

## A STUDY OF EMPLOYEE ENGAGEMENT IN PHARMACEUTICAL SECTOR

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### ABSTRACT

*This study investigates the employee engagement levels based on certain parameters in Pharmaceutical Sector. Employee Engagement is a tool to make employees feel involved in their organization's success and development. Many organizations have identified this HR aspect as the core area of focus. Employee Engagement is the level of commitment and involvement an employee has towards their organizations and its values. The survey uses a sample of 70 employees from Pharmaceutical Sector. Data analysis results reveal that all the parameters designed for the study are strongly and significantly correlated with each other. Further, factor analysis reveals that out of the 11 parameters on which the research was based, two most important were job satisfaction and compensation. Implications, limitations and lines of future are also discussed.*

**Keywords:** *Employee Engagement, Job Satisfaction, Compensation, Commitment, Factor Analysis.*

## INTRODUCTION

'Employee engagement' is a relatively new term in HR literature and really started to come to prominence from 2000 onwards. Melcrum Publishing (2005) found that from a global survey of over 1,000 communication and HR practitioners 74% began to formally focus on the issue between 2000 and 2004. Most organizations today realize that a 'satisfied' employee is not necessarily the 'best' employee in terms of loyalty and productivity. It is only an 'engaged' employee who is intellectually and emotionally bound with the organization, feels passionately about its goals and is committed towards its values. He goes extra mile beyond the basic job responsibility and is associated with the actions that drive the business. Moreover, in times of diminishing loyalty, employee engagement is a powerful retention strategy. The fact that it has strong impact on the bottom line adds to its significance.

According to Gallup, the consulting organization, there are three different types of people:

- **Engaged:** Such employees are builders. They want to know the desired expectations for their role so that they can meet and exceed them. They are naturally curious about their company and their place in it. They perform at consistently higher levels. They want to use their talent and strengths at work every day. They work with passion and they drive innovation and move their organization forward.
- **Not engaged:** Such employees tend to concentrate on task rather than goals and outcomes they are expected to accomplish. They want to be told what to do just so they can do it and say they have finished it. They focus on accomplishing tasks vs. achieving outcomes. Employees who are not engaged tend to feel their contributions are being overlooked and their potential is not being tapped. They often feel this way because they do not have productive relationship with their managers or with their coworkers.
- **Actively disengaged:** Such employees are the 'cave dwellers'. They are "consistently against virtually everything". They are not just unhappy at work; they are busy acting out their unhappiness. They sow seeds of negativity at every opportunity. Every day, actively disengaged workers undermine what their engaged workers accomplish. As workers increasingly rely on each other to generate products and services, the problems and tensions that are fostered by actively disengaged employees can cause great damage to the organization's functioning. At least 4 of the studies agreed on the eight key drivers:

1. Trust and integrity: how well managers communicate and 'walk the talk'
2. Nature of job: is it mentally stimulating day-to-day?
3. Relationship with one's manager: does the employee value his/her relationship with his manager?
4. Career growth opportunities: are there future opportunities for growth?
5. Coworkers: significantly influence one's level of engagement
6. Line of sight between employee performance and company's performance: does the employee understand how their work contributes to the company's performance?
7. Employee development: is the company making effort to develop employee skills?
8. Pride about the company: how much self-esteem does the employee feel by being associated with the company?

The impact of engagement or disengagement can manifest itself through productivity and organizational performance, employee retention, customer outcomes, advocacy or recommending the organization, organizational culture and its external image.

## REVIEW OF LITERATURE

The concept of 'employee engagement' (EE) is rapidly gaining popularity, use and importance in the workplace. Research and consultancy firms, led by the high-profile Gallup Organization, are focusing their efforts increasingly on surveys of employee engagement that aim to improve levels of engagement. According to Jteresco, the Company should have a proper pay system so that the employees are motivated to work in the organization. In order to boost his engagement levels the employees should also be provided with certain benefits and *compensations*.

