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**DOLGOZÓI ELKÖTELEZETTSÉG, ELMÉLET ÉS GYAKORLAT**

**EMPLOYEE ENGAGEMENT, THEORY AND PRACTICE**

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## TABLE OF CONTENT

|                                                                             |           |
|-----------------------------------------------------------------------------|-----------|
| <b>1. INTRODUCTION .....</b>                                                | <b>1</b>  |
| <b>2. THEORY .....</b>                                                      | <b>4</b>  |
| 2.1. THE MEANING OF EMPLOYEE ENGAGEMENT .....                               | 4         |
| 2.1.1. Definition of employee engagement.....                               | 4         |
| 2.1.2. Definition of employee engagement vis-à-vis related constructs ..... | 10        |
| 2.2. ANTECEDENTS OF EMPLOYEE ENGAGEMENT .....                               | 13        |
| 2.2.1. Individual factors.....                                              | 14        |
| 2.2.2. Job related factors.....                                             | 16        |
| 2.2.3. Organizational factors .....                                         | 18        |
| 2.2.4. Broader, external environmental factors.....                         | 24        |
| 2.2.5. Paradigms as influencing factors .....                               | 25        |
| 2.2.6. Summary of antecedents.....                                          | 26        |
| 2.2.7. Conclusions .....                                                    | 27        |
| 2.3. CONSEQUENCES OF EMPLOYEE ENGAGEMENT.....                               | 29        |
| 2.3.1. Relationship between satisfaction/engagement and performance .....   | 29        |
| 2.3.2. Discussion and suggestions for further research.....                 | 35        |
| 2.3.3. Summary and conclusions.....                                         | 40        |
| <b>3. PRACTICE .....</b>                                                    | <b>42</b> |
| 3.1. INTRODUCTION OF THE EUROPEAN EMPLOYEE ENGAGEMENT RESEARCH .....        | 42        |
| 3.1.1. Objectives, hypotheses and methodology of analysis .....             | 43        |
| 3.1.2. Questionnaires and participants of the research .....                | 44        |
| 3.2. ANALYSIS OF THE EUROPEAN EMPLOYEE ENGAGEMENT SURVEY .....              | 47        |
| 3.2.1. The business context and employee aspects in Europe .....            | 47        |
| 3.2.2. European HR practices .....                                          | 48        |
| 3.2.3. Importance of employee engagement in Europe .....                    | 50        |
| 3.2.4. Employee surveys in Europe .....                                     | 52        |
| 3.2.5. Effective tools for increasing employee engagement .....             | 54        |
| 3.2.6. Further statistical analysis .....                                   | 57        |
| 3.2.7. Summary of research findings.....                                    | 65        |
| 3.2.8. Limitations of the research .....                                    | 67        |
| 3.2.9. Conclusions .....                                                    | 68        |
| <b>4. SUMMARY AND CONCLUSIONS .....</b>                                     | <b>72</b> |
| <b>REFERENCES .....</b>                                                     | <b>75</b> |
| <b>APPENDICES .....</b>                                                     | <b>I</b>  |
| APPENDIX 1. KEY DRIVERS OF EMPLOYEE ENGAGEMENT.....                         | II        |
| APPENDIX 2. PIONEERING CASE STUDIES AND APPROACHES TO ENGAGEMENT .....      | IV        |
| APPENDIX 3. SURVEY QUESTIONNAIRES .....                                     | XI        |
| APPENDIX 4. PRINCIPAL COMPONENT ANALYSIS .....                              | XXIV      |
| APPENDIX 5. VARIABLE STANDARDIZATION .....                                  | XXVI      |
| APPENDIX 6. ANALYSES OF VARIANCE .....                                      | XXXI      |

## TABLE OF FIGURES

|                                                                                                  |    |
|--------------------------------------------------------------------------------------------------|----|
| Figure 1. Context of engagement .....                                                            | 2  |
| Figure 2. Word frequency across employee engagement definitions in 2012.....                     | 7  |
| Figure 3. Components of employee engagement according to my conceptualization.....               | 9  |
| Figure 4. Contextual framework of engagement antecedents.....                                    | 14 |
| Figure 5. Interconnections between the components of engagement and performance .....            | 29 |
| Figure 6. Possible relationships between engagement and performance at an individual level ..... | 37 |

## TABLE OF TABLES

|                                                                                            |        |
|--------------------------------------------------------------------------------------------|--------|
| Table 1. Summary of different employee engagement definitions.....                         | 8      |
| Table 2. Antecedents of employee engagement .....                                          | 26     |
| Table 3. Elements of employee satisfaction .....                                           | 30     |
| Table 4. Gallup's 12 elements of engagement .....                                          | 31     |
| Table 5. Towers Perrin's approach to defining employee engagement .....                    | 32     |
| Table 6. Utrecht Work Engagement Scale (UWES) .....                                        | 34     |
| Table 7. Breakdown of respondents by job category .....                                    | 45     |
| Table 8. Breakdown of respondents by region.....                                           | 45     |
| Table 9. Breakdown of respondents by industry .....                                        | 46     |
| Table 10. Breakdown of respondents by size of organization.....                            | 46     |
| Table 11. Business context and employee aspects .....                                      | 47     |
| Table 12. HR practices indicated as used on a regular basis .....                          | 49     |
| Table 13. Satisfaction/Engagement – Business performance link.....                         | 50     |
| Table 14. Importance of employee engagement.....                                           | 50     |
| Table 15. Defined employee engagement strategy.....                                        | 51     |
| Table 16. Measurement of engagement.....                                                   | 52     |
| Table 17. Conduction of employee surveys .....                                             | 52     |
| Table 18. Frequency of employee surveys .....                                              | 53     |
| Table 19. Sharing survey results .....                                                     | 53     |
| Table 20. Survey follow-ups .....                                                          | 54     |
| Table 21. Efficient practices for increasing engagement.....                               | 55     |
| Table 22. KMO and Bartlett's Test for 2010 and 2012.....                                   | 57     |
| Table 23. Total variance explained for 2010 and 2012 .....                                 | 58     |
| Table 24. Component matrix for 2010 and 2012.....                                          | 58     |
| Table 25. Correlations between "Employee Aspects" and "HR Practices Index" .....           | 59     |
| Table 26. Analyses of variance .....                                                       | 60     |
| Table 27. Principal component analysis (2010) .....                                        | XXIV   |
| Table 28. Frequency of "Employee Aspects 2010" scores (2010) .....                         | XXIV   |
| Table 29. Principal component analysis (2012) .....                                        | XXV    |
| Table 30. Frequency of "Employee Aspects 2012" scores (2012) .....                         | XXV    |
| Table 31. Frequency of "HR Practices Index 2010" scores (2010) .....                       | XXVI   |
| Table 32. Frequency of "HR Practices Index 2012" scores (2012) .....                       | XXIX   |
| Table 33. Case processing summary for "Employee Aspects 2010".....                         | XXXI   |
| Table 34. Variance analysis "Employee Aspects 2010" - Size of organization (2010).....     | XXXI   |
| Table 35. Variance analysis "Employee Aspects 2010" - Region (2010) .....                  | XXXII  |
| Table 36. Variance analysis "Employee Aspects 2010" - Industry (2010).....                 | XXXII  |
| Table 37. Variance analysis "Employee Aspects 2010" - Business context (2010) .....        | XXXIII |
| Table 38. Variance analysis "Employee Aspects 2010" - Importance of Engagement (2010)..... | XXXIII |

|                                                                                              |         |
|----------------------------------------------------------------------------------------------|---------|
| Table 39. Variance analysis "Employee Aspects 2010" - Engagement Strategy (2010).....        | XXXIV   |
| Table 40. Variance analysis "Employee Aspects 2010" - Measurement (2010) .....               | XXXIV   |
| Table 41. Variance analysis "Employee Aspects 2010" - Surveys (2010) .....                   | XXXV    |
| Table 42. Variance analysis "Employee Aspects 2010" - Survey follow-up (2010) .....          | XXXV    |
| Table 43. Variance analysis "Employee Aspects 2010" - Sharing survey result (2010) .....     | XXXVI   |
| Table 44. Case processing summary for "Employee Aspects 2012" .....                          | XXXVI   |
| Table 45. Variance analysis "Employee Aspects 2012" - Size of organization (2012) .....      | XXXVII  |
| Table 46. Variance analysis "Employee Aspects 2012" - Region (2012) .....                    | XXXVII  |
| Table 47. Variance analysis "Employee Aspects 2012" - Industry (2012).....                   | XXXVIII |
| Table 48. Variance analysis "Employee Aspects 2012" - Business context (2012) .....          | XXXIX   |
| Table 49. Variance analysis "Employee Aspects 2012" - Importance of Engagement (2012).....   | XXXIX   |
| Table 50. Variance analysis "Employee Aspects 2012" - Engagement Strategy (2012) .....       | XL      |
| Table 51. Variance analysis "Employee Aspects 2012" - Measurement (2012) .....               | XLI     |
| Table 52. Variance analysis "Employee Aspects 2012" - Surveys (2012) .....                   | XLI     |
| Table 53. Variance analysis "Employee Aspects 2012" - Survey follow-up (2012) .....          | XLII    |
| Table 54. Variance analysis "Employee Aspects 2012" - Sharing survey results (2012).....     | XLII    |
| Table 55. Case processing summary for "HR Practices Index 2010" .....                        | XLIII   |
| Table 56. Variance analysis "HR Practices Index 2010" - Size of organization (2010).....     | XLIII   |
| Table 57. Variance analysis "HR Practices Index 2010" - Region (2010) .....                  | XLIV    |
| Table 58. Variance analysis "HR Practices Index 2010" - Industry (2010).....                 | XLV     |
| Table 59. Variance analysis "HR Practices Index 2010" - Business context (2010) .....        | XLVI    |
| Table 60. Variance analysis "HR Practices Index 2010" - Importance of Engagement (2010)..... | XLVI    |
| Table 61. Variance analysis "HR Practices Index 2010" - Engagement Strategy (2010).....      | XLVII   |
| Table 62. Case processing summary for "HR Practices Index 2012" .....                        | XLVII   |
| Table 63. Variance analysis "HR Practices Index 2012" - Size of organization (2012).....     | XLVIII  |
| Table 64. Variance analysis "HR Practices Index 2012" - Region (2012) .....                  | XLVIII  |
| Table 65. Variance analysis "HR Practices Index 2012" - Industry (2012).....                 | XLIX    |
| Table 66. Variance analysis "HR Practices Index 2012" - Business context (2012) .....        | L       |
| Table 67. Variance analysis "HR Practices Index 2012" - Importance of Engagement (2012)..... | L       |
| Table 68. Variance analysis "HR Practices Index 2012" - Engagement Strategy (2012).....      | LI      |

## 1. INTRODUCTION

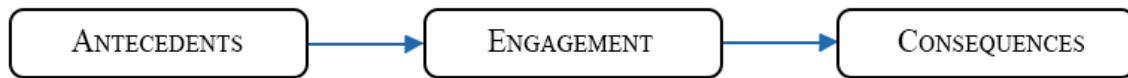
*"There is nothing permanent except change"* as Heraclitus, the pre-Socratic Greek philosopher once said. Organizations operate in a much more complex, dynamically changing and less predictable environment than a few decades ago. Expenditious IT development was one of the key generators of globalization, which fostered a dramatic change in market realignment. Development of e-communities and social media changed the way people connect with each other and maintain their relationships. Access to a much wider range of information and web 2.0<sup>1</sup> applications enabled opportunities for interactive user-customization resulting a fundamentally different customer behavior, which demands an active and transparent role in creating customer experiences and true personalization. The new generations however do not only have notably different behavioral patterns as customers but also have significantly different demands as employees. As in the current era where service industries became more remarkable and work is less standardized the value of knowledge has increased significantly. Even though knowledge management solutions have developed in the recent years competitive advantage of today's organizations rather lies in intangible assets, such as tacit knowledge of their employees. To be able to successfully meet the requirements of a more challenging business environment organizations need to manage their human resources more effectively than ever before. In modern human resource (HR) management – which has been gaining more strategic importance – employee engagement is becoming an increasingly growing priority. Jack Welch, former CEO of General Electric, once said, *"Any company trying to compete must figure out a way to engage the mind of every employee."* (In: Buckingham and Coffman, 1999, p. 273). There is a general accord across HR professionals that an engaged workforce drives outstanding results.

