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An Empirical Study on Benefits of Employee Engagement

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ABSTRACT

Purpose: The paper is regarding one of the most flaring topics in Human Resource management today "Employee Engagement". It is employee engagement which leads to Employee retention, enhanced employee performance, and better financial gains. In today's aggressive job scenario engaging and retaining employees is a tough task.

Keywords: Employee Engagement, Human Resource Management, Engaging Employees Leadership, Human Resource Management.

1. INTRODUCTION

The highly dynamic global environment of India makes it preferable for a number of industries like BPO'S, IT Giants, Large Manufacturing Units, Tourism Industry, Hospitality Industry, and many others, as a result the Indian market is expanding knowing no bounds, and among all the sectors service sector is taking the lead.

The service industry is one of the largest industries spreading its roots all over the globe. In general terms, services are benefits or activities that one group, or body or party can offer another that are essentially intangible. It is said that in present context, almost all the industries are into services only the magnitude in which they do so vary, therefore the job opportunities are ever increasing and so is the need of engaging employees in such organizations. The word service is thoroughly imbibed in Hospitality and Tourism Industries. The hospitality industry in India is no exception when service industry is talked about; it is spreading in terms of increased capital investment, enhanced performance and along with growth worldwide. The hotel industry is linked with tourism and the growth in the tourism industry has resulted in the growth

of hospitality industry in India. Also, increased business opportunities and prospering economy of India have acted as an advantage for the hotel industry.

People, Employees are at the core of the tourism and Hospitality industry, in a way it can be stated that everything of these industries revolve around people. In today's constantly changing business scenario the most valuable and important resource that needs to be leveraged is human resource. It is the workforce which provides long term strength and certainly creates sustainable competitive advantage for the organization. Hence, it becomes very important to address the employees in constructive manner in order to yield constructive results. There arises the need of involving employees deeply and thoroughly in the jobs and tasks they perform so that the end results are in favor of the individual as well as the organisation.

It is of great significance to have engaged workforce in hospitality industry. As a matter of fact, people play an important role in any organization and various researches have proved that employees who are engaged in a significant manner perform outstandingly as compared to those who are not engaged.

1.1. Glimpse of Indian Hospitality Industry

The Indian hospitality industry has become one of the leading players in the global industry as a result of the healthy inflow of tourists and enhanced tourist movement within the country. In terms of increased capital investment and enhanced performance, the industry has emerged as one of the important Industry motivating growth of the service sector in India.

The hospitality Industry and the tourism industry work hand in hand along with other service industries. India is a well-known tourist destination on world map. Each year India greets a huge number of tourists from all over the world. According to World Travel and Tourism Council, India's tourism and travel sector is ranked 7th in the world in terms of its total contribution to country's GDP. According to the WTTC report, in 2016 the tourism and travel sector of India generated ₹14.1 trillion (USD208.9 billion), which in terms of size is world's 7th largest.

Moreover, the tourism sector generated 40.3 million jobs in the year 2016, which ranked India 2nd in all over the world in terms of employment generation. To sum up, the sector accounts for 9.3% of the country's total jobs. India's Travel and Tourism sector is witnessing rapid growth; the growth was recorded by 8.5% in 2016, the fastest growing sector amongst the G20 countries. For the year 2017 a further 6.7% growth is forecast. (The Economic Times, April 04, 2017). The Tourism Satellite Accounting (TSA) research report released by World Travel and Tourism Council (WTTC) states that the demand for travel and tourism in India is expected to grow by 8.2% between 2010 and 2019. This would place India at the third place in the world, as a result travel and tourism sector of India is expected to become the second largest employer in the world (World Tourism Organization UNWTO, 2013).

The prospects for the hotel industry in India are bright. Along with the expansion of the hotel industry, hosting of events of international repute like sports events and trade fairs and exhibitions in the country are expected to help in attracting a good number of domestic as well as international tourists.

1.2. Understanding Employee Engagement

The term engagement calls for better understanding, as an engaged workforce produces better business results. Engagement is achieved when the workforce of an organisation respect their organisation and

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contribute towards the realisation of organisation goals. Engagement can also be achieved when the personal aspirations of growth, rewards, pay are met.

To understand the term engagement an organisation should have the following facts as the building blocks:



The notion of employee engagement is simple. Also, there exists a relationship between employee behaviour and customer behaviour, employee behaviour influences customer behaviour. The behaviour of customers directly affects revenue growth and profitability of an organisation. Therefore it is very important to develop right behaviour of employees, which means developing workplace attitudes, practices, and creating an overall work experience, which directly supports desired behaviour as well as high level of engagement (Towers Perrin, 2003)

1.3. Benefits of Employee Engagement

Employee Engagement is a two way process between an employer and an employee of any organization, both ends reap certain benefits from the concept.