*Organizational Climate* and corporate identity are closely related and intertwined with each other (*Hatch and Schultz, 1997*). Hence, *Ambler and Barrow (1996)* state that organizational climate is associated with the values that support the organizational strategy or corporate identity (*Abratt, 1989*). A pleasant working environment is always essential: stress can be caused by an unpleasant environment. Whatever engagement might be, unfortunately the longer employees stay with an organization the less engaged they become, according to the Gallup Organization. So it is important to continually understand and foster EE in the workplace' (*Lanphear, 2004, p.* According to Robinson, advocacy can be in terms of *recommending the organisation* as a place

to work, or in terms of believing in and recommending the products and services of the organisation

'Meaning at work' as referred to by Penna (2007) is the *commitment towards the organization* and it is the vehicle through which employers and employees can be brought closer together to the benefit of both. Employee engagement is thus the level of commitment and involvement an employee has towards their organization and its values. An engaged employee is aware of business context, and works with colleagues to improve performance within the job for the benefit of the organization. The organization must work to develop and nurture engagement, which requires a two-way relationship between employer and employee.' Thus Employee engagement is a barometer that determines the association of a person with the organization. Engagement is most closely associated with the existing construction of job involvement (Brown 1996) and flow (Csikszentmihalyi, 1990). According to Archie Thomas, organizations with high levels of engagement provide employees with opportunities to develop their abilities, learn new skills, acquire new knowledge and realize their potential. Grecher Hoover said communication is a powerful tool when it comes to employee engagement. Focus groups, pulse surveys and one-on-one communication can help you gain a better understanding of current engagement levels in your organization. When companies plan for the *career paths* of their employees and invest in them in this way their people invest in them. According to Charles Woodruffe (2004), imbalance in the *Work life* of an employee has attracted a great deal of concern because a large number of problems related to employee health, monotony at work place, declining levels of productivity and competence at the employee level had started surfacing. With regard to *customer outcomes*, customer focus is one organisational objective that does apply across both the private and public sectors, although it may manifest itself in a slightly different form. In this regard, a survey by Right Management (2006) found that 70% of engaged employees indicated they had a good understanding of how to meet customer needs, whilst only 17% of non-engaged employees scored high on this measure. Jteresco (2004) said only a satisfied employee can become an engaged employee. Therefore it is very essential for an organization to see to it that the job given to the employee matches his career goals which will make him enjoy his work and he would ultimately be *satisfied with his job*. According to Swinden and Piers, *performance* is linked with the boss giving adequate feedback to the employees in the organization that allows them to improve their performance. The whole idea behind engagement is that it leads to enhanced

performance. The link to performance outcomes is a necessary underlying assumption of all engagement measures. According to Hayday AND Robinson,,2004 engaged employees may also go one step further and act as advocates of their organisation.

Advocacy can be in terms of *recommending the organisation* as a place to work, or in terms of believing in and recommending the products and services of the organisation. With regard to *employee retention*, Towers Perrin (2003) highlights an important impact related to the disengaged. Whilst organisations can potentially lose key employees through not successfully engaging them, there is also a risk to the organisation from the disengaged who are not actively looking for other employment and continue in their current employment but are disaffected and unproductive.

## **METHOD**

The objectives of the study were set up and the research methodology determined. The structured questionnaire was printed and distributed to the employees of the Pharmaceutical Sector. The collected data is summarized and organized in such a manner that it answers the research questions. The data analysis was done on SPSS to derive relevant information from the data collected. Data was interpreted and inferences were drawn and transformed into meaningful information to help management to get a vivid picture and to make accurate decisions therefore. This is a descriptive type of study .The broad purpose of descriptive research is to study the present problems and to suggest some solutions to these problems.