The concept of employee engagement is gaining more attention not only among practitioners but in the academic literature, too. There is still a dispute within the engagement literature about the concrete meaning of engagement as well as its distinctness from other more established constructs such as satisfaction or commitment. My aim was to provide a brief summary of various interpretations of the employee engagement concept

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<sup>1</sup> Web 2.0 is a concept that refers to a platform, which is interactive and allows users to generate content by sharing information and create virtual community. Examples of Web 2.0 include blogs, wikis, social networking sites, video sharing, etc.

and present my theoretical conceptualization of its main components. Then I discuss engagement in the context of its antecedents and consequences as shown in Figure 1.



**Figure 1. Context of engagement**

Source: Saks, 2006, p. 604 (slightly modified)

While engagement is partly dependent on certain factors internal to the individual it is also highly context dependent. By presenting a comprehensive framework of engagement antecedents I discuss in detail those internal, job related and organizational factors that play an important role in fostering a high-level engagement. Furthermore I suggest that engagement should be examined in the context of the broader environment of the organization as well as in the context of current paradigms of the human nature.

The importance of employee engagement is often justified with its positive consequences. Engaged employees are considered to be more productive, loyal, and customer focused than their less engaged counterparts. Consequently organizations with higher level of overall employee engagement are expected to achieve improved organizational performance, retention and customer satisfaction. Furthermore at an individual level engagement is often associated with improved well-being and health; however concerns are raised that if losing balance engaged employees may more easily become workaholics and burn out. While tangentially I refer to these consequences of engagement my main focus is to analyze the relationship between satisfaction, engagement and performance. I review a series of different researches that intended to reveal the characteristics of the engagement-performance relationship. I conclude that even in those researches where engagement was found to be in a significant relationship with performance the strength of the relationship was not found to be strong. I discuss the difficulties of operationalizing employee engagement and link it to related individual and organizational performance and formulate suggestions for further research.

Finally I introduce the "Employee Engagement Maturity Survey", which is a Europe-wide research that was conducted in 2010 and 2012 on behalf of Stamford Global (SG Magyarország Vezetőképző Kft.), a Hungarian conference developing and organizing company. As an Executive Consultant at Stamford Global I was responsible for the development and execution of the research and analysis of its results. The survey was conducted among Stamford Global's client base of European HR professionals and the

members of the HCM Excellence Network, which is a professional HR e-community moderated by Stamford Global. The main objective of the research was to reveal the importance of employee engagement across European organizations and the most typical HR and employee engagement practices being applied on a regular basis within the region during the downturn and in the recovery period. Analyses of the survey responses investigated the relationship between the characteristics of HR practices and certain employee aspects, such as employee morale, engagement, talent attraction and retention.

In summary I intended to present a conceptually structured review into the theory of employee engagement, its meaning, antecedents and consequences and provide an insight into how employee engagement is put into practice across organizations within the European region. At the same time I constantly highlighted my suggestions for the conceptualization and operationalization of engagement and possible directions for further academic and practitioner researches within the area.

## 2. THEORY

### 2.1. THE MEANING OF EMPLOYEE ENGAGEMENT

#### 2.1.1. Definition of employee engagement

By studying the engagement literature we can conclude that there is not a single common understanding of the term "employee engagement". It can be interpreted in a wide variety of ways depending on the objectives and viewpoint of the examiner. Some representations of the engagement concepts focus on the *individual* itself, others capture engagement as connected to the *organization* and we can also separate *job* or *occupational* related explanations (e.g. Saks, 2006). According to some theories the source of engagement is within the employee, "it is something that the individual brings to the workplace" (Kular et al., 2008, p. 10). These theories focus on the *internal* drivers of engagement. Other theories claim that engagement is rather formed by the environment the organization shaped for its employees; therefore *external* drivers are put under the magnifying glass. Another differentiator in approaches apprehends the *attitudinal* and *behavioral* engravings of engagement.

In the academic literature Kahn (1990) described engagement as "[...] *the harnessing of organization members' selves to their work roles: in engagement, people employ and express themselves physically, cognitively and emotionally during role performances.*" (p. 694). According to Kahn's individual-focused approach engagement has three main components: physical, cognitive and emotional. An engaged employee is not only physically present at work but identifies with his or her work at a cognitive and emotional level as well.

Rothbard's (2001) definition is very similar to Kahn's as he also approaches engagement as a psychological presence at work. He highlights two elements of engagement; attention and absorption. Attention means a "[...] *cognitive availability and the amount of time one spends thinking about a role.*" (p. 656), in the meantime absorption means "[...] *being engrossed in a role and refers to the intensity of one's focus on a role.*" (p. 656).

Another individual-focused theory is developed by Csíkszentmihályi (1975), who constructed the term "flow" to describe the "[...] *holistic sensation that people feel when they act with total involvement.*" (p. 36). Flow is a special mental state in which the individual lives so deeply in the moment that he or she does not sense time, care about problems or worry about success. In flow the individual closes off the environment and

with all his/her senses focuses on the activity he/she is doing. Flow is an autotelic experience, when "[...] *the goal is self-fulfilling, the activity is its own reward.*" (Pink, 2009, p. 113).

Other academics, such as Maslach and Leiter (1997) also approach engagement as a psychological state, however consider it as the positive antithesis of burnout. They analyze burnout with three dimensions: exhaustion, cynicism and ineffectiveness and regard engagement as energy, involvement and efficacy.

Schaufeli and Bakker (2004) share the standpoint of Russell and Carroll (1999), who argued that even though there is a negative correlation between burnout and engagement, they are not the opposite poles of the same scale. Schaufeli and Bakker (2004) "[...] *define engagement as a positive, fulfilling, work-related state of mind that is characterized by vigor, dedication, and absorption.*" (p. 295).

Meyer and Allen (1991) in their three-component commitment model also capture the multi-faceted nature of engagement. Their model however focuses on the individual's connection to the organization rather than the individual itself. They differentiate three levels of commitment to the organization; (1) affective commitment (desire), (2) continuance commitment (need) and (3) normative commitment (obligation). Affective commitment represents an emotional attachment. An affectively committed employee strongly identifies with and wants to belong to the organization, because there is congruence between the values of the individual and the organization. At this level commitment derives from an internal source. Even though Meyer and Allen use the term "commitment", their affective commitment definition corresponds well with numerous engagement interpretations. Continuance commitment reflects the pros and cons an employee takes into consideration whether to stay or leave the organization. Therefore at this level the employee commits to the organization, because there is no better alternative. In this case the source of commitment is external and a result of a rational cognitive evaluating process. The source of normative commitment is originated from internalized norms. At this level employees commit to the organization, because for some reason they feel they ought to. For example the individual may have been socialized in a way that he/she feels that employees should be loyal to their employers. Thus, the source of normative commitment is external in a way that it derives from norms, however also internal as these norms are internalized by the individual.

Macey and Schneider (2008) differentiate three components of engagement; (1) trait, (2) state and (3) behavioral engagement. Trait engagement describes the disposition of the individual, e.g. positive views of life and work, proactive and autotelic personality. This component of engagement is an internal factor, which is brought by the individual. Engagement as a psychological state represents feelings of absorption, attachment, energy, enthusiasm, passion. A sense of self-identity with one's work is also an important element of state engagement. Behavioral engagement is a performance construct reflecting effort or observable behaviors, with a "[...] *sense of doing more and/or something different*" (p. 24). Thus, behavioral engagement can be regarded as a manifestation of antecedent factors such as trait and state engagement.

Colbert et al. (2004) interpret engagement as a "*high internal motivational state*" (p. 603). According to Dvir et al. (2002) engagement is characterized by "[...] *high levels of activity, initiative and responsibility*." (p. 737). Harter et al. (2002) described engagement as "[...] *the individual's involvement and satisfaction with as well as enthusiasm for work*." (p. 269).

While academic conceptualizations rather tend to focus on the psychological state and antecedents of engagement, business and practitioner approaches preferably highlight the behavioral facet and consequences of engagement in relation to the organization such as willingness "to go the extra mile", discretionary effort, awareness of business goals, higher productivity, employee's desire to stay with the organization.

Robinson et al. (2004) summarize behaviors related to employee engagement as follows:

- belief in the organization,
- desire to work to make things better,
- understanding of business context and the "bigger picture",
- respectful of, and helpful to colleagues,
- willingness to "go the extra mile",
- keeping up to date with developments in the field.

MacLeod and Clarke (2009) take the employee engagement concept one step further. They believe that not only attitudes and behaviors, but outcomes, such as lower accident rates, higher productivity, fewer conflicts, more innovation, lower fluctuation and reduced sickness rates are also an integral part of the employee engagement definition.



As Figure 2 illustrates in the responses of European HR Professionals the following words have been occurred the most frequently:

- employee
- company
- organization
- commitment
- engagement
- work
- job
- people
- willingness
- goals
- success
- achievement
- "go the extra mile"
- discretionary effort
- motivate
- etc.

These words are rather related to the organization and the consequences of having an engaged workforce. Interestingly terms such as passion, energy, enthusiasm, emotional attachment, which are frequently part of the academic definitions rarely occur in the practitioner representations.

As a conclusion of the previously presented approaches I summarize the components of various employee engagement definitions as follows (Table 1):

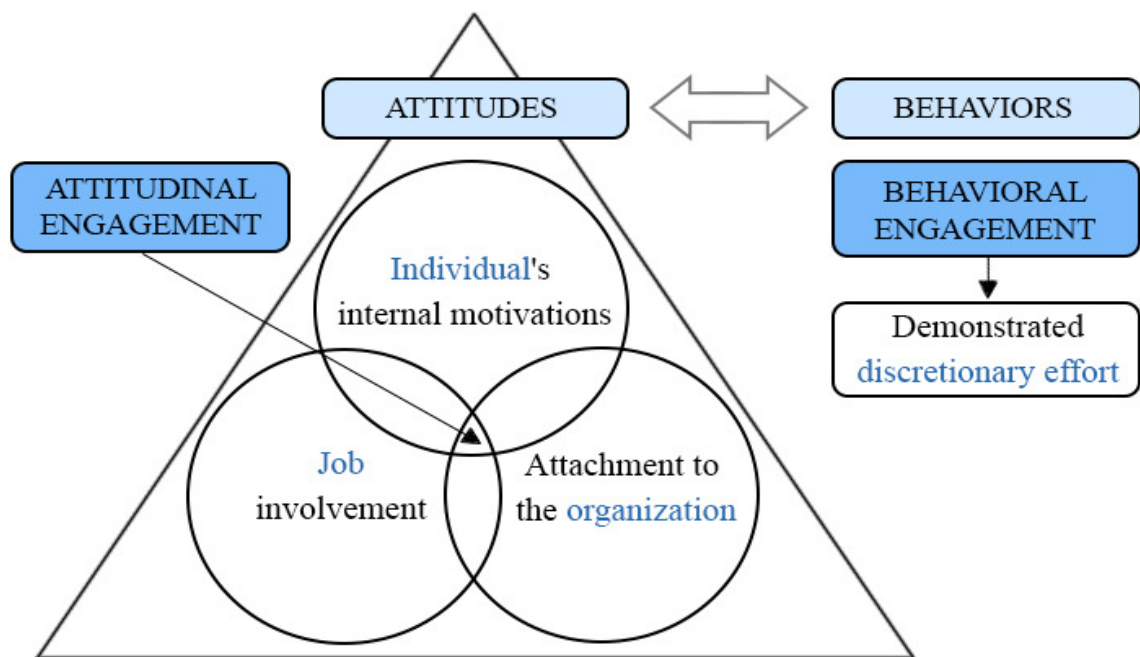
**Table 1. Summary of different employee engagement definitions**

| Attitudes                                                                                                                                                                                                                                                                                                                      | Behaviors                                                                                                                                                                                                                                                                               | Results                                                                                                                                                                                                                                      |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>• identification with the organization's values, mission and goals</li> <li>• emotional attachment</li> <li>• passion, enthusiasm, energy</li> <li>• internal drive, intrinsic motivation</li> <li>• pride in the organization</li> <li>• willingness to "go the extra mile"</li> </ul> | <ul style="list-style-type: none"> <li>• understanding the "big picture"</li> <li>• awareness of the business context</li> <li>• keeping up to date with developments in the field</li> <li>• demonstrated discretionary effort</li> <li>• going "above and beyond" expected</li> </ul> | <ul style="list-style-type: none"> <li>• higher productivity</li> <li>• outstanding performance</li> <li>• loyalty</li> <li>• lower turnover</li> <li>• lower accident rates</li> <li>• more innovation</li> <li>• less conflicts</li> </ul> |