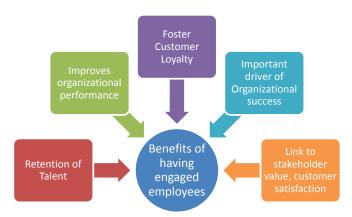
Hewitt associates argued that engaged employees are less likely to leave their organization, higher rates of retention are observed in organizations where employees are involved in their jobs. In fact such employees contribute more and are loyal too. It was found that there exists a conclusive relationship between engagement and customer satisfaction, sales and profitability, higher productivity, employee retention.

Nancy Lockwood also mentioned the benefits of having engaged employees as:

Gallup Organization found vital links between employee engagement, employee retention, profitability, business growth, customer loyalty. According to Kahn, employee engagement helps in predicting individual employee outcomes, financial performance and organizational success, moreover it leads to,

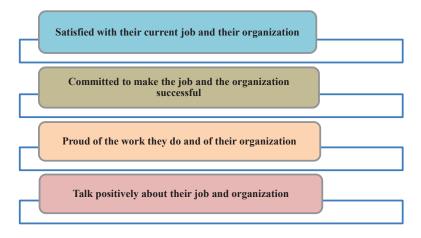
- Positive outcomes for individuals for example the experience and quality of work done by people.
- Positive organizational-level outcomes for example the productivity and growth of an organization.

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Engaged employees enable successful implementation of business strategies, they fuel higher levels of business performance. Fully engaged workforce is loyal, and will align their efforts with organizational goals to remain in competition.

According to Right Management, engaged workforce portray certain characters like:



For individual as well as organizational success, employee engagement acts as a critical ingredient. Also, it acts as driver of organizational effectiveness. It is argued that there is a significant link between employee engagement as an individual level construct and business outcomes.

It is noted that a highly engaged employee's performance is consistent, such employees deliver beyond expectations. The impact of engagement among employees is noticeable through a number of factors including:

- Organizational Culture
- Organizational Performance
- Rate of Employee retention
- Overall productivity
- Customer Satisfaction
- Advocates of Organization (Encourages organizations external image)

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Engagement is a great predictor of future financial performance; it affects business outcomes as well. Engagement drives up profits in turbulent conditions. The contribution of employees in terms of enhanced performance helps an organization to win over difficult times.

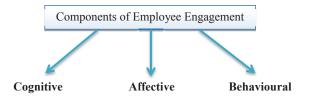
Nitin Vazirani also identified advantages of having engaged employees as:



Engaged employees are linked with enhanced performance, greater profits, increased financial gains, increased productivity and ultimately with overall organizational performance.

1.4. Components of Employee Engagement

After getting understanding of the various aspects of employee engagement being proposed by a number of renowned authors, the researcher put forward components of employee engagement activities. The components are identified by a number of renowned researchers. Based on the components, cognitive, affective, behavioural, benefits of employee engagement can be calculated.



The cognitive dimension of employee engagement refers to employees who are cognitively vigilant and contextually aware of their roles and goals within their organization, and possess an understanding of the organization and its overall goals and objectives. Under Cognitive engagement, the researcher worked on the following aspects:

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The emotional (affective) dimension refers to how employees emotionally connected to others – such as managers and co-workers, how employees feel about the organization. Under affective engagement, the researcher worked on the following aspects:

The behavioural dimension of employee engagement consists of the discretionary effort engaged employees bring to their work in the form of extra time, energy and cognitive vigilance, and how long they remain with their organizations. Under behavioural engagement, the researcher worked on the following aspects:

Leader's behaviour plays vital role in encouraging employees to perform better. The qualities of a leader work as a motivating factor for his/her sub-ordinates. Under leadership behaviour the researcher worked on the following aspects:

For the purpose of this study, a framework is prepared which requires looking at the BENEFITS, outcomes of employee engagement. An engaged employee contributes towards organisational success in terms of enhanced performance, financial gains, profitability and in gaining a competitive advantage over other organisations.

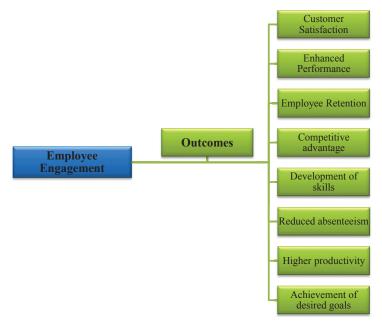


Figure 1: Chart showing Outcomes of the concept Employee Engagement

2. OBJECTIVE OF THE RESEARCH PROBLEM

To study the benefits of employee engagement for employers and employees of hospitality industry.