### **Research design**

- Data source: Data collected was primary as it was collected by means of questionnaire from employees of Pharmaceutical Sector.
- Research Instrument: A structured questionnaire consisting of close ended questions was used for the purpose of study.
  - **Likert Scale** a five point scale is used in the questionnaire administered for the studies ranging from strongly disagree to strongly agree
- Scope of Research: Employees in National Corporate Office of Pharmaceutical Sector

### **Sample design**

- Sampling unit: Employees of Pharmaceutical Sector
- Sampling size: 70

**Parameters of research**

1. Performance
2. Recommending the organization
3. Commitment towards organization
4. Employee Retention
5. Career Development
6. Compensation
7. Organizational Climate
8. Work life balance
9. Customer outcomes
10. Job satisfaction
11. Communication

**Analysis**

Descriptive statistics which use mean and standard deviation were used to present the main characteristics of the sample. Means, standard deviations and inter and intra-correlations were used to present the general results of the study. Factor Analysis was employed to confirm the major parameters defining the whole questionnaire. The factor analysis was used as a data reduction technique to reduce the number of significant parameters. It was found that the grand mean of all the parameters was 3.16 which shows that most of the response of the employees for all the parameters is between neutral and agree. As the grand mean of S.D is 1.05 it shows that there is a variation in response for all the parameters.

**Results**

The mean, standard deviation and correlation between all the parameters is depicted in tables 1 and 2 below respectively.

Table 1

Parameters	N	Mean	Std. Deviation
Total Performance	210	3.16	1.261
Total Recommending the Org	210	3.4	1.073
Total Commitment Towards Org	210	3.05	1.112
Total Employee Retention	210	3.33	0.99
Total Career Development	210	3.09	0.991
Total Compensation	210	2.73	1.096
Total Organizational Climate	210	3	0.976
Total Work Life Balance	210	3.07	1.062
Total Customer Outcomes	210	3.47	1.094
Total Job Satisfaction	210	3.13	1.022
Total Communication	210	3.34	0.967
Valid N (listwise)	210		

Grand mean = 3.16

Grand std. deviation = 1.05

As grand mean of all the parameter comes out to be 3.16 it shows that most of the response of the employees for all the parameter is between neutral and agree. As the grand mean of S.D is 1.05 it shows that there is a variation in response for all the parameters.

Table 2

		1	2	3	4	5	6	7	8	9	10	11
1	Pearson Cor.	1	.443**	.304**	.336**	.275**	.159*	.292**	.334**	.482**	.440**	.319**
	Sig. (2-tailed)		0	0	0	0	0.021	0	0	0	0	0
	N	210	210	210	210	210	210	210	210	210	210	210
2	Pearson Cor.	.443**	1	.347**	.386**	.375**	.165*	.395**	.331**	.440**	.553**	.442**
	Sig. (2-tailed)	0		0	0	0	0.016	0	0	0	0	0
	N	210	210	210	210	210	210	210	210	210	210	210
3	Pearson Cor.	.304**	.347**	1	.310**	.373**	.172*	.300**	.191**	.188**	.360**	.304**
	Sig. (2-tailed)	0	0		0	0	0.012	0	0.005	0.006	0	0
	N	210	210	210	210	210	210	210	210	210	210	210
4	Pearson Cor.	.336**	.386**	.310**	1	.442**	.329**	.329**	.241**	.283**	.438**	.270**
	Sig. (2-tailed)	0	0	0		0	0	0	0	0	0	0
	N	210	210	210	210	210	210	210	210	210	210	210
5	Pearson Cor.	.275**	.375**	.373**	.442**	1	.229**	.292**	.248**	.340**	.456**	.347**
	Sig. (2-tailed)	0	0	0	0		0.001	0	0	0	0	0
	N	210	210	210	210	210	210	210	210	210	210	210
6	Pearson Cor.	.159*	.165*	.172*	.329**	.229**	1	.249**	.304**	.145*	.305**	.272**
	Sig. (2-tailed)	0.021	0.016	0.012	0	0.001		0	0	0.035	0	0
	N	210	210	210	210	210	210	210	210	210	210	210
7	Pearson Cor.	.292**	.395**	.300**	.329**	.292**	.249**	1	.379**	.249**	.442**	.433**
	Sig. (2-tailed)	0	0	0	0	0	0		0	0	0	0
	N	210	210	210	210	210	210	210	210	210	210	210
8	Pearson Cor.	.334**	.331**	.191**	.241**	.248**	.304**	.379**	1	.280**	.322**	.391**
	Sig. (2-tailed)	0	0	0.005	0	0	0	0		0	0	0
	N	210	210	210	210	210	210	210	210	210	210	210
9	Pearson Cor.	.482**	.440**	.188**	.283**	.340**	.145*	.249**	.280**	1	.474**	.403**
	Sig. (2-tailed)	0	0	0.006	0	0	0.035	0	0		0	0
	N	210	210	210	210	210	210	210	210	210	210	210
10	Pearson Cor.	.440**	.553**	.360**	.438**	.456**	.305**	.442**	.322**	.474**	1	.433**
	Sig. (2-tailed)	0	0	0	0	0	0	0	0	0		0
	N	210	210	210	210	210	210	210	210	210	210	210
11	Pearson Cor.	.319**	.442**	.304**	.270**	.347**	.272**	.433**	.391**	.403**	.433**	1
	Sig. (2-tailed)	0	0	0	0	0	0	0	0	0	0	
	N	210	210	210	210	210	210	210	210	210	210	210