Source: Own edition

As Figure 3 illustrates in my conceptualization employee engagement is a construct that is related *to the organization*; an engaged employee strongly identifies with the organization, its mission, values and objectives. However the source of engagement cannot be purely external to the individual. While the environment is at least as important complex component in engaging employees, it is similarly essential that the *individual's intrinsic motivations* are also there as main drivers in behaviors. If an employee is motivated only by external factors (e.g. the expected rewards provided by the organization), than it is not considered employee engagement. Furthermore, I consider self-identity with one's *job* as another key element in defining employee engagement. It is not

possible to maintain enduring engagement without finding meaning in the job itself. Although *psychological states* such as passion, energy, feelings of being inspired, enthusiastic are indeed significant antecedents of engagement, examining these factors without the subsequent observable *behaviors* would be a notable compromise in the intention of conceptualizing a holistic picture of employee engagement. Thus in my understanding behavioral constituents, such as demonstrated discretionary effort, going above and beyond expected, doing something more and/or different are also an integrative part of the employee engagement concept.



**Figure 3. Components of employee engagement according to my conceptualization**

Source: Own interpretation

While some approaches regard not only attitudes and behaviors, but also outcomes as an integral part of the employee engagement concept in my conceptualization outcomes are not components of the employee engagement definition. If an individual has the "right" attitude, which manifests in the related behaviors than he/she can be considered as an engaged employee regardless of the outcomes of his/her efforts. Similarly, according to my conceptualization, a high-performer employee is not necessarily an engaged one.

### 2.1.2. Definition of employee engagement vis-à-vis related constructs

As we could see employee engagement is a complex concept including various components, which may overlap with other related and more-established notions. Without the intention of presenting an exhaustive list I define how engagement differs from other constructs it is most frequently associated with.

Engagement is often regarded as *satisfaction*. According to Spector (1997) satisfaction refers to employees' feelings about their jobs, "*It is the extent to which people like or dislike their jobs.*" (p. 2). Erikson (2005) argues that "*Engagement is above and beyond simple satisfaction with the employment arrangement or basic loyalty to the employer [...] Engagement, in contrast, is about passion and commitment – the willingness to invest oneself and expend one's discretionary effort to help the employer succeed.*" (In: Macey and Schneider, 2008, p. 7). In my understanding, if satisfaction is interpreted in a way that reflects factors such as energy, passion, enthusiasm or emotional attachment than it can be a facet of engagement. However when satisfaction connotes satiation and contentment – when the employee is satisfactorily full and unable to take on more – than, it is not in line with the engagement concept.

Engagement is often described as *organizational commitment*. If organizational commitment is defined as the individual's positive attachment and personal identification with the organization (e.g. Meyer and Allen's affective commitment concept), then it can be an important component of engagement. However, if the source of the commitment is purely external to the individual (e.g. Meyer and Allen's continuance commitment concept) then, the term does not fit the real meaning of the engagement notion. Saks (2006) also argues that organizational commitment rather reflects the individual's attitude toward the organization, while engagement is more than a simple attitude; it includes the employee's absorption in performance. According to Argyris (1998) people can commit themselves in two ways: internally and externally. Argyris argues that "[...] *external commitment is a psychological survival mechanism for many employees – it is a form of adaptive behavior that allows individuals to get by in most work environments.*" (p. 102). On the contrary, internal commitment involves the individual's identification with the organization, thus more concordant with the engagement concept. In my understanding organizational commitment is an important element of engagement, if it reflects a strong emotional attachment and identification with the organization. However it does not capture other

important factors, such as internal drive or job involvement, which are also indispensable elements of the engagement concept.

Engagement is also different from *job involvement*. Cooper-Hakim and Viswesvaran (2005) describes job involvement "[...] *as the degree to which an employee psychologically relates to his or her job and the work performed therein.*" (p. 244). Brown (1996) also emphasizes that job involvement is a positive psychological state, when the employee brings his/her self in the job. Job involvement is purely related to one's job, regardless the connection between the individual and the organization, therefore job involvement itself is not considered engagement. However, when it is in line with the organization's goals it becomes an important component of engagement.

The construct of *organizational citizenship behavior* (hereafter, OCB) is also often associated with the engagement concept. Organ (1988) defines OCB as "[...] *individual behavior that is discretionary, not directly or explicitly recognized by the formal reward system, and that in the aggregate promotes the effective functioning of the organization.*" (p. 4). According to Saks (2006) OCB is different from engagement as, it is a voluntary and informal behavior, while engagement is rather related to the employee's formal performance. Macey and Schneider (2008) consider OCB as part of engagement remarking that engagement include a wider range of behaviors than OCB. In my understanding OCB is a possible representation of the behavioral facet of engagement.

*Psychological empowerment* is also considered to be affiliated with engagement. According to Conger and Kanungo (1988) psychological empowerment is a motivational construct, which reflects the feelings of self-efficacy through the conditions of experiencing authority, power and responsibility. Spreitzer (1995) identified four dimensions in which psychological empowerment manifests: meaning (value of work and sense of purpose), competence (self-efficacy or personal mastery), feelings of self-determination (sense of choice or autonomy) and impact (perceived influence). These components reflect the intrinsic motivation in relation to one's job, which are necessary prerequisites of engaged behaviors, thus psychological empowerment is a facet of engagement.

Engagement is often synthesized with *motivation*. Nemes (2006) defines motivation as a series of motives that arouse the individual to take behavioral action in order to satisfy certain needs. According to Luthans (1973) "[...] *motivation is a process that starts with a physiological or psychological deficiency or need that activates a behavior or a drive that*

*is aimed at a goal or incentive.*" (p. 161). Komor (2011) emphasizes that motives are internal to the individual, while incentives are external. Ryan and Deci (2000) also reinforce that differentiating internal and external drives is important as people who are intrinsically motivated are more confident as well as more excited about and interested in what they do in contrast to those who are "[...] *merely externally controlled.*" (p. 69). According to my conceptualization intrinsic motivation is a key component of the engagement construct.

Employee *loyalty* is often related to the engagement concept. While traditional understanding perceive loyalty as a positive feeling towards the organization (Buchanan, 1974), new approaches consider loyalty more than just tenure, but also a willingness to stay (Solomon, 1992). According to Kumar and Shekhar (2012) loyalty is a result of employees' commitment to their organization. Fehér (2011) also argues that employee engagement is more than just loyalty; it also reflects the employee's active involvement and willingness to take on more responsibilities. In my understanding loyalty is not necessarily a positive attitude, an employee may intend to stay with the organization, because there are no better alternatives (e.g. Meyer and Allen's continuance commitment construct). Luthans (1973) also reinforces that some people stay with the organization even if they are dissatisfied. However, if loyalty derives from a positive attachment, than it is an important consequence of engagement.

Finally, engagement is different from *workaholism*. Similarly to workaholics, engaged employees are deeply involved in their jobs, work hard and express discretionary effort. However, according to Bakker et al. (2008) engaged employees differ from workaholics as "*For them work is fun, not an addiction [...]*" (p. 190). They describe workaholism as a tendency to have a compulsive drive similar to addiction, which endangers workaholics' health, relationships and social functioning, while engagement is associated with employees' higher well-being, health and happiness (Sonnentag, 2003).

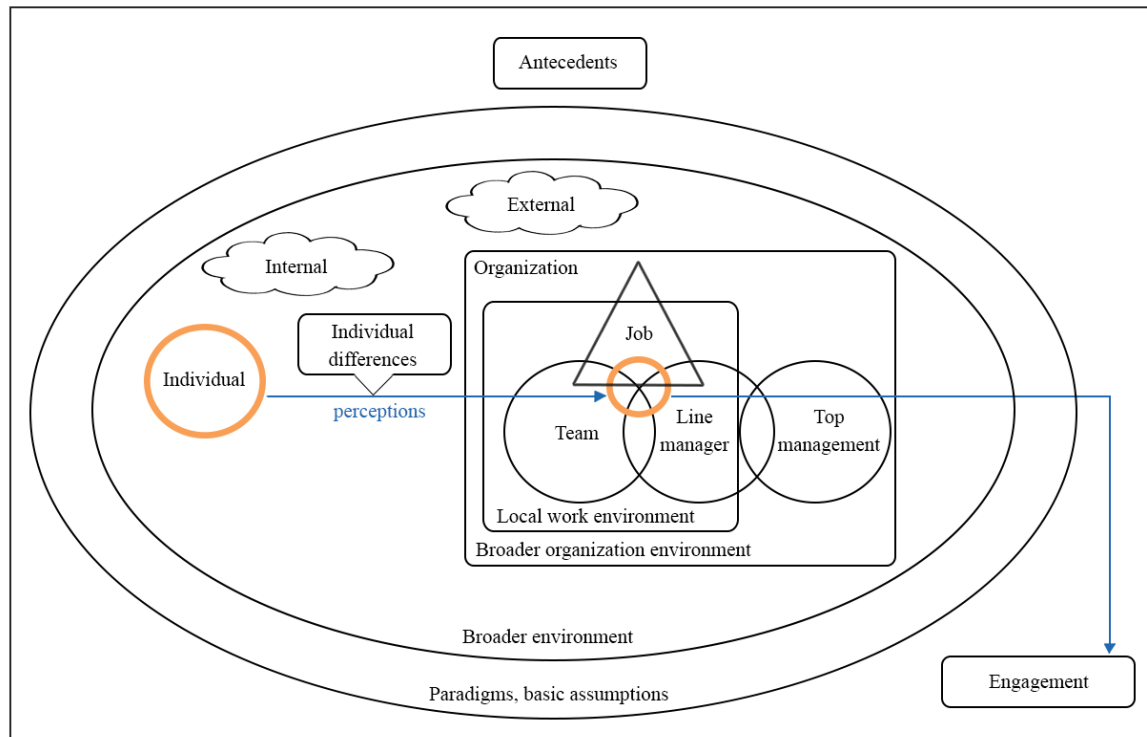
## 2.2. ANTECEDENTS OF EMPLOYEE ENGAGEMENT

According to my conceptualization – as described earlier – employee engagement consists of two main pillars: attitudinal and behavioral engagement. The attitudinal pillar's main components are: internal motivation, job involvement and positive attachment to the organization (Figure 3). In my understanding all elements play an indispensable part in the engagement concept. Motivations are internal to the individual, while job involvement and positive attachment to the organization is highly context dependent. Ryan and Deci (2000) explain that intrinsic motivation can be sustained and reinforced only in supportive conditions, "[...] *it will flourish if circumstances permit.*" (p.70). Robbins et al. (2002) also emphasizes that local work environment and the broader organization context play an important role in providing authority and power and fostering intrinsic motivation that results in engaged behaviors. A Towers Watson survey (2012) also suggests that employee engagement is best capitalized if employers build a work environment that enables employees to work effectively and efficiently and energizes people by providing healthy conditions to a "[...] *physical, social and emotional well-being.*" (p. 2).

Thus in order to develop high levels of engagement organizations need to create an environment that can harness employees' intrinsic motivations, build job involvement and a positive attachment to the organization that results in engaged behaviors. According to numerous researches there are certain factors that most likely predict employee engagement. These factors are related to the individual, the job and the organization, while the broader environment of the organization as well as reflective paradigms also plays an indirect role by influencing the previously mentioned elements.