2.1. Hypothsis

Employee engagement is not perceived to be beneficial to hospitality industry.

2.2. Type of Research

The study involves both qualitative and quantitative techniques. The Qualitative technique was applied to extract as much primary data as possible and Quantitative technique was applied to statistically prove the validity of the information.

2.3. Data Collection

For the study data was collected through questionnaire and personal interview.

The face-to-face interview method is chosen using a standard five point Likert type scale in order to minimize subject error in the study.

Questionnaire: The questionnaire dealt with employee engagement to the core. The questionnaire was divided which were based on the different aspects of the organization that lead to employee engagement. Employee engagement has many dimensions that include leader's behaviour, cognitive engagement, affective engagement, behavioural engagement and their outcomes and even within these aspects there are various issues. This study investigates various dimensions of employee engagement. For this reason the questionnaire covered Biographic Data, Leader's behaviour, Cognitive engagement, Affective engagement, Behavioural engagement.

Two separate questionnaires were designed:

- 1. Questionnaire for employees
- 2. Questionnaire for employers

2.4. Sample Size – 60

2.5. Sampling Technique

Simple Random Sampling is used for the study as in simple random sampling all subsets of the frame have an equal probability of getting selected, thus each element of the frame has an equal probability of selection. Simple random sampling minimizes bias and simplifies analysis of results.

3. HYPOTHESIS TESTING

To identify the perceived employee engagement activities as beneficial to the hospitality industry multiple correlation and regression analysis is employed. The results are presented in below Table.

Results of the Multiple Correlation Analysis								
Correlations								
			Leadership Behaviour	Cognitive Engagement	Affective Engagement	Behavioural Engagement		
Employee Responses	Outcomes	Pearson Correlation	0.420	0.422	0.176	0.409		
		Sig. (2-tailed)	0.00	0.00	0.00	0.00		
		Ν	634	634	634	634		
Employer Responses	Outcomes	Pearson Correlation	0.636	0.341	0.425	0.115		
		Sig. (2-tailed)	0.00	0.035	0.019	0.044		
		Ν	30	30	30	30		

Table 1
Results of the Multiple Correlation Analysis

Source: Output of IBM-SPSS 22.

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The above table revealed that on the basis of employee responses there is a significant relationship between all the identified variables of **Employee Engagement** and **Outcomes**. It has found that **Cognitive Engagement** has highest **Pearson correlation** 'r' value 0.422 and sig value (p value) is 0.000 which indicates that there is a statistically significant correlation between cognitive engagement and outcomes of the business.

In case of *leadership behaviour* the **Pearson correlation** '*r*' value 0.420 at *sig. value (p value)* is 0.00. This being less than the alpha level of significance of 0.05, implies that there is a statistically significant correlation between *leadership behaviour* and *outcomes of the business*.

Behavioural Engagement has **Pearson correlation** '*r*'value 0.409 and *p* value (sig value) is 0.000 which indicates that there is a statistically significant correlation between *behavioural engagement* and *outcomes of the business*.

Affective Engagement has Pearson correlation 'r' value 0.176 and p value (sig value) is 0.000 which indicates that there is a statistically significant correlation between affective engagement and outcomes of the business.

The above table revealed that on the basis of employers responses there is a significant relationship between all the identified variables of Employee Engagement and Outcomes. It has found that *Leadership Behaviour* has highest Pearson correlation 'r' value 0.636 and *sig value (p value)* is 0.000 which indicates that there is a statistically significant correlation between *leadership behaviour* and *outcomes* of the business.

Affective Engagement has Pearson correlation 'r' value 0.425 and p value (sig value) is 0.019 which indicates that there is a statistically significant correlation between affective engagement and outcomes of the business.

In case of *Cognitive Engagement* the Pearson correlation 'r' value 0.341 at *sig. value (p value)* is 0.035. This being less than the alpha level of significance of 0.05, implies that there is a statistically significant correlation between *cognitive* and *outcomes of the business*.

Behavioural Engagement has **Pearson correlation** '*r*' value 0.115 and *p* value (sig value) is 0.044 which indicates that there is a statistically significant correlation between *behavioural engagement* and *outcomes of the business*.