\*\* . Correlation is significant at the 0.01 level (2-tailed).

\* . Correlation is significant at the 0.05 level (2-tailed).



Moving ahead with the correlation table, it's clear that all the parameters are highly correlated with each other which signify that if one parameter increases, the other will also increase.

Confirmatory *factor analysis*, out of the 11 parameters selected for measuring the Employee Engagement, only 2 parameters were found to be having eigen values greater than 1. So 49% of the data can be represented by these two parameters.

The component matrix gives the factor loadings. This is the central output for factor analysis. Loadings above 0.6 are usually considered "high" and those below 0.4 are "low". In the component matrix given Job Satisfaction is associated strongly with the first factor and Compensation is associated strongly with the second factor. 49% of the data is represented by the 2 parameters viz. Job Satisfaction and Compensation. By research we can say that job satisfaction and compensation are the two major factors driving employee engagement in an organization. Hence, engagement is maximum in these two parameters.

## DISCUSSIONS

Referring to the findings in the article mentioned in literature review by *Kenneth Nowack, 2005* suggested that there is a strong correlation between job satisfaction and employee engagement. Employee engagement can have impact on overall job satisfaction. Employees who are most engaged are less likely to consider leaving the organization within 12 months and are more satisfied with their work than those who are less engaged. This is also well supported with my findings after factor analysis. It means that there is a clear idea of the role of an employee's present job. Senior management respects thoughts and feelings of employees working in Pharmaceutical Sector which gives the employees a feeling of achievement and job satisfaction. Job satisfaction is not synonymous with employee engagement. It is, however, an important driver of employee engagement. A person may be satisfied with job but may not actually do meaningful work. Job satisfaction in itself does not create high performance. Engagement is Job Satisfaction+ Performance. Gallup is one of the most famous organization that has come up with employee satisfaction survey with a set of 12 questions. *Gallup's Q12* approach believes that people can be satisfied about their work for reasons that are not related to engagement such as "I am really happy with my pay and it really motivates me to do as little as possible at work". Engagement is about the drivers that result in people feeling a deep emotional connection to their work and to the success of their business.

Job satisfaction is an important driver of Employee Engagement. The following factors are important to job satisfaction:

1. A career path that offers opportunities for advancement
2. Fair pay and benefits
3. The perception that organization offers good value to customers
4. A satisfactory work environment, defined by

A good reasonable workload

- Good relations with immediate supervisor
- Effective internal communication
- Good relationships with colleagues
- Smoothly functioning organizational dynamics

From correlation analysis, it's clear that Job Satisfaction is strongly and positively correlated with all the parameters that were set up during questionnaire framing for measuring employee engagement.

