

The Role of Employee Engagement in Performance Management

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Abstract: In today's economy attraction and retention of experienced, skilled and creative employees have become a top priority. There is clear evidence to suggest that what employees look for in their work is a mixture of both tangible and intangible elements that create a stimulating environment where their contribution is recognized and appropriately rewarded, where they have the chance to develop and participate and where the leadership of the organization supports their efforts. If company does not measure employee engagement, there would be no way to take knowledgeable actions on improving organization culture or strengthening the employee experiences at work. Development of an engaged and committed employee is a task of strategic management that includes vision and mission of company. The objective of this paper is to present the results of the survey that shows intercorrelation between the level of performance management and employee engagement. The survey was done in the beginning of 2019 in an non-profit organization. The paper shows, apart from the importance of conducting regular employee engagement surveys, how employee engagement could impact on the organization competitiveness. These results were the baseline to examine the current situation in the organization, where to find bottlenecks and how to map the best performance model.

Key words: Employee engagement • Performance management • Key performance indicators

INTRODUCTION

With an accurate measure of employee engagement, human resource and relevant managers can take meaningful action on what is important to employees. Employee engagement survey enables team to collect employee feedbacks and encourage them to have the regular dialogue between employer and employees. Any useful feedback system involves not only a clear goal, but transparent and tangible results related to the goal. The critical link between employee performance and organizational success is individual and organizational performance management.

Many organizations want to improve employee engagement because it has positive flow-on effects on things like performance, retention and innovation. There is significant evidence that supports the statement that companies which place their employees in the focus

of their strategies have, in long term, higher return on investments for their shareholders than their competitors [1].

There is significant evidence that supports the statement that companies which place their employees in the focus of their strategies have, in long term, higher return on investments for their shareholders than their competitors. Employee engagement is increasingly seen as a key driver of retention and performance, with a critical link to customer loyalty. The objective of this paper is to show the role and contribution of research in stakeholder management relationships through the important impact of employee engagement in the company [2].

Managers are nowadays faced with the need to understand motives, expectations and requirements of their employees, measure and forecast their behavior and are familiar with the factors which influence the level of engagement/commitment of employees at work. In fact,

emotional engagement plays a much more important role in shaping attitudes and behavior than before. An effective employee commitment tool should be incorporated in the business planning process. What has become increasingly evident is that due to the significance of employee engagement to the health of a company, it must be regularly measured and if resources permit, related to other key performance measures such as customer commitment, operational excellence and financial health. An effective employee commitment tool should be incorporated in the business planning process providing insights that can improve business performance through turnover, recruiting and training costs; categorizing the employee base by degree of engagement; providing a guide for more effective and efficient allocation of time and money to Human Resource projects that have maximum impact on engagement.

Literature Review: The concept of employee engagement is a relatively new term which has become very fashionable in recent years as a means of capturing employee attitudes to their job and employer and subsequent behaviors. Employee engagement has been variously defined as “the extent to which employees commit to something or someone in their organization, how hard they work and how long they stay as a result of that commitment” [3] and “an employee’s attitudinal attachment to his or her job and company, intention to act in the company’s best interest and willingness to invest discretionary effort in achieving business goals” [4].

Employee engagement is an emphasized emotional attachment which employees feel towards their company, strengthened with rational reasons, which influence them to invest additional effort to provide quality service to the company clients. Employee engagement is the total of what the employee thinks, how he/she feels and what he/she does for the company [5]. As an increasing body of empirical evidence suggests, there are clear linkages between levels of employee engagement and customer, operational and financial performance. Employee engagement is increasingly seen, therefore, as a key driver of retention and performance, with a critical link to customer loyalty.