Correlation Comparison Analysis of Employee Engagement between Employees and Employers							
Different Id	antified IZ aniables	Employees	Employers Business Outcomes				
Dijjereni 1a	entified Variables	Business Outcomes					
Leadership Behaviour	Pearson Correlation	0.420	0.636				
Cognitive Engagement	Pearson Correlation	0.422	0.341				
Affective Engagement	Pearson Correlation	0.176	0.425				
Behavioural Engagement	Pearson Correlation	0.409	0.115				

 Table 2

 Correlation Comparison Analysis of Employee Engagement between Employees and Employers

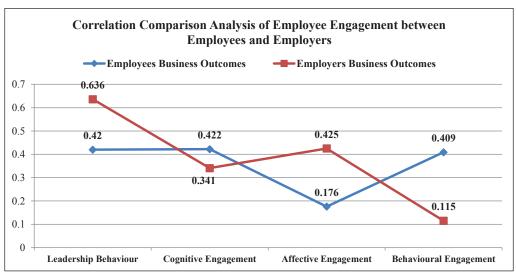


Chart 1: Correlation Comparison Analysis of Employee Engagement between Employees and Employers

It is evident from the above table that perceive employee engagement activities as beneficial to their business **outcomes.** It can see than in terms of *leadership behaviour and affective engagement r* value of employers is more than employees, it implies employee engagement activities in terms of leadership behaviour and affective engagement employers have more positive attitude towards outcomes of the business.

In case of *cognitive engagement and behavioural engagement r* value of employees is more than employees, it implies employee engagement activities in terms of cognitive engagement and behavioural engagement employees have more positive attitude towards outcomes of the business.

Multiple Regression Analysis

The "R" column represents the value of R, the **multiple correlation coefficients**. R can be considered to be one measure of the quality of the prediction of the dependent variable. The "R Square" column represents the R^2 value, which is the proportion of variance in the dependent variable that can be explained by the independent variables.

 Table 3

 Regression Analysis on Different Identified Variables of Human Resource Policies and Employee Retention

				М	odel Summa	ry ^b				
			1 directed	Std. Error		Chi	ange Statist	tics		Durbin-
Model	R	R R Square	Adjusted OJ R Square Est	of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change	Watson
1	.487 ^a	.237	.232	.72497	.237	48.936	4	629	.000	1.787
1	.663 ^a	.440	.350	.39722	.440	4.907	4	25	.005	1.665

^a*Predictors:* (Constant), leadership behaviour, cognitive engagement, affective engagement, behavioural engagement. ^b*Dependent Variable:* Outcomes of the business.

Source: Output of IBM-SPSS 22.

The "R" column represents the value of R, the **multiple correlation coefficients**. R can be considered to be one measure of the quality of the prediction of the dependent variable. The "R Square" column represents the R^2 value, which is the proportion of variance in the dependent variable that can be explained by the independent variables.

In the Model Summary in above **table** on the basis of employees response, *R Square* is 0.237 which means that **Identified Employee Engagement Activities** explain 23.7% of the variability with significant effect on **Outcomes of the Business**.

Whereas on the basis of employers responses *R Square* is 0.440 which means that Identified Employee Engagement Activities explain 44% of the variability with significant effect on Outcomes of the Business.

Above table shows the multiple linear regression model summary and overall fit statistics. It has found that R^2 of our model in employees and employers responses are .232 and .350 respectively with the $R^2 = .237$ and .440 respectively. This means that the linear regression explains 23.7% and 44% of the variance in the data. The Durbin-Watson in employees and employers responses d = 1.787 and 1.665, which is between the two critical values of 1.5 < d < 2.5. Therefore, we can assume that there is no first order linear auto-correlation in our multiple linear regression data.

	ANOVA goodness of fit (GOF) ANOVA ^a							
	Model	Sum of Squares	df	Mean Square	F	Sig.		
1	Regression	102.877	4	25.719	48.936	.000 ^b		
	Residual	330.586	629	.526				
	Total	433.464	633					
2	Regression	3.097	4	.774	4.907	.005 ^b		
	Residual	3.945	25	.158				
	Total	7.042	29					

Table 4 ANOVA goodness of fit (GOF)

^aDependent Variable: Outcomes of the business.

^b*Predictors:* (Constant), leadership behaviour, cognitive engagement, affective engagement, behavioural engagement. *Source:* Output of IBM-SPSS 22.

The F-ratio in the ANOVA table tests whether the overall regression model is a good fit for the data. The table shows that different identified variables of employee engagement activities (independent variables) statistically significantly predict the outcomes of the business (dependent variable). In the above table F sig. value is less than 0.05 in both cases, which means the regression model is a good fit of the data. The F-test is highly significant, thus we can assume that the model explains a significant amount of the variance in outcomes of the business.

Unstandardized coefficients indicate how much the dependent variable varies with an independent variable when all other independent variables are held constant. From the above table it shows that on the basis of employee responses the *Leadership Behavioural, Cognitive Engagement and Behavioural Engagement* significant predictors as a *sig. value* in above mentioned variables is less than 0.05 indicate that null hypothesis is rejected. We can also see that equal leadership behaviour has a higher impact than

			oemcients					
Coefficients ⁴								
	Model	Unstandardized Coefficients		Standardized Coefficients	4	Cia		
Ivlodel		B Std. Error		Beta	l	Sig.		
1	(Constant)	.599	.260		2.303	.022		
	Leadership Behaviour	.283	.062	.215	4.595	.000		
	Cognitive Engagement	.302	.095	.184	3.183	.002		
	Affective Engagement	.002	.043	.002	.044	.965		
	Behavioural Engagement	.269	.076	.169	3.540	.000		
2	(Constant)	.995	1.365		.729	.473		
	Leadership Behaviour	1.032	.330	.749	3.131	.004		
	Cognitive Engagement	.312	.324	.195	.965	.344		
	Affective Engagement	317	.386	194	822	.419		
	Behavioural Engagement	277	.294	176	941	.356		

Table 5 Coefficients

^aDependent Variable: Outcomes of the business.

Source: Output of IBM-SPSS 22.

"cognitive engagement and Behavioural Engagement" by comparing the standardized coefficients (beta = .215 versus beta = .184 and .169 respectively). In other words it can say that *employees perceive employee engagement* activities in terms of leadership behaviour, cognitive and behavioural engagement as beneficial to their business outcomes.

Whereas *Affective Engagement* has no significant predictors as a *sig. value* in above mentioned variables is more than 0.05 indicate that null hypothesis is accepted. In other words it can say that *employees perceive employee engagement activities in terms of affective engagement as beneficial to their business outcomes.*

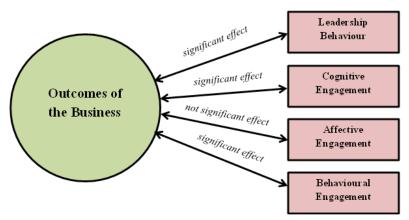


Figure 2: Effect of Employee Engagement Activities on Outcomes of the Business on the basis of Employees Responses

Whereas the on the basis of employers responses the *Leadership Behavioural* significant predictors as a *sig. value* in above mentioned variables is less than 0.05 indicate that null hypothesis is rejected. We can also see that equal leadership behaviour has a higher impact by comparing the standardized coefficients (beta = .749). In other words it can say that *employees perceive employee engagement activities in terms of leadership behaviour as beneficial to their business outcomes*.

Whereas **Cognitive Engagement**, Affective Engagement, Behavioural Engagement have no significant predictors as a sig. value in above mentioned variables is more than 0.05 indicate that null hypothesis is accepted. In other words it can say that employees perceive employee engagement activities in terms of cognitive engagement, affective engagement and behavioural engagement as beneficial to their business outcomes.

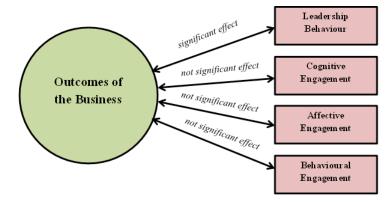


Figure 3: Effect of Employee Engagement Activities on Outcomes of the Business on the basis of Employers Responses

4. RESULT

It is found that employee engagement is beneficial to businesses. It is of great significance for the employers as well the employees of the hospitality industry. An employee who is thoroughly involved in his/her organizational performance enjoys certain benefits as compared to employees who are not engaged. On the other hand, for employers, employee engagement results in achieving organizational goals, to have satisfied customers, enhanced performance, and higher financial gains.

5. CONCLUDING REMARKS

The researcher concludes that Employee engagement is related to meaningful business outcomes. Engaged employees enable successful implementation of business strategies, they fuel higher levels of business performance. The fully engaged workforce is loyal and will align their efforts with organisational goals to remain in the competition.

The researchers understanding of the concept says that it is related to employee's attitude, how they feel about their jobs and the organisation they are working with. Also, it is about the commitment or the emotional attachment which an employee shares with the organisation. And the commitment is a result of satisfaction which the staff gets from the overall functionality of an organisation including good working condition, good leaders, role and goal clarity, clear and accessible policies. Engaged employees are more satisfied and are more likely to stay with their organisation as a result of that commitment.

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