Competitive compensation and benefits packages are crucial to attract and retain talent. Increasing satisfaction with total compensation provides a major increase in employees intend to stay in the organization but a little bit increase in effort. Engaged employees require fair, equitable and consistent compensation practices. If in the organization, compensation practices are so then there is no scope of people leaving the organization within 12 months of their joining. Availability of fair rewards and recognition and incentive systems in the organization leads to high levels of engagement among the employees. From the factor analysis, it's clear that the second factor representing the whole data for measuring employee engagement is Compensation. The same was suggested in *Gallup's approach* while measuring employee engagement.

From Correlational Analysis, it's also clear that there is strong and positive correlation between all the parameters taken in measuring employee engagement.

## CONCLUSIONS

The survey has been done with the full cooperation of the employees and the management. It has revealed the areas of improvement which the organization needs to cater. From the earlier studies and with the help of Employee Engagement Survey, it can be concluded that most of the employees are engaged at Pharmaceutical Sector. Job satisfaction and fair Compensation

structure are the two most important parameters in measuring the employee engagement as 49% of the data is represented by these two parameters. Most of the responses are on the positive side which means the employees are engaged with minor improvements needed to be done to increase employee engagement levels.

This research is concerned with measuring employee engagement levels based on certain parameters. It concluded that Job Satisfaction and Compensation are two such important parameters that are the key drivers of Employee Engagement in an organization and employee engagement is maximum in them.

The model given below summarizes the findings:



The contributions of this study are: Firstly, it examined the relation of various parameters with Employee Engagement levels. Secondly, it identified the key improvement areas.

As such, there are limits to what organizations can do with broad-brush workforce processes or communication programs. At macro level, the organization needs to provide resources, tools and the overall workplace environment that supports engagement. Ultimately, at micro level, employees, with managers' help, need to establish a thriving personal connection with their work and carve out a satisfying future in the organization.

The most successful organizations make engagement an ongoing priority, not once a year event. They take a multi-faceted approach to address problem areas and improve engagement scores organization wide.

## LIMITATIONS

- *Time constraints:* Very stipulated was allotted to conduct the study, due to which it could not be carried out with maximum possible ease.

- *Bias Response*: there may be errors due to bias response by the respondents,
- *Area Specific*: The survey is specific only to the Pharmaceutical Sector (Corporate Office) only.

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#### Appendix – Confirmatory Factor Analysis

##### Total Variance Explained

Comp onent	Initial Eigen values			Extraction Sums of Squared Loadings		
	Total	% Variance	of Cumulative %	Total	% Variance	of Cumulative %
1	4.399	39.990	39.990	4.399	39.990	39.990
2	1.038	9.433	49.423	1.038	9.433	49.423
3	.965	8.772	58.195			
4	.817	7.425	65.621			
5	.686	6.234	71.855			
6	.650	5.909	77.764			
7	.614	5.579	83.342			
8	.517	4.695	88.038			
9	.499	4.532	92.570			

10	.427	3.885	96.455			
11	.390	3.545	100.000			

Extraction Method: Principal Component

Analysis.

### Component Matrix<sup>a</sup>

	Component	
	1	2
Total Performance	0.64	-0.376
Total Recommending the Org	0.726	-0.257
Total Commitment Towards Org	0.546	0.041
Total Employee Retention	0.628	0.202
Total Career Development	0.635	0.054
Total Compensation	0.444	<b>0.685</b>
Total Organizational Climate	0.631	0.213
Total Work Life Balance	0.568	0.231
Total Customer Outcomes	0.63	-0.458
Total Job Satisfaction	<b>0.774</b>	-0.08
Total Communication	0.673	0.037

Extraction Method: Principal Component Analysis.