Figure 4 illustrates the contextual framework of the internal, individual and external, environmental elements that play a mediating role in creating and fostering employee engagement. According to my conceptualization certain individual attributes intervened by the perception process contribute to a "basic" position of engagement, which is influenced by the characteristics of the local work, organization and broader environment. Relationship with the direct supervisor and co-workers, complexion of the team, as well as the nature of the job itself play an important role in how much an employee can commit him/her to high performance standards. Top management's leadership philosophy and organizational elements such as mission, goals, values, culture, policies or human resource (HR) practices play another important part in facilitating the engagement process. In certain aspects broader environmental elements, e.g. political climate, economic and

market situation, social trends or technological aspects can also have an indirect effect on the state of employee engagement. Finally, basic assumptions and paradigms about the human nature, how people or an organization should be managed or even what the main objective of an organization should be (e.g. profit maximization or creating value to the society) also affect all the other components of the engagement framework.



**Figure 4. Contextual framework of engagement antecedents**

Source: Own interpretation

Following sub-chapters will provide a deeper picture about the elements that are in relation to engaged behaviors. Components of the engagement antecedents' framework (Figure 4) are presented from an individual's perspective. Therefore individual engagement factors are considered as internal, while environmental factors are considered as external elements.

### 2.2.1. Individual factors

*Motivation* is one of the individual factors that can serve with an explanation to understanding employee behaviors. According to Luthans (1973) motivation can be interpreted as a need-drive-incentive cycle. Needs are rooted in a physiological or psychological imbalance. Drives can be aggregated into categories such as primary (e.g. hunger, thirst, sleep, etc.), general (i.e. curiosity, manipulation, activity, affection) and

secondary drives (i.e. power, achievement, affiliation, security, status). Incentives can be defined as "[...] *anything that will alleviate a need and reduce a drive.*" (Luthans, 1999, p. 162).

The Hawthorne experiments – when researchers recognized the importance of humans' socializing needs – were an important first stage in discovering motivation as one of the important influencing factor in employee behaviors. Kieser (1993) reinforces that the Human Relations School contributed in a large way to the upswing of interest and researches about human motivation, employee attitudes (e.g. employee satisfaction) and behaviors among other related fields.

Content theories of motivation examine what motivates people at work identifying specific content factors within the individual (e.g. Maslow's hierarchy of needs, Alderfer's existence-relatedness-growth model, McClelland's achievement-power-affiliation model, Ryan and Deci's self-determination theory) or in the work environment (e.g. Herzberg's two-factor theory). Process theories attempt to explain the antecedents of and interrelation between motivation and efforts (e.g. Vroom's expectancy theory, Porter-Lawler's expectancy model, Skinner's reinforcement theory, Hull's drive theory, Lewin's motivation theory). Equity (e.g. Adam) and attribution theories (e.g. Kelley) of work motivation emphasize the importance of individuals' *perception* in explaining related behaviors. Locke's goal-setting theory highlights that setting specific goals usually results higher-level performance.

Behaviors can be driven by internal or external factors, which lead to different consequences (e.g. Argyris, 1998; Ryan and Deci, 2000). *Intrinsic motivation* is not outside stimulation, but an "inside generator" of the individual that drives him/her to certain moves and objectives (Herzberg, 1987). According to my conceptualization intrinsic motivation is a key component of the attitudinal pillar of engagement. If an employee is purely externally controlled than, he/she is not considered to be engaged.

There is a consensus in the engagement literature that certain individuals are more disposed to be engaged than others. According to Bakker et al. (2008) *personal resources* (e.g. optimism, self-efficacy, self-esteem, etc.) are good predictors of engagement. In their understanding personal resources refer to positive self-evaluations and individuals' sense of being able to control their destinies and impact on their environment. A research conducted by Xanthopoulou et al. (2007) found that engaged employees are more *self-efficacious*, *optimistic* and have more organization-based *self-esteem*. Bakker et al. (2008) explain that

the reason for this may be that individuals with more personal resources have a more positive view about themselves therefore they are more intrinsically motivated. Others (e.g. Robbins et al., 2002) also reinforced that those with higher self-esteem are more likely to be open and find meaning in their jobs, which is another important prerequisite of engagement. According to Organ and Greene (1974) *locus of control* is the extent to which employees perceive ability to have an influence on their lives. Those with an internal locus of control have stronger beliefs that they can control important aspects of their environment. Therefore they perceive their opportunities more positively, show more involvement in their job and are more attached to their organizations (Robbins et al., 2002). *Positive affectivity* is also considered to be a good predictor of engagement (Macey and Schneider, 2008) as it refers to a state when the person is actively positive (Larsen and Diener, 1992). According to the PANAS scale (Positive and Negative Affect Schedule, Watson and Tellegen, 1988) positive affectivity is described by features such as enthusiasm, intentness, inspiration, determination, pride, alertness, etc. Therefore positive affectivity is closely linked with engagement. *Proactive personality* is also associated with engagement as it reflects a tendency to have an influence on the work environment (Crant, 2000). According to Nakamura and Csíkszentmihályi (2002) *autotelic individuals* are more prone to get engaged as they are more open to new experiences, motivated by challenges and able to arrive and maintain the state of flow, when the activity is its own reward.

*Perceptions* play an important intervening role in the engagement process as they are mediating the evaluation of information the individual receives. As Luthans (1973) describes "[...] *perception is a very complex cognitive process that yields a unique picture of the world, a picture that may be quite different from reality.*" (p.101). Each individual is different and the way they perceive their environment is highly dependent of various factors, such as their personality, previous experiences, expectations, personal competences, values, needs, priorities, etc. Therefore employees' perceptions of certain work environment attributes are more important than the objective presence of these elements (Robbins et al., 2002) in the engagement process.

### **2.2.2. Job related factors**

According to the contextual framework of engagement antecedents (Figure 4) job related factors would fall into the category of organizational context. In order to enhance the three main components of attitudinal engagement (Figure 3) I discuss job related factors in a separate chapter.

According to my conceptualization job involvement is an important component of attitudinal engagement. For a sustainable high-level of engagement it is essential that one would be able to identify with his/her job and to find meaning in it. Maslach et al. (2001) argues that *finding meaning* at work is positively linked to job engagement. The reverse may also be true. Thomas and Velthouse (1990) found that employees who are more attached to their organizations are also more likely to perceive meaning in their tasks.

Kahn (1990) suggested that *meaningfulness, psychological safety and availability* are three psychological conditions that are related to engagement. Kahn (1992) describes psychological meaningfulness as a sense of return on investments that an individual evaluates in relation to in-role performances. May et al. (2004) empirically tested and proved Kahn's hypothesis. According to their research meaningfulness is well-predicted by *job enrichment* and *role fit*. Herzberg (1987) suggests that work should be enriched in a way that "[...] *provides the opportunity for the employee's psychological growth, [...]*" (p. 10). According to Buckingham and Coffman (1999) a *fit* between features of the job and the individual's internal motivation, personality and competences is an essential precondition to one's engagement. Saks (2006) argues that *job characteristics* are positively related to job engagement. Hackman and Oldham's (1980) job characteristics model highlights five main attributes of the job – skill variety, task identity, task significance, autonomy and feedback – that influences employees' work engagement. Humphrey et al. (2007) differentiated motivational, social and contextual work design features that are affiliated with engagement. Motivational factors include autonomy, task variety, task significance, feedback and job complexity. Social support refers to the assistance and encouragement the employee receives from managers and co-workers. Contextual characteristics are described by the physical demand that the job requires from the employee. Christian et al.'s (2011) meta-analytic examination found a positive correlation between engagement and autonomy, task variety, task significance, feedback, problem solving, job complexity and social support, while physical demands and stressful work conditions were found to be negatively correlated to engagement. Earlier findings are in line with these results. For example, DeCotiis and Summers (1987) found relationship between *autonomy* and organizational commitment. Kiss and Szilas (2012) also found that those who had a higher level of control over their job were generally more committed to their organization. *Job challenge* and *responsibility* were identified to influence one's attachment to his or her employer (e.g. Hall et al., 1970; Salancik, 1977). Employees who

feel *personal importance* and *valued* tend to be more committed to the organization (e.g. Sheldon, 1971; Steers, 1977). Maslach et al. (2001) also emphasized the importance of being perceived as *valued* as well as the *workload* to be *sustainable*.

According to Pitt-Catsouphes and Matz-Costa (2008) workplace flexibility is another job characteristic that is an important antecedent of engagement. Based on their research they found that "[...] *employees who have the flexibility they need are significantly more engaged than those who do not have the flexibility they need [...]*" (p. 225).

### **2.2.3. Organizational factors**

While individual and job related antecedents of engagement are widely discussed and analyzed in the academic literature, organizational factors received significantly less attention. On the contrary in the practitioner literature much more emphasis is put on to the organizational context of engagement. Therefore throughout this specific chapter I had to lean on practitioner resources as well. While these resources fairly compliment the academic research findings I must raise my concern that data collecting and methods of analyzing and interpreting conclusions may not meet the scientific requirements. Furthermore these resources usually do not provide a public insight into the details of analysis; therefore their conclusions may be accepted with strict reservations. In spite of these concerns I felt important to discuss the organizational context of engagement as – according to my conceptualization – the environmental elements play a significant part in the engagement process. The importance of environmental aspects is also supported by the academic literature (e.g. Miller, 1977; Ryan and Deci, 2000; Robbins et al., 2002; Macey and Schneider, 2008).

#### **2.2.3.1. *Quality of leadership and management***

There is a general accordance both in the academic and practitioner literature that the quality of leadership and management is a crucial evocative factor in the process of engaging employees. The literature of leadership and management is firmly expansive. Leadership theories went through a massive evolution starting from the prominent work of Taylor, Fayol and Weber until the theories of today's modern management schools shaping the current leadership thinking. From the '40s countless researches were conducted with the objective to identify the success factors of effective leadership (Perrow, 1972). Even though there are numerous management practices that provide a great variety of different approaches to effective people management the concrete relationship between different leadership aspects and employee engagement hasn't been examined in detail yet in the

academic literature. I intend to focus on those aspects of leadership that have been investigated in relation to engagement.

According to Buckingham and Coffman (1999) an organization may have the best reputation, the most generous remuneration packages or the most sophisticated HR systems, if the employee's relationship with his/her direct supervisor is not satisfactory than it may easily lead to disengagement. Nemes and Szlávicz (2011) also highlight the importance of leadership style on the perceptions of employees about various attributes of their workplace, however according to their secondary analysis of the "Dolgozó Magyarok 2006" [Working Hungarians 2006] Hungarian employee survey the quality of overall management practices had more impact on employees' opinions than their satisfaction with different circumstances related to their immediate manager. This finding corresponds with a worldwide Towers Perrin study (2008), which found that senior leaders have far more impact on employee engagement than direct supervisors.

One of the few academic studies examining relationship between leadership and engagement was conducted by May et al. (2004). According to their analysis *perceived support* and *not controlling relation* to supervisors contributes to the perceptions of safety, which is in a significant relationship with engagement. Saks (2006) reinforced their results in another research in which perceived supervisor support was found to be in a significant, but moderate correlation with job and organization engagement. Another research by Andrew and Sofian (2011) also found that leadership was a significant predictor of organization engagement; however they did not specify how leadership was defined and operationalized in the frame of their research.

According to a study of the Institute of Employment Studies (Robinson et al., 2004) an organization's *concern of its employees' well-being and health* is one of the key drivers of engagement (Appendix 1). A Towers Perrin research (2008) reinforced this finding as on the list of their top 10 key engagement drivers (Appendix 1) senior management's sincere interest in employees' well-being is at the first place. *Good relationship with supervisor* was also among the most important engagement factors. According to Groysberg and Slind (2012) leadership is about conversation. Those managers, who maintain a *genuine and honest conversation* with their people, are more credible and engage their subordinates at a higher level. Drucker also (2002) suggests that leaders should spend time with their subordinates, get to know them, mentor them, listen to them and encourage their development in order to foster engagement and higher performance.

Saks and Gruman (2011) underline the importance of good communication and manager-employee relationships in order to improve employee engagement, which in turn will result in higher individual performance.

Luthans and Peterson (2002) found that *manager's self-efficacy* contributes to the subordinates' engagement level as well as to their performance. Robertson-Smith and Markwick (2009) added that *inspiring and encouraging* people enhance their engagement. They also emphasized the effectiveness of *participative management style* (e.g. sharing information, involvement in decision-making and providing autonomy in one's job) in increasing employee engagement. According to a worldwide study by the Corporate Leadership Council (2004) *management's honesty, integrity and commitment* to achieve organizational goals are key engagement drivers (Appendix 1). Furthermore they also highlighted the importance of a *clearly articulated vision* and organizational objectives' connection to realistic individual performance expectations. Caldwell et al. (1990) found that those employees who can clearly express the organization's mission and objectives generally have a higher level of commitment.

According to Hartog and Belschak (2012) "*Ethical leadership is a value-driven form of leadership that affects the self-concept and beliefs of followers.*" (p. 36). Ethical leaders have the ability to authentically express their values that become internalized by their followers. Their recent study found that ethical leaders have a significant effect on their followers' engagement.

#### **2.2.3.2. Co-worker relations**

Employees may work as an individual contributor or as a member of a team. Either way they must constantly interact with co-workers during performing work activities. The quality and dynamics of these interactions influence the level of their engagement.

Several researches proved that *social support* (assistance and encouragement received) from co-workers and managers are positively related to work engagement (e.g. Bakker and Demerouti, 2007). May et al. (2004) found that rewarding relationships with colleagues play an important role in experiencing meaning in the job. At the same time they also contribute to the feeling of psychological safety. Both meaningfulness and safety were found to be in a significant relationship with engagement. Andrew and Sofian (2011) also found that perceived support from colleagues is a significant predictor of job and organization engagement. According to Kiss and Szilas (2012) those who perceive a higher level of social support are emotionally more attached to their organizations. Robertson-

Smith and Markwick (2009) suggest that *trust and mutual respect* among co-workers and supervisors is an important enabler of engagement.

The *norms within a work group* also have an impact on engagement by influencing the feelings of psychological safety. According to the study of May et al. (2004) those employees who follow the norms of the work group feel safer, which contributes to a higher level of engagement.

According to Ryan and Deci (2000) people have three basic human needs; autonomy, relatedness and competence. Supportive co-worker relations and an inspiring team atmosphere contribute to the perceived satisfaction of the relatedness needs. Mintzberg (2009) agrees that people need to belong to a social system and advocates that companies should rebuild themselves as *communities* in order to engage their employees.

Interestingly supportive co-worker relations do not appear on the list of key engagement drivers of most research and consulting institutions (e.g. Corporate Leadership Council, 2004; IES: Robinson et al., 2004; Towers Perrin, 2008; CIPD, 2011) except the Gallup Organization (2010) (Appendix 1).

#### **2.2.3.3. *Broader organizational context***

According to my conceptualization the broader organizational context serves as a framework for the elements of local work environment (such as the job, work group and direct manager) in which the individual's daily interactions take place during work performance (Figure 4). Various attributes of the organizational context either have a direct or indirect influence on the level of employee engagement.

According to a study conducted by Mone et al. (2011) *performance management* can increase employees' engagement. They identified five main activities of performance management that are in relation with employee engagement. These are (1) setting clear performance and development goals, (2) providing constant feedback and recognition, (3) supporting personal and career development of employees, (4) conducting regular performance reviews and (5) building a trustful climate and empowerment within the organization.

The importance of *clear goals* is supported by Robertson-Smith and Markwick (2009), who explain that people not only has to be aware of what is expected from them, but understanding the main objectives of the organization and the way these objectives are translated to their specific roles is also crucial. It is similarly important that individual performance and development goals should be set in collaboration with the employee

(Mone et al., 2011). Goals should be challenging but not unachievable (Karoliny and Poór, 2010). According to Kerr and Landouer (2004) stretch goals are effective to facilitate personal growth and organizational effectiveness. A Towers Perrin study (2008) reinforces that setting high personal standards is one of the key engagement drivers. However to find the right degree of stretching goals is essential to avoid disengagement or burnout.

The importance of *constant feedback* is emphasized throughout the literature of HR management practices suggesting that the feedback should be clear, specific, objective and constructive in order to contribute to the personal development of the individual and consequently a higher level of performance (e.g. Koncz, 2004; Karoliny and Poór, 2010; Fehér, 2011). Szeicz (1996) also highlights the importance of constant constructive feedback through an appropriately designed performance management system, which provides the base for building trust between the employee and the organization. Mone et al. (2011) raise their concerns that although in general constructive feedback is considered as a positive motivating tool, "*What remains unclear, however, is the exact relationship between constructive feedback and employee engagement.*" (p. 207).

Self-actualization is among the higher order needs of human beings (e.g. Maslow, Herzberg, etc.) therefore opportunities to foster *growth and development* at a personal level as well as career-wise is assumed to contribute to enhanced engagement. Andrew and Sofian (2011) found that opportunities for employee development was a significant predictor of job engagement, interestingly however the same relationship wasn't found to be proved in relation to organization engagement within their study. According to Towers Perrin (2008) opportunities to improve skills and capabilities as well as career advancement opportunities are key drivers of engagement. Moreover if innovative thinking is encouraged within the organization, that also contributes to a higher level of engagement (Corporate Leadership Council, 2004; Towers Perrin, 2008; Appendix 1).

*Structural and psychological empowerment* is often associated with engagement. Structural empowerment is a set of supportive work conditions, in which employees have access to necessary information and resources and have the opportunity for learning and development. Structural empowerment provides the power for employees to mobilize resources and enables them to perform their work in a meaningful way (Kanter, 1993). Psychological empowerment is employees' perception and reaction to the structural empowerment conditions (Kimura, 2011). It was found that more positive perceptions of structural empowerment contributed to a higher level of psychological empowerment,

which predicted work engagement (Spreitzer, 1996; Laschinger et al., 2001). The importance of empowerment in order to enhance employee engagement is widely supported in the engagement literature (e.g. Macey et al., 2009; Mone et al., 2011).

According to my conceptualization identification with the organization's mission and core values are important elements of engagement by definition. Values guide individuals' judgments, attitudes and actions (Rokeach, 1973; Chatman, 1991). Core values are at the heart of organizational culture (e.g. Heidrich, 2001; Szeicz, 2008; Bakacsi, 2010). Therefore the culture of an organization greatly determines the attitudes and behaviors of its employees. *Person-Organization fit* (P-O fit) refers to the congruence between the organization's and the individual's patterns of values (Bretz and Judge, 1994). It reflects the extent to which an individual's unique personality, competences, needs, values are in tune with the organizational culture. According to the study of Kimura (2011) P-O fit has a significant but moderate effect on work engagement.

According to the study of IES (Robinson et al., 2004) employees' opportunities to voice their opinions and ideas and the extent to which they are listened is a key engagement driver. An effective *two-way communication* between management and employees contributes to employees' feelings of being valued and involved (Allen, 1992; Robbins et al., 2002) and promotes a sense of purpose (Conger and Kanungo, 1988), which are important prerequisites of engagement (Corporate Leadership Council, 2004; Towers Perrin, 2008). According to Malzenicky (2007) participation and information sharing as well as the culture of trust and recognition are key elements in developing an engaged and high-performing workforce. Interestingly a study by Andrew and Sofian (2011) did not find a significant relationship between employee communication and neither job, nor organization engagement.

Common wisdom suggests that *competitive remuneration* may be an important factor in enhancing employee engagement. However this assumption was not supported by research. The Towers Perrin study (2008) for example found that while competitive salary was the most important driver in attracting employees it neither was effective in retaining people nor in increasing their engagement level. The worldwide Gallup research (Buckingham and Coffman, 1999) neither found salary level to be among engagement drivers. Pink (2009) explains that monetary rewards can even destroy individuals' intrinsic motivation.

#### **2.2.4. Broader, external environmental factors**

According to my interpretation since the broader environment has an effect on organizations' operations it may have an indirect effect on the engagement level of organizations' employees. The "*PEST factors*", such as political-legal climate, economic circumstances, social trends or technological advancements have been serving as a framework for strategy development and action planning from small entrepreneurships to large organizations for decades. If these factors have such a significant effect on the strategic thinking of senior executives than they contribute to the shaping of those local work environments in which employees perform their daily work.

The *worldwide economic crisis* also had a huge impact on the operations of organizations forcing them to strict cost-cutting, downsizing and significant layoffs. These events obviously had their effects on the overall engagement level of employees. An Aon Hewitt global research (2011) reported the largest decline in the overall employee engagement level between 2008 and 2010 they have seen in 15 years. A Kenexa study (2012) across 28 countries also found a significant decrease in the overall level of employee engagement from 2009 to 2011. Even though they haven't examined the reasons of the decline we can assume that it was largely in relation to the specific economic environment of downturn.

Numerous studies have been investigating the patterns of typical HR practices across different geographic areas (e.g. the CRANET research: Farkas et al., 2009; Poór, 2009; Karoliny et al., 2010; Kohont and Poór, 2011; etc.) and could reveal unique characteristics marking a specific *country or region*. The history and culture of a country may also have its effect on its peculiar HR practices (e.g. Poór, 2009). Therefore I would assume that the overall level of employee engagement may vary by countries and regions across the world.

The more rapidly advancing IT solutions have had a major and diversified impact on the world. One of them is the realignment of *social behavior* of new generations. Numerous researches have been investigating the differences among generations (e.g. Howe and Strauss, 2007). Krajcsák (2012) emphasizes that work arrangements of the future should be more flexible adapting more to the opportunities offered by new technological inventions. He predicts the conquest of virtual work in the future. I assume that the different demands of the new generational workforces have its effects on employee engagement aspects that would be worth to investigate in more detail.

### **2.2.5. Paradigms as influencing factors**

Finally – according to my interpretation – paradigms may also be considered as important antecedents of employee engagement. Kuhn (1970) defines paradigm as "[...] *universally recognized scientific achievements that, for a time, provide model problems and solutions for a community of researchers.*" (p. 43). Schein (1976) gives a great summary of the four main paradigms about the human nature. From the era of the rational-economic view of humans (e.g. X theory of McGregor), through the concept of humans as social beings (e.g. Mayo) to the approach of humans as searching for self-actualization (e.g. Argyris, Maslow, Herzberg, Y theory of McGregor) Schein suggests that humans should be viewed as complex beings with extremely various motives that may materialize in diverse forms depending on the circumstances. Different paradigms about the human nature have largely been influencing the way organizations approached their employees and those people management practices that they chose to apply.

I acknowledge the difficulty of recognizing and analyzing current paradigms that are shaping the way organizations are managing their people. However I raise my concern that since our world has been changing so rapidly, current beliefs about the human nature may be outdated and a significant revolution may be necessary in order to create the capability to engage employees of the future. I suggest that researches aiming to reveal the drivers of employee engagement should also take into account the paradigms that serve with an interpreting framework for analysis and revealing possible future directions in the approaches of human beings would be beneficial.

In Appendix 2 I present a series of real-life pioneering case studies of organizations that approach business and people management in a truly revolutionary way. They may already serve as examples for possible directions in the development of future approaches to employee engagement.

### 2.2.6. Summary of antecedents

Based on the previous chapters I summarized the antecedents of employee engagement in Table 2 as follows:

**Table 2. Antecedents of employee engagement**

| <b>INDIVIDUAL FACTORS</b>                      |                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                |
|------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                | <ul style="list-style-type: none"> <li>- intrinsic motivation</li> <li>- individual differences</li> <li>- internal locus of control</li> <li>- positive affectivity</li> <li>- proactive personality</li> <li>- autotelic personality</li> </ul>                                            | <ul style="list-style-type: none"> <li>- psychological empowerment</li> <li>- personal resources: e.g. optimism, self-efficacy, self-esteem</li> <li>- needs</li> <li>- individual perceptions</li> <li>- feeling valued</li> </ul>                                                                            |
| <b>JOB RELATED FACTORS</b>                     |                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                |
|                                                | <ul style="list-style-type: none"> <li>- meaningful job</li> <li>- person-job fit, task identity</li> <li>- job provides opportunity to grow, job challenge</li> <li>- skill variety</li> <li>- job complexity</li> <li>- task significance, job perceived to be valued</li> </ul>           | <ul style="list-style-type: none"> <li>- autonomy</li> <li>- responsibility</li> <li>- physical and psychological demand</li> <li>- work conditions</li> <li>- perceived stress</li> <li>- sustainable workload</li> <li>- flexibility</li> </ul>                                                              |
| <b>ORGANIZATIONAL FACTORS</b>                  |                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                |
| <i>Management</i>                              | <ul style="list-style-type: none"> <li>- management sincere concern and interest in employee's well-being</li> <li>- genuine and honest conversation</li> <li>- management's honesty, integrity and engagement</li> </ul>                                                                    | <ul style="list-style-type: none"> <li>- management's ability to articulate clear vision and objectives</li> <li>- manager's ethics and values</li> <li>- manager's self-efficacy</li> <li>- perceived support</li> <li>- not controlling relations</li> <li>- good relationship with manager</li> </ul>       |
| <i>Co-worker relations</i>                     | <ul style="list-style-type: none"> <li>- social support, perceived assistance and encouragement</li> <li>- trust and mutual respect</li> </ul>                                                                                                                                               | <ul style="list-style-type: none"> <li>- collaboration</li> <li>- work group norms</li> </ul>                                                                                                                                                                                                                  |
| <i>Broader organization environment</i>        | <ul style="list-style-type: none"> <li>- quality of performance management system</li> <li>- clear performance and development goals</li> <li>- regular performance reviews</li> <li>- constant feedback and recognition</li> <li>- personal and career development opportunities</li> </ul> | <ul style="list-style-type: none"> <li>- structural empowerment conditions (access to information and resources, involvement, autonomy)</li> <li>- person-organization fit</li> <li>- two-way communication</li> <li>- core values</li> <li>- organizational culture</li> <li>- trustful atmosphere</li> </ul> |
| <b>BROADER, EXTERNAL ENVIRONMENTAL FACTORS</b> |                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                |
|                                                | <ul style="list-style-type: none"> <li>- political-legal climate</li> <li>- economic circumstances</li> <li>- social trends</li> </ul>                                                                                                                                                       | <ul style="list-style-type: none"> <li>- technological advancements</li> <li>- region, country</li> <li>- generational differences</li> </ul>                                                                                                                                                                  |
| <b>PARADIGMS AS INFLUENCING FACTORS</b>        |                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                |
|                                                | <ul style="list-style-type: none"> <li>- basic assumptions and views about the human nature</li> </ul>                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                |

Source: Own edition

### **2.2.7. Conclusions**

In the previous chapters I intended to provide a comprehensive picture of various antecedents of employee engagement. In order to build a bridge between the three main components (internal motivation, job involvement and attachment to the organization) of the attitudinal pillar of employee engagement (Figure 3) I presented a group of individual, job related and organizational factors (Table 2) that have been investigated and proved to be a predictor of engagement. Furthermore I emphasized the possible indirect effect of the broader environment as well as current paradigms on the possible level of employee engagement. I also acknowledge that the range of possible engagement drivers is much wider than the selection I presented. I rather focused on those elements that have already been examined specifically in relation to engagement. On the other hand there may be numerous other engagement factors, such as emotional intelligence, competences, values, interests of the individual, gender, age, generation, tenure at the organization, role conflicts, perceived fairness, work-life balance, organization's involvement in social responsibility, reputation and employer brand, just to mention a few additional possibilities.

Employee engagement is a complex construct and so is the range of those factors that are considered to be important enablers. According to my interpretation the various engagement drivers are not isolated, but rather are in an interrelated connection with each other as well as engagement. Even though majority of researches attempted to analyze a group of various factors conclusions were generally drawn in the context of the relationship with one specific factor and engagement. I suggest that further researches could also reveal the possible interrelations between different engagement drivers. I assume that certain factors may be in a synergetic relationship, so that the sum of the effects of individual factors may be less than the total effect of a group of the same factors.

Several times throughout the presentation of engagement antecedents I referred to engagement as a process, because in my opinion engagement is not necessarily a stable construct, but may vary from time to time depending on the circumstances. There have been attempts to capture the volatile characteristics of engagement (e.g. Sonnentag, 2003; Xanthopoulou et al., 2009) and there is still a dispute in the literature whether engagement should be viewed as a stable or variable construct and if so in what time scales (e.g. Dalal et al., 2008; Macey and Schneider, 2008). Further research is suggested to analyze

engagement as a process within the context of possible effects on antecedents and consequences.

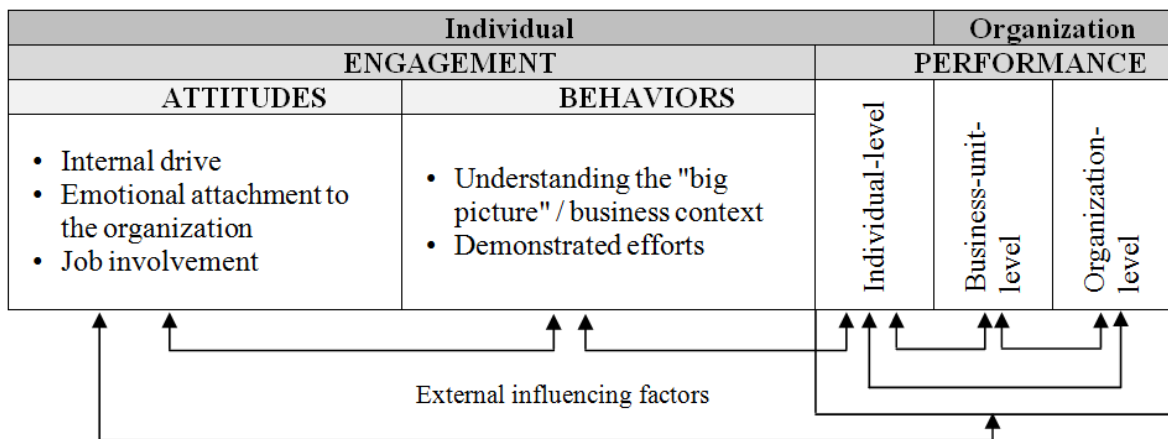
Identifying the key engagement drivers has its practical benefits and consequences. Those organizations that intend to put a greater emphasis on engaging their employees may rely on research findings and exert more efforts in the development of different aspects of their people management practices and systems. I would like to raise my concern though that employee engagement should not be handled as a sum of various engagement drivers. The objective of increasing employee engagement may not be reached by implementing a series of quick-fix methods based on a selection of the listed engagement drivers. According to my understanding the extent to which employees may be able to engage with the organization in the long term is deeply dependent on the core values which are not only a pledge on the wall, but real and shared beliefs of the management and employees manifested in their everyday behaviors and actions.

### 2.3. CONSEQUENCES OF EMPLOYEE ENGAGEMENT

Common wisdom suggests that there is a positive link between employee satisfaction and business performance. Also, there is a general accordance that an engaged workforce drives outstanding results (Kular et al., 2008; Gallup, 2010; Spreitzer and Porath, 2012). Notwithstanding these relationships are not as obvious as they first seem to be.

#### 2.3.1. Relationship between satisfaction/engagement and performance

Based on my theoretical conceptualization – as illustrated in Figure 5 – there is a relationship between the two main components of engagement. Individual attitudes affect behaviors. Demonstrated behaviors directly affect individual performance and indirectly, in an aggregate form affect business-unit- and organization-level results. I assume that all the relationships are reciprocal. All components of the process are influenced by a set of external factors. External factors from the individual's point of view may be e.g. the culture of the organization, policies, leadership philosophies, style of management, quality of workgroup, etc. External factors from the organization's point of view may be e.g. economic environment, regulations, advancement of technology, market situation, etc.



**Figure 5. Interconnections between the components of engagement and performance**

Source: Own interpretation

From the '40s more and more studies intended to certify that happier workers are more productive and this notion was widely promoted by contemporary scholars of social sciences (Perrow, 1972). At first two psychologists, Brayfield and Crockett (1955) initiated a comprehensive research by thoroughly examining previous studies in the field. They found that happy employees did not necessarily feel urge to work more productively. Another extensive analysis conducted by Vroom (1964) based on 23 previous research findings found the mean correlation between satisfaction and productivity to be only 0.14, which reflects a fairly weak relationship. By reviewing 30 earlier studies Lawler and Porter

(1967) also came to the same conclusion, which led them to assume that the causality relationship may be converse; higher outcomes cause satisfaction, supposing that the worker is concerned about high achievement. They confirmed their hypothesis by a study examining 148 lower and mid-level managers across five organizations.

Schneider et al. (2003) also argue that the causal arrow between employee attitudes and performance can be reciprocal. In their 8-year longitudinal analysis among 12-35 U.S. corporations (amplitude of sample varied year-by-year) they analyzed different facets of satisfaction and overall job satisfaction (OJS) in relation to financial performance (return on assets, ROA) and market performance (earnings per share, EPS). In their research they conceptualized satisfaction to be consisted of the following elements (Table 3):

**Table 3. Elements of employee satisfaction**

| <b>Elements of the satisfaction interpretation</b> | <b>Examples of sub-elements of the related category</b>                                                                                                                                                      |
|----------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <i>Satisfaction with empowerment</i>               | e.g. satisfaction with involvement in decisions, opportunity to improve skills and get a better job, overall feelings about the supervisor, satisfaction with the information received from management, etc. |
| <i>Satisfaction with job fulfillment</i>           | e.g. sense of personal accomplishment, opportunity to use one's skills and abilities                                                                                                                         |
| <i>Satisfaction with pay</i>                       | evaluation of the pay in comparison to similar jobs in other organizations, evaluation of the pay in relation to the job itself                                                                              |
| <i>Satisfaction with workgroup</i>                 | sense of overall quality of work done in the workgroup, cooperation within the workgroup),                                                                                                                   |
| <i>Satisfaction with security</i>                  | sense of job security, satisfaction with total benefits program                                                                                                                                              |
| <i>Satisfaction with work facilitation</i>         | e.g. satisfaction with training provided, physical work conditions, information related to the job, etc.),                                                                                                   |
| <i>Overall job satisfaction (OJS)</i>              | overall satisfaction with the job, evaluation of the company as a workplace in comparison to other companies, overall satisfaction with the company                                                          |

Source: Schneider, Hanges, Smith and Salvaggio, 2003, p. 851 (edited)

As we can see these elements are all representing employee attitudes towards different work- or organization-related conditions, but not behaviors. Some of the components could be considered as engagement factors as well (e.g. involvement in decisions, development opportunities, job fulfillment, etc.)

They found that "[...] *the direction of the relationship for OJS and Satisfaction With Security, with these appearing to be more strongly caused by market and financial performance than the reverse.*" (p. 845). However they also found consistent and significant positive relationships between "satisfaction with security", "satisfaction with pay" and "overall job satisfaction" with financial and market performance, which is concordant with common wisdom. Interestingly other facets of satisfaction, such as

"satisfaction with empowerment" or "satisfaction with job fulfillment" – facets that include engagement elements – did not show consistent patterns with ROA and EPS. In interpreting these findings we should take into consideration that this research was focusing on the relationship between different employee attitudes and aggregate, organization-level outcomes, without analyzing the intervening stages, such as behaviors, individual and business-unit level performance.

One of the biggest cross-industrial employee engagement meta-analysis was conducted by the Gallup Organization, which consists of two main sections (Buckingham and Coffman, 1999). First they interviewed more than million employees and asked them hundreds of different questions about the most various aspects and conditions of their workplace. By evaluating all the answers their intention was to identify those specific questions that would separate the highest-performer employees from the average. As a result they landed on the following twelve questions, also referred as Q12 (Table 4):

**Table 4. Gallup's 12 elements of engagement**

|     |                                                                                       |
|-----|---------------------------------------------------------------------------------------|
| 1.  | <i>Do I know what is expected of me at work?</i>                                      |
| 2.  | <i>Do I have the materials and equipment I need to do my work right?</i>              |
| 3.  | <i>At work, do I have the opportunity to do what I do best every day?</i>             |
| 4.  | <i>In the last 7 days, have I received recognition or praise for good work?</i>       |
| 5.  | <i>Does my supervisor, or someone at work, seem to care about me as a person?</i>     |
| 6.  | <i>Is there someone at work who encourages my development?</i>                        |
| 7.  | <i>At work, do my opinion seem to count?</i>                                          |
| 8.  | <i>Does the mission/purpose of my company make me feel like my work is important?</i> |
| 9.  | <i>Are my co-workers committed to doing quality work?</i>                             |
| 10. | <i>Do I have a best friend at work?</i>                                               |
| 11. | <i>In the last six months, have I talked with someone about my progress?</i>          |
| 12. | <i>At work, have I had opportunities to learn and grow?"</i>                          |

Source: Buckingham and Coffman, 1999, p.21

Those employees, who responded the most positively to these questions, were the highest-performers of the organization. However, worth-noting that they did not specify based on what aspects individual performance was evaluated.

In the second section of the research they put the twelve questions to the test. They surveyed over 105,000 employees of over 2,500 business units in 24 different companies and found that "[...] *those employees who responded more positively to the twelve questions also worked in business units with higher levels of productivity, profit, retention and customer satisfaction.*" (Buckingham and Coffman, 1999, p. 25).

Based on these findings they concluded that engaged employees drive business performance. If our definition about an engaged workforce is based only on the 12 attributes articulated in Q12, than this conclusion is appropriate. However, according to my understanding those employees who responded the most positively to Q12 may be the highest-performers of the organization, but considering these employees to be the most engaged as well is just an assumption. Although I studiously acknowledge, that considering these employees to be the most engaged only depends on how we define an engaged employee. In my conceptualization – as I explained in the first chapter – performance outcomes are not part of the definition of engagement. The attributes conceptualized in Q12 refer to a range of environmental factors, which are indeed important external enablers to high performance, but do not measure the main components of engagement, such as the internal drives of employees, their emotional attachment to the organization or to their job or their concrete behaviors.

Furthermore my conclusion is rather that if those people who responded the most positively to Q12 are the highest-performers of their organization and they were found to work in the most successful business units than it gives us the possibility to assume that outstanding individual achievements at an aggregate level contribute to a higher business-unit-level performance.

A Towers Perrin study conducted in 2003 among 40,000 employees in the U.S. and Canada claim to have revealed "[...] *a clear relationship between increased engagement, improved retention of talent and better financial performance.*" (p. 19). Their definition of engagement was reflecting a set of rational and emotional attitudes towards one's organization. As a measurement of engagement they evaluated how favorably respondents agreed with statements listed in Table 5.

**Table 5. Towers Perrin's approach to defining employee engagement**

|    |                                                                                       |
|----|---------------------------------------------------------------------------------------|
| 1. | <i>Really care about the future of my company.</i>                                    |
| 2. | <i>Proud to work for my company.</i>                                                  |
| 3. | <i>Sense of personal accomplishment from my job.</i>                                  |
| 4. | <i>Would say my company is a good place to work.</i>                                  |
| 5. | <i>Company inspires me to do my best work.</i>                                        |
| 6. | <i>Understand how my unit/department contributes to company success.</i>              |
| 7. | <i>Understand how my role relates to company goals and objectives.</i>                |
| 8. | <i>Am personally motivated to help my company succeed.</i>                            |
| 9. | <i>Am willing to put in a great deal of effort beyond what is normally expected."</i> |

Source: Towers Perrin, 2003, p. 4

They defined employees as "highly engaged" if they answered positively to all the questions, "moderately engaged" if they haven't responded positively to all the questions and "disengaged" those who responded negatively to the questions.

Based on this conceptualization of defining engagement they found that highly engaged employees agree that their company "[...] *cares deeply about customer satisfaction* [...]", "[...] *has a strong ability to serve customers* [...]" (compared to competitors) and "[...] *can adapt rapidly to shifts in the market* [...]" (p. 19). The conclusion they made is that engaged employees are more customer-focused and build customer loyalty. According to my interpretation however these findings are not based on evidence about employees' customer-focus; but rather mean that engaged employees have a more positive perception of their organization as being customer-focused and able to meet customers' needs.

By using a set of publicly available company financial metrics they also found that those employees who responded more positively to the engagement measuring questions were more likely to work for organizations, which exceeded the industry average one-year revenue growth. Based on these results they concluded that "*Companies with higher employee engagement outperform those with lower employee engagement, relative to industry benchmarks.*" (p. 20). In my understanding just because the more engaged employees were more likely found to work for companies exceeding the industry average revenue growth does not necessarily mean that those companies can claim an overall higher level of engagement. Notwithstanding according to the Towers Perrin cross-industrial research engaged employees are more likely to work at above average performing companies, which allows us to assume that there may be a relationship between engagement and business results. However further statistical analysis would be necessary to examine whether the relationship is significant. Also, without analyzing the concrete individual performance of those who had been identified as highly engaged employees we do not know whether their positive attitudes were indeed manifested in high-performing behaviors or perhaps working for a successful company made their perceptions and attitudes more positive towards their organization.

Another research aiming to investigate correlation between work engagement and financial results was conducted by Xanthopoulou et al. (2009) across three branches of a Greek fast-food company. They differentiated general work engagement from day-level work engagement, which was measured five consecutive workdays. General engagement

was measured by the Utrecht Work Engagement Scale (UWES), which measures engagement as a positive psychological state including the following questions, shown in Table 6:

**Table 6. Utrecht Work Engagement Scale (UWES)**

|     |                                                                       |
|-----|-----------------------------------------------------------------------|
| 1.  | <i>At my work, I feel bursting with energy</i>                        |
| 2.  | <i>I find the work that I do full of meaning and purpose</i>          |
| 3.  | <i>Time flies when I'm working</i>                                    |
| 4.  | <i>At my job, I feel strong and vigorous</i>                          |
| 5.  | <i>I am enthusiastic about my job</i>                                 |
| 6.  | <i>When I am working, I forget everything else around me</i>          |
| 7.  | <i>My job inspires me</i>                                             |
| 8.  | <i>When I get up in the morning, I feel like going to work</i>        |
| 9.  | <i>I feel happy when I am working intensely</i>                       |
| 10. | <i>I am proud of the work that I do</i>                               |
| 11. | <i>I am immersed in my work</i>                                       |
| 12. | <i>I can continue working for very long periods at a time</i>         |
| 13. | <i>To me, my job is challenging</i>                                   |
| 14. | <i>I get carried away when I'm working</i>                            |
| 15. | <i>At my job, I am very resilient, mentally</i>                       |
| 16. | <i>It is difficult to detach myself from my job</i>                   |
| 17. | <i>At my work I always persevere, even when things do not go well</i> |

Source: Schaufeli, Bakker and Salanova, 2006, p. 714

Participants expressed how often they felt the described states on a scale from "0" (never) to "6" (always). For measuring day-level work engagement they used an adapted 6-item version of the UWES questionnaire.

They found that "[...] employees, who are generally engaged in their work, are more likely to be engaged also in their daily work tasks." (Xanthopoulou et al., 2009, p.197). Financial results were measured only on day-level (total amount of money earned within a particular shift) and were found to be moderately correlated with day-level work engagement ( $r=0.34$ ) and weakly correlated with general work engagement ( $r=0.22$ ). We can conclude that even though relationship between engagement and performance was found to be in a significant relationship, the strength of the relationship was not found to be strong.

When interpreting these findings we should take into account that financial results were measured only on a daily basis. I question whether levels of daily engagement have an immediate effect on the daily financial results. Also, UWES captures only the

individual's positive attachment to his/her job leaving out of consideration other components of employee engagement.

### **2.3.2. Discussion and suggestions for further research**

My critical approach in representing survey methodologies and interpreting research findings intended to give emphasized prominence on the importance of carefully evaluating universally drawn conclusions such as "an engaged workforce drives outstanding results" (Gallup, 2010). The challenge in interpreting research findings in a universal way lies in various areas.

First, all researches are taken under a different terminology. Some researches capture the attitudinal facet of engagement (e.g. Towers Perrin, UWES), while others include individual performance in the engagement definition (e.g. Gallup Q12).

Second, the measuring protocols are also varying research by research, taking into consideration a wide range of various elements in measuring individual and organizational performance as well as diverse components of engagement.

Third, various approaches intend to reveal the correlations between different links of the attitudinal engagement – behavioral engagement – individual performance – business-unit-level performance – organizational performance chain (as illustrated in Figure 5).

Current researches rather tend to focus on measuring the attitudes of employees without examining whether these attitudes manifest in related engaged behaviors e.g. demonstrated discretionary efforts. For further researches it would be beneficial to link observable behavioral elements to the attitudinal facets of engagement measurement. Although, I must admit there is an intense dispute among academics whether the construct of "behavioral engagement" is a distinct notion. As a response to Macey and Schneider's (2008) state-, trait- and behavioral classification of engagement, Griffin et al. (2008) argue that distinguishing engaged behaviors raises more complications than it solves. They explain that "*Because all behaviors are multidetermined, it is not possible to link a specific form of behavior with a specific motivational state.*" (p. 48). They illustrate their statement with the following example. An employee might demonstrate innovation, which may be considered as engaged behavior, but the causes behind such behaviors might not be engagement, but fear of redundancy. Similarly the cause of failing to display innovation might not necessarily be lack of engagement, but certain environmental constraints. Furthermore, Griffin et al. (2008) argue that the boundaries between discretionary efforts and in-role obligations are also weak at best. These points are valid, indeed. Therefore

environmental context needs to be taken into consideration when unfolding relationship between attitudes and related behaviors. On the other hand, Newman and Harrison (2008) argue that the construct of employee engagement – if described as attitudes or with Macey and Schneider's (2008) term; state and trait engagement –, than it "[...] *adds nothing beyond the higher order "overall job attitude" construct.*" (p. 35). They believe that the employee engagement notion should be understood in terms of behaviors, which would be more useful from a practitioner's point of view, too. Furthermore, both Newman and Harrison (2008) as well as Saks (2008) argue that engaged behaviors should not only be considered discretionary effort or doing something more or different (Macey and Schneider, 2008), but doing one's job well or in a way that it is supposed to be done should also be viewed as engaged behavior. According to my interpretation, distinguishing the attitudinal and behavioral facet of engagement is beneficial, because engaged behaviors play a mediating role between positive attitudes and concrete individual performance. Many researches fail to prove a strong correlation between engagement and performance because they define engagement in terms of attitudes and relate them to performance outcomes that may not be directly influenced by employees. I assume that observable engaged behaviors may be a better predictor of individual job performance, than mere attitudes; however I disagree with the concept of Q12, which labels high-performer employees as "engaged" without questing their attitudes, e.g. emotional attachment to the organization, involvement in their job or their intrinsic motivations. Furthermore, if we define engagement in terms of level of performance, than it should not be a surprise that highly engaged employees perform better, since we defined engagement as high-performance in the first place. Notwithstanding, investigating relationship between individual job performance and observable behaviors rather than attitudes could be considered as another endeavor in re-conceptualizing the engagement construct in order to fit into the prove-to-be pre-assumptions. Therefore I suggest that engaged behaviors should be examined in relation to the underlying engagement attitudes in the context of analyzing the work environment in order to map the possible existence of constrains external to the individual that may refrain expressed efforts to materialize in concrete results. I acknowledge the complexity of such intentions, which in the meantime would also necessitate the development of an appropriate research methodology that goes beyond "simple" questionnaires currently widely used to measure engagement.

Current researches focus on separating employees based on one aspect. Gallup's Q12 questionnaire for example differentiates employees based on their performance, however does not examine whether high-performer employees are engaged as well in the context of being internally driven, emotionally attached to the organization or involved in their job. Other researches focus on uncovering the correlation between attitudinal engagement and performance, but do not expand analysis to those employees who may be highly engaged but not performing or may be not engaged but high-performers. It would also be beneficial to simultaneously differentiate employees according to their engagement level and individual performance and investigate partition of employees among the clusters shown in Figure 6. The distribution of employees between different clusters could give an expressive picture of the "health" of the organization, favorably having the more employees fallen into Cluster 2. While most researches aim to prove that highly engaged employees outperform their counterparts, less attention is given to those who may be highly engaged but not performing at the expected levels (Cluster 4) or not engaged, but considered as high-performers (Cluster 1). I raise the question whether Cluster 1 and Cluster 4 positions are sustainable constructs. Is it possible to be a high-performer for a longer period of time without being engaged? Is it possible to be highly-engaged for a longer period of time without being able to meet performance expectations? If not, would that be a real threat that Clusters 1 and 4 employees would sooner or later slide over the cluster of not engaged and low-performer employees (Cluster 3) or leave the organization? What interventions could be made to move employees from Clusters 1 and 4 to the group of highly-engaged and high-performer employees?

|                                       |      |                                                   |                                                      |
|---------------------------------------|------|---------------------------------------------------|------------------------------------------------------|
| PERFORMANCE                           | High | <b>Cluster 1</b><br>Not engaged<br>High-performer | <b>Cluster 2</b><br>Highly engaged<br>High-performer |
|                                       | Low  | <b>Cluster 3</b><br>Not engaged<br>Low-performer  | <b>Cluster 4</b><br>Highly engaged<br>Low-performer  |
|                                       |      | Low                                               | High                                                 |
| ENGAGEMENT<br>(attitudes + behaviors) |      |                                                   |                                                      |

**Figure 6. Possible relationships between engagement and performance at an individual level**

Source: Own interpretation

I must admit that the terms I used in Figure 6 are not precise. I used the "not engaged" label to refer to a collective term that would include all employees who do not fall into the highly engaged category. I used this "solution", because by reviewing the engagement literature I concluded that there isn't a general accordance whether the opposite pole of engagement is the absence of engagement, disengagement, active disengagement or even burnout. The nature of the problem was already captured by Herzberg (1987) in the satisfaction literature, when he stated that "[...] *the opposite of job satisfaction is not job dissatisfaction but, rather no job satisfaction; and similarly the opposite of job dissatisfaction is not job satisfaction, but no job dissatisfaction*" (p. 9) according to his findings suggesting that there are different factors contributing to job satisfaction (i.e. motivators) or lead to dissatisfaction (i.e. hygiene factors). In contrary to Maslach and Leiter (1997), who consider engagement and burnout as opposite poles of the same continuum, Russell and Carroll (1999) as well as Schaufeli and Bakker (2004) argue that "[...] *burnout and engagement are independent, yet negatively correlated states of mind*" (p. 294). Dawsey and Taylor (2011) however claim to have provided evidence that the continuum goes from active engagement through engagement, than disengagement to active disengagement on the same scale. Consulting institutions tend to share the same approach as Dawsey and Taylor as they regard (active) disengagement and (active) engagement as the two opposite angles of the same course. The Gallup Organization (2010) for example differentiates three groups of employees based on their level of engagement: "engaged", "not engaged" and "actively disengaged", while Towers Perrin (2003) classifies the groups of "highly engaged", "moderately engaged" and "disengaged" employees.

While employee engagement became a popular term, considerably less attention has been paid to the negative form of engagement and its consequences. I share the standpoint of Masson et al. (2008), who raise their concerns that further investigation should also focus on the possible outcomes of active disengagement, "[...] *where employees may be investing effort in a deliberate attempt to undermine the organization and its objectives*" (p. 58). Buckingham (2001) reinforces that actively disengaged employees "[...] *intent on sharing with colleagues the many reasons for which they believe their organization is such a rotten place to work.*" (p. 37).

Masson et al. (2008) also point to another interesting question, whether active engagement may always lead to favorable outcomes. Britt (2003) found evidence that in

certain circumstances, e.g. when a range of organizational obstacles render difficult to achieve high performance, than it has more negative impact on actively engaged employees, who attribute higher importance to their job. In this case the more engaged employees are, the more demoralized they may become. Wright and Cropanzano (1997) also highlighted that employees who has a more positive affect towards their job are more likely to feel dissatisfied when constraints engender. From the opposite angle Frese (2008) argues that engaged behaviors often derive from dissatisfaction, when employees find a situation not satisfactory and that leads them to initiate change.

We can see that it is not so obvious that engagement's consequences are all positive. Many researches that failed to prove a significant relationship between satisfaction or engagement and performance, thus justification of the importance of these constructs tend to be expressed by the possible negative consequences of the lack of satisfaction or engagement. Szlávicz (2010) also arrives to the conclusion that even though satisfaction may not result in higher productivity, it is still an important construct, because dissatisfaction most likely leads to undesirable consequences, such as absenteeism, lateness, fluctuation or protest behaviors.

Another problematic area of research analysis that performance measures usually include the results of a longer period of time in the past, while engagement or satisfaction measures reflect employee's opinion about certain work-related aspects in that specific moment of responding to the survey questions. Dalal et al. (2008) raise their concerns that even though the multidimensional complexion of engagement is widely affirmed it is more often regarded and measured as a stable construct than a variable one. They agree with Macey and Schneider's (2008) state and trait engagement concept and argue that "*[...] a state typically conveys the idea of within-person variation occurring over a period of 1 week or less (and, frequently, over a period of hours or even minutes); conversely, a trait typically conveys the idea of within-person stability over periods of at least several weeks or months*" (Dalal et al., 2008, p. 52). Kahn (1990) also assumes that one can experience daily fluctuations in the level of work engagement. Sonnentag (2003) conducted a research, which investigated the participants' engagement level once a day for a 5-day period and drew the conclusion that within-person engagement is moderately volatile. Therefore Dalal et al. (2008) suggest that "*engagement has both trait-like and state-like components*" (p.53.) and propose that for an accurate measure of the engagement level of

an individual data should be collected multiple times over a longer period to be able to filter intraindividual differences that may occur in the retrospective duration.

Finally, there is another debate in the literature whether employee engagement is a useful construct at all or just "old wine in a new bottle". Saks (2008) argues that "[...] *if the engagement concept is unique, it requires a distinct meaning and needs to be role specific rather than a cocktail of related constructs*" (p. 43.). Newman and Harrison (2008) share the point of Saks that the notion of employee engagement does not have any new conceptual content in relation to already well-established other constructs such as job satisfaction, organizational commitment, job involvement or proactive or citizenship behavior. On the contrary however they argue that it is still a useful construct if it is defined from a behavioral point of view. Pugh and Dietz (2008) suggest that employee engagement would be more useful if it was interpreted at an organizational-level as decision-makers of an organization usually work with aggregated data. In doing so, they also note that organizational-level engagement should not be a simple aggregation of the individually collected responses. They emphasize that an adequate composition theory would be needed to develop appropriate measurement methodology in order to capture aspects specific to the organization-level. From a practitioner's viewpoint Masson et al. (2008) argues that employee engagement matters to managers because in a fast-changing environment the pressures of competitiveness and productivity are enhanced. Building the capability of organizational proactivity does not leave room for precisely specified roles and responsibilities, thus organizations need to engage employees in order to ensure alignment to objectives.

### **2.3.3. Summary and conclusions**

My main intention was to present a more precise insight into the details of a few researches that examined the relationship between engagement and performance. There is a general accordance in the literature that the consequences of engagement are positive and that employee engagement is significantly related to outstanding individual and organizational performance. However if we take a closer look into the analytic methods we can see that the relationship between engagement and performance is not proved indisputably.

Consulting institutions usually draw their conclusions by presenting that more engaged employees usually work at higher-performing business-units or organizations. However they do not provide a public verification whether these relationships are statistically significant and if so than what is the strength of the relationship. Meanwhile in

the academic studies even if the relationship between engagement and performance was found to be statistically significant the strength of the relationship was weak or moderate at best.

I discussed in more detail the challenges that researchers face with, when examining the relationship between engagement and performance. Employee engagement is a complex construct including attitudinal and behavioral components. According to my interpretation behaviors play a mediating role between the attitudes and performance of the individual. In order to thoroughly investigate how positive attitudes translate into individual performance intervening behaviors should also be observed. However as we could see engagement is highly context dependent, therefore external environmental factors may also influence the engagement level of the individual as well as his/her behaviors and performance. This increases complexity therefore the engagement-performance link is usually examined with notable simplification.

I also raised my concern that engagement measures are usually referring to the exact moment of the survey, while performance measures are reflecting the results of a past period. In my understanding however currently expressed efforts may have their results in the future. Therefore I suggest that the engagement-performance relationship should be examined by taking into account the possibly necessary time frame between the moment of measuring engagement and its possible effects in related performance at a later time.

### **3. PRACTICE**

While in the "Theory" chapter I provided a theoretical framework for the conceptualization of the employee engagement concept and discussed the antecedents and consequences that previous researches have already revealed, in the "Practice" chapter I intend to present the findings of a European Employee Engagement research that provides an insight into the HR practices of European organizations and reveal the relationship between these practices in relation to different employee aspects.

#### **3.1. INTRODUCTION OF THE EUROPEAN EMPLOYEE ENGAGEMENT RESEARCH**

In the spirit of revealing typical HR and employee engagement practices and its possible effects on certain employee aspects a Europe-wide survey research was conducted in 2010 and 2012 on behalf of Stamford Global (SG Magyarország Vezetőképző Kft.). The company's mission is to nourish international transfer of cutting-edge knowledge and pioneering practices as well as building lively business communities in the field of human capital management (HCM), project management and key account management by bringing together the world's most known business thinkers and top management of European companies on its thought-provoking, interactive conferences and business events. Committed to its mission Stamford Global is engaged in related activities such as developing on-line business communities (e.g. HCM Excellence Network on LinkedIn with membership of more than 4000 International HR professionals), constant researching of trends and challenges of the professions as well as publicizing research findings within their communities.

As an Executive Consultant of HCM Practices at Stamford Global I was responsible for the intellectual development and operational execution of the research presented hereby which was conducted under the title of "Employee Engagement Maturity Survey" in 2010 and 2012 with the participation of European HR professionals within the client base and members of HCM Excellence community of Stamford Global.

In the following sub-chapters I present in more detail the main objectives and hypotheses of the research, the applied methodology for the research and analysis as well as the key findings and conclusions.

### 3.1.1. Objectives, hypotheses and methodology of analysis

The main objectives of the research were to reveal the following areas:

- How did the perceptions about the business context and certain employee aspects (i.e. employee morale and engagement as well as organizations' ability to attract and retain talent) of European HR professionals change during the downturn and in the last two years?
- How important was employee engagement within organizations across Europe?
- How consciously was employee engagement managed by European organizations?
- What were those HR practices that had been applied the most commonly in organizations across Europe?
- What were those HR practices that had been considered as most efficient for increasing employee engagement according to European HR professionals?
- What are the possible effects of different HR and employee engagement practices on certain employee aspects?

In the frame of the survey analysis (conducted by SPSS software) I have operationalized employee aspects by conducting principal component analysis, hence the "*Employee Aspects*" factor represents responding HR professionals' perceptions about the change in the level of employee morale and engagement as well as their organizations' ability to attract and retain talent during the downturn and in the last two years. The higher the value of this score is the higher level of increase was reported in the aspects included in the factor.

I have operationalized HR practices by standardizing each HR practice based on occurrence frequency within the sample. An "*HR Practices Index*" was developed and assigned to each represented organization by summing up the standardized values of each HR practice that was indicated as being used on a regular basis. Hence, the higher the "HR Practices Index" is the more various HR practices were being used on a regular basis.

Calculation of correlation and analyses of variance were conducted in order to test the following hypotheses:

- *Hypothesis 1.* "Employee Aspects" and "HR Practices Index" are positively related to each other.
- *Hypothesis 2.* Size of the organization is not related to "Employee Aspects", while related to the "HR Practices Index".

- *Hypothesis 3.* Region of the organization is related to "Employee Aspects" and