evolved to a new level altogether as seen, thus for effective talent management the HR responsibilities can be divided into two categories; Insourced and outsourced HR responsibilities. Major Insourced responsibilities of HR can be listed down as, Performance Management, Employee
Communication, Plans/Strategies, Policy Development and/or Implementation, Strategic Business Planning, Compensation and/or Incentive Plans.

Outsourced responsibilities can be further categorised as completely and partially outsourced, the completely outsourced HR responsibilities can be listed as: Employee assistance/counselling, Flexible spending account administration, Background/criminal background checks, Consolidated Omnibus Budget Reconciliation Act (COBRA), Pension Benefits administration.

Six Major HR Competencies can be defined as:

1. **Credible Activist**: The HR professional is both credible (respected, admired, listened to) and active (offers a point of view, takes a position, challenges assumptions).

2. **Culture and Change Steward**: The HR professional recognizes, articulates, and helps shape a company’s culture. As stewards of culture, HR professionals respect the past culture and also can help to shape a new culture. They develop disciplines to make changes happen throughout the organization. This may include implementation of strategies, projects or initiatives.

3. **Talent Manager/Organization Designer**: The HR professional masters’ theory, research and practice in both talent management and organization design. Talent management focuses on competency requirements and how individuals enter and move up, across or out of the organization. Organization design focuses on how a company embeds capability (for example, collaboration) into the structure, processes and policies that shape how an organization works.

4. **Strategy Architect**: The HR professional has a vision for how the organization can “win” in the marketplace, now and in the future. He or she plays an active part in the establishment of the overall strategy to deliver on this vision. This means recognizing business trends and their impact on the business, forecasting potential obstacles to success, and facilitating the process of gaining strategic clarity. The HR professional also contributes to the building of the overall strategy by linking the internal organization to external customer expectations.
5. **Operational Executor:** The HR professional executes the operational aspects of managing people and organization. Policies need to be drafted, adapted, and implemented. Employees also have many administrative needs (e.g., to be paid, relocated, hired and trained). HR professionals ensure that these basic needs are efficiently dealt with through technology, shared services, and/or outsourcing.

6. **Business Ally:** HR professionals contribute to the success of a business by knowing the social context or setting in which their business operates. They also know how the business makes money, which we call the value chain of the business: who the customers are, why they buy the company’s products or services (Source: Ulrich, D., Brockbank, W., Johnson, D., Sandholtz, K., & Younger, J. (2008). HR competencies: Mastery at the intersection of people and business. Alexandria, VA: Society for Human Resource Management).

Hence, due to the various transitions in HR Role there is a huge impact on Employee Engagement and HR practices in Real Estate sector in current market.
2.7 Hypothesis

Based on extensive review of literature, the research hypotheses were developed for this study. This study investigated whether there is significant relationship between Employee Engagement and Employee Loyalty, Leadership Communication and Culture in Residential Sector of Real Estate Industry in Mumbai.

The study investigated perceptions of employees on these parameters to test the following hypothesis:

**Hypothesis (H1)**

H1) There is a significant relationship between Employee Loyalty and Employee Engagement.

H2) There is a significant relationship between Communication and Employee Engagement

H3) There is a significant relationship between Leadership and Employee Engagement

**Null Hypothesis (H0)**

HO1) There is no significant relationship between Employee Loyalty and Employee Engagement.

H02) There is no significant relationship between Communication and Employee Engagement

H03) There is no significant relationship between Leadership and Employee Engagement
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