Tower Perrin, in the 2003 study “Understanding What Drives Employee Engagement”, identified a set of workplace attributes that are critical to building high engagement. In order of importance, the factors are: senior management interest in employees’ well-being; challenging work; decision-making authority; evidence

that the company is focused on customers; career advancement opportunities; the company’s reputation as a good employer; collaborative work environment; resources to get the job done; input on decision-making; and a clear vision from senior management about future success [6]. According to the study, engagement is influenced by numerous variables which include both enthusiastic and balanced components identifying with work and the general work experience [7]. The evidence suggests that the stronger these attributes are in the workplace, the stronger is the level of employee engagement. According to the study, engagement is affected by many factors which involve both emotional and rational factors relating to work and the overall work experience. Gallup organization defines employee engagement as the involvement with and enthusiasm for work. Gallup as cited by Dernovsek [8] likens employee engagement to a positive employees’ emotional attachment and employees’ commitment.

Employee engagement is increasingly seen, therefore, as a key driver of retention and performance, with a critical link to customer or member loyalty. Truly engaged employees are the best possible advocates of the brand. Employee engagement is a heightened emotional connection that employees feel for their organization, reinforced by rational considerations, that influence them to exert greater discretionary effort in their work - the intersection between “think”, “feel” and “act” and results from a number of critical HR management areas that shape the workplace experience. Engaged employees are the key to an organization’s ability to grow and prosper and have a positive impact on the member experience acting as the organization/brand promise.

Engaged employees are more likely to be emotionally and intellectually committed to the success of the organization and willing to invest the discretionary effort; stay longer with the organization and act as advocates of the organization; build/sustain positive member relationships; have healthier personal lives and feel better about their jobs when personal values are congruent with their organization’s values. The answer how to link activities with vision and strategy has traditionally been found in the performance evaluation process, where managers look for hard data to tell how well an employee has performed his or her duties. Important part of performance management is setting goals with members of your team. The important factor is that the goals that are set are aligned with the department’s strategy, which in turn is aligned with the overall strategy of the organization.

Robinson [9] says that the key influencing factors of overall satisfaction of an employee are job satisfaction, feeling valued at work, proper communication and training and development etc. Apart from these core factors several other factors like work environment, culture, promotion, respect etc. also satisfaction and his feeling of being valued at the workplace. The model for influencing factors for employee engagement can be exhibited as under.

More of their capability and potential can be nurtured through a two way communication process to motivate them towards their work. The organizations need to execute specific engagement plans and create an inclusive environment to inculcate higher confidence level and enthusiasm to learn and innovate for successful job roles. The various parameters of assessing engagement can be: level of job satisfaction, commitment, involvement, emotional attachment and feelings of empowerment [10].

The evidence suggests that the stronger these attributes are in the workplace, the stronger the level of employee engagement. And as engagement builds, two important outcomes emerge - a decline in the likelihood of an employee leaving the organization and a stronger orientation around member needs.

Performance management is a critical aspect of organizational effectiveness [11]. Performance management is the key process through which work is accomplished, it is considered the "Achilles Heel" of managing human capital [12, 13]. Therefore it should be a top priority of managers [14, 15].

Performance management is the process used to manage the organization, team and individual performance. The key question asked is, "How well is an employee applying his or her current skills and to what extent is he or she achieving the outcomes desired?" To ensure that these activities are in fact aligned with the organization's vision, values and strategy, organization needs to concentrate on what the employees are actually doing. By applying the principle of Key Performance Indicators (KPIs) to employee goals and performance, organization creates a direct link between all of the key success factors that have been derived from the overall strategy. The result is that members of team actually do what they should be doing and that measurements for determining how well they are doing are clearly connected to organizational success.

In a global survey of the engagement levels of 50, 000 employees in 27 countries, research by the Corporate Leadership Council emphasizes the link of engagement to business success and its direct impact on employee performance and retention. Organizations that have a

highly engaged workforce were found to have almost 10 times as many committed, high-effort workers as those with a low-engaged workforce. The findings point to the manager as the most important enabler of employee commitment to the organization, job and work teams [16].

Employee Engagement and Performance Management: "Companies that place employees at the core of their strategies produce higher long-term returns to shareholders than their industry peers" [17].

Development of an engaged and committed employee is a task of strategic management which, unlike traditional management controlling all employees, enables implementation of management which respects the role of stakeholders such as the owners, employees, members, etc. [1]

Employees with a positive attitude to the organization are more likely to be emotionally and intellectually committed to the organization success and more willing to invest additional effort, willing to remain with the organization longer and act as its ambassadors, willing to develop/maintain positive member experiences and more satisfied with their private and working life if their personal values coincide with the organization values. Employee engagement is an emphasized emotional attachment which employees feel towards their organization, strengthened with rational reasons, which influence them to invest additional effort to provide quality service to the organization clients. Employee engagement is the total of what the employee thinks, how he/she feels and what he/she does for the organization. Employees with a positive attitude to their organization are key to the organization potential to grow and advance and have a positive impact to client experience and act as embodiment of what the organization and its brand promise.

An effective employee commitment tool should be incorporated in the business planning process as it touches upon practically all of a company's work processes by: providing insights that can improve business performance through reduced turnover, recruiting and training costs; categorizing the employee base by degree of engagement; analyzing what customers value, providing a linkage to how employees impact the delivery of positive customer experiences; providing a guide for more effective and efficient allocation of time and money to Human Resource projects that have maximum impact on engagement. By prioritizing the key drivers of engagement and by segmenting employees according to whether they are actively engaged, moderately engaged and actively disengaged and whether

their activities are aligned with the brand promise, companies can achieve differentiation and drive unique value creation [2].

Possible outcomes from an effective performance management system are clarifying job responsibilities and expectations; developing employee capabilities to their fullest extent through effective feedback and Mentoring/ Coaching; improving communication between employees and managers; increase motivation of employees; providing a basis reward good performance and achievement, improving productivity; behavior is in line with vision, values and strategy.

Effective performance assessment includes formal performance review which should take place yearly (it depend on management decision and procedures); the review in written form that must include employee and other input and the review should summarize the year's feedback and documentation and progress. Final phase of estimation is employee recognition consisted of formal recognition, informal recognition and day-to-day recognition. Formal recognition is a structured or planned program of recognition for desired performance usually given openly. Informal recognition is a spontaneous gesture of sincere thanks for desired behavior or performance. These forms of recognition are increasingly more important to today's employees than formal recognition but can be hard to track and difficult to consistently apply across the organization. Day-to-day recognition is daily feedback about positive employee performance. Examples include dropping by to tell someone "good job" on an assignment and a simple thank you in person or in front of others for a job well done.

Survey: Methodology, results and discussion

The objectives of this study was to:

- Determine the key drivers of employee engagement;
- Develop an engagement profile of client's employee base;
- Provide research insights to support client's HR strategy through the development of action plans;
- Identify strategic and tactical priorities and bottlenecks for improvement;
- Explore HR strategic issues as these are expressed in terms of perceived employee needs and expectations;
- Assess the degree to which employees know, embrace and are willing to act on client's business strategy and in accordance with your values;
- Supply employee key performance indicators.

The survey was done in non profit organization in Serbia, on 120 employees, during first quarter of 2019. The self-fulfillment question naire was prepared according to HR management touch points and attributes (Figure 1). The model is used by research agency, HR in companies and consultants.

Following attributes were assessed on the following scale:

Strongly disagree	Disagree	I neither agree nor disagree	I agree	Extremely agree	Do not know
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Behavior:

- I plan to be working at this organization 2 years from now
- I would recommend this organization as a good place to work

Half of the employees agree or strongly agree that they will stay in the organization for the next two years. If we take into account that the organization is consisted of experienced (senior) and junior staff the organization should think how to retain talented people. About 30 % of employees would strongly recommend the organization as a good place to work that is a signal to work on improvement. Satisfied employee always advocates the organization and, thus through word of mouth invites more talented people to join (I that case the employer branding is high).

Engagement:

- This job is in line with my needs and expectations
- I understand how my role is related to the goals of the organization
- I am motivated to contribute to the development of the organization
- The values and beliefs of the organization in which I work are in line with my values and beliefs
- I feel like a "member of the family" in the organization I work in
- I am proud of what I do in this organization

The strong asset of the organization is high motivation of their employees to contribute to the development of the organization. What is more, they recognize the encouragement of the organization to try new ways to do business. Socio-emotional attachment with the organization is at a high level, but some employees feel that their expectations and needs are not heard nor fulfilled.

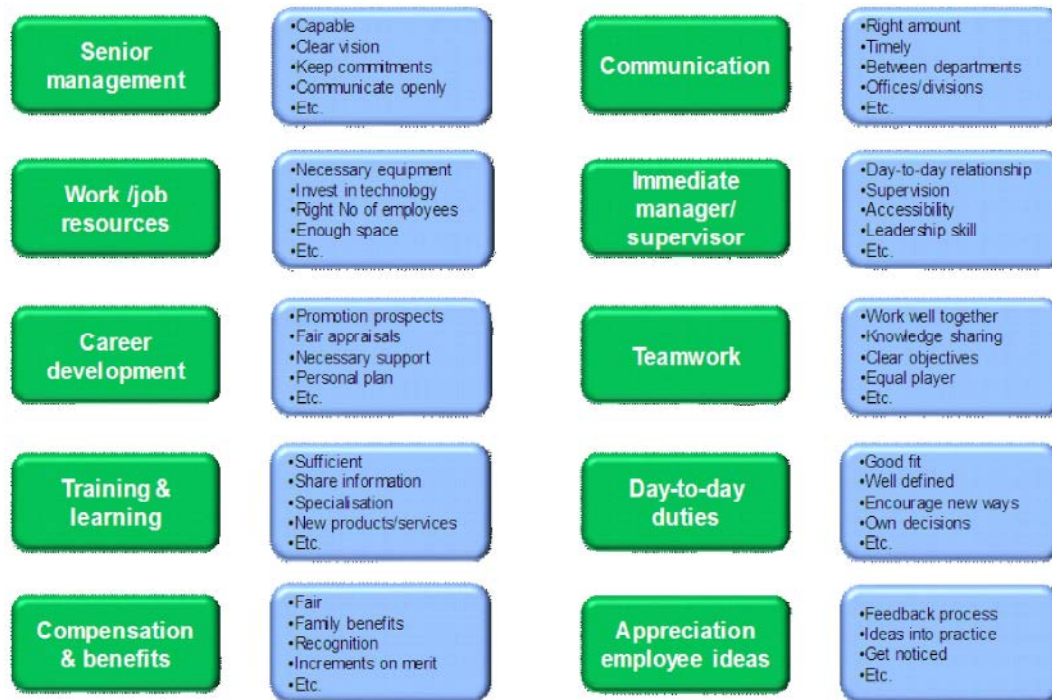


Fig. 1: HRM touchpoints & attributes

It seems that employees are divided when it comes to fairness of job performance evaluations, giving the job that is in accordance with employee's needs and expectations or willingness to recommend the organization. Employees are generally feeling proud of what they do in the organization and have values that are in accordance with values and vision of the organization. In addition, most of the employees feel like they are members of the family. Furthermore, employees are highly motivated to contribute to the development of the organization and are encouraged to try new ways to do business. On the other hand, not everyone thinks they have complete autonomy when making business decisions. Socio-emotional aspect of the working life is also highly evaluated. Almost 65% employees are proud of what they do in organization and similar number of employees believes that the values of organization are in line with their values and beliefs.

Career Development:

- The organization provides me with all the necessary support for career development.
- They care about the development of the entire career of the employees, not only about the efficient performance of the current job.

- My achievement at work is fairly judged.

Only 25% employees believe that the organization provides them with all the necessary support for career development. In addition, employees are not sure if the organization cares about the development of the entire career of the employees.

Training and Learning:

- Programs for training and improvement are well organized
- The trainings are diverse and cover the content that matters to me

The organization constantly educates their employees. However, sometimes employees feel that offered training programs and opportunities are not in accordance with the needs of employees. Employees acknowledge that organization provides them with various professional seminars/ trainings/ workshops to improve their knowledge and professional skills. It seems that some programs are not in line with needs and expectations of the employees. Only 30% employees agreed that trainings are diverse and cover the content that matters to them. In addition, half of the interviewed

employees disagreed that programs for training and improvement are well organized. Some of employees don't feel that programs for training and improvement are well organized (50%). After education program is finished, organization should consider analyzing the effects of the program. Have the employees really improved their skills or performance in trained aspect? What are the business results on a monthly/quarterly and annual level after education programs? In that way, organization would be able to have a clear view of the programs that were cost effectively and the programs that should be introduced in the future.

Introduce employee training programs that are in line with the skills and needs of the organization and are clearly communicated in job descriptions. Introduce regular evaluations and training impact assessments to match the training program offered to employees with the needs of the organization and workplaces.

Compensation and Benefits:

- Organization regularly takes care that a well-done job is rewarded
- The basic salary I get corresponds to the level of my responsibilities, abilities and experience
- The salary increases are fair and based on merit

Employees don't believe in fairness of salary raises nor bonuses. Most of them, disagreed that the organization takes care that a well-done job is rewarded. Finally, more than a half of the interviewed employees don't believe in fairness of salaries and bonuses.

Teamwork:

- The organization has a working atmosphere full of spirit of cooperation where employees work well in the team
- Teams have clear goals
- Knowledge and experience are exchanged among team members

For 50% employees teams don't have clear goals, while only 15% employees agreed that their job is clearly defined. Lack of team spirit in is one of the main pain points in the organization. Consider organizing teambuilding's or different training programs with aim to improve working atmosphere. Every sector should have clearly defined goals, which all employees are aware of.

Also, employees and sectors should be encouraged to cooperate, constantly help each other and exchange their experience and knowledge. Finally, more frequent evaluations and interviews with employees about their own satisfaction, expectations and needs could lead to better understanding between employees and top management of the organization.

Communication:

- Information about the organization is transferred to employees
- Information is provided on time
- The amount of communication in the organization is adequate
- Communication between sectors within an organization is good

Based on the answers of employees, there is room for improvement in communication between colleagues and sectors, in teamwork, as well as transferring knowledge, working experience or information between coworkers on time. Employees should feel free to openly talk about any potential barrier during work. Because of that, it is important to build a working atmosphere based on trust, where employees are encouraged to initiatively ask for feedback or any other problem that comes up during work.

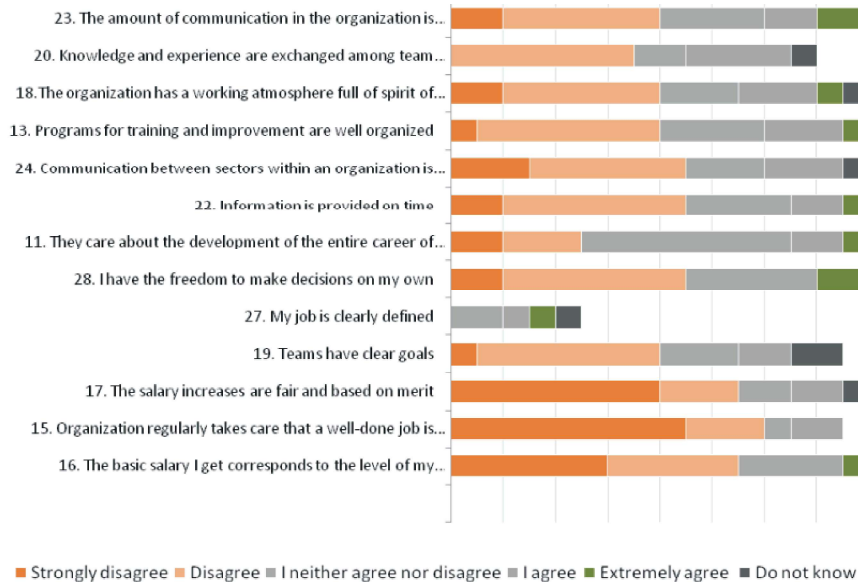
Recommendation on internal communication improvement are create a positive and efficient working atmosphere; develop tools for assessing the effectiveness of internal communication; develop systems and channels of continuous communication, develop the ability to actively listen; introduce feedback in communication and organize training on communication skills.

Day to Day Duties:

- I am encouraged to try new ways to do business
- The work I do is in line with my knowledge, skills and experience
- My job is clearly defined
- I have the freedom to make decisions on my own

When it comes to specifications of work position, employees believe that their work is in line with their knowledge, skills and experience and they mostly understand how their role is related to the goals of the organization. However, only 15% employees stated that they have freedom to make decisions on their own.

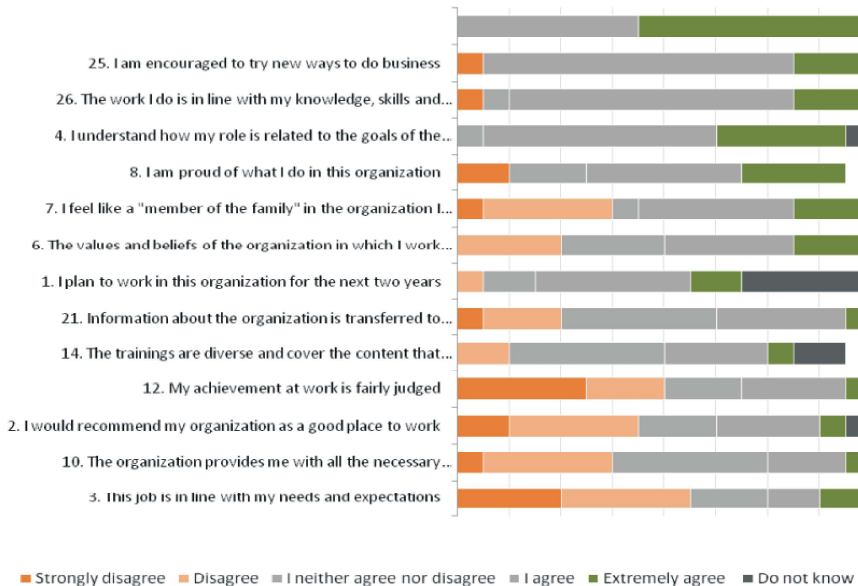
What is good?



The organization should additionally work on the support of employee career development and greater transparency when assessing the work of employees. The organization should establish clear rules to assess employee achievements and communicate them to all employees so that employees can set their own personal goals and plan their personal career development in accordance with these rules. These rules can serve as an incentive for greater efficiency and positive competitiveness among employees.

Employee satisfaction as well as incentives for greater engagement can be achieved through a clearer communication of a set of rules affecting the bonus system through salary raise and bonuses. Some of activities that are of utmost importance are: creating a set of bonuses and employee benefits; introduction of the title "the top employee ..." that would bring some kind of benefit (even if it is a one-time reward) to an employee who has achieved the set goals; transparency in this aspect allows employees to focus their efforts on achieving these goals (raise or bonuses) through adequate effort.

What could be better?



CONCLUSION

In the process of engaging employees, management needs to take a proper assessment of attitude, behavior and outcomes and address their concerns attentively. When leaders are transparent, people can be much more objective in evaluating the pros and cons about their leader. If leaders are transparent, especially during the worst of times, they actually strengthen their leadership as employees and other stakeholders begin to trust them as human beings and thus will respect them more as a leaders.

The key is to improve and strengthen employee engagement which is defined as a strong emotional bond that employees feel for their organisation, reinforced by rational considerations that persuade them to apply greater effort in their work and thus go the extra mile". Companies with engaged employees have higher employee retention as a result of lower intention to leave company, higher productivity, growth and customer satisfaction. Managers' role is to boost dialogue via regular meetings, feedback culture, mentoring and coaching. Also managers and supervisors should organize trainings and establish reward system through various financial and non-financial incentives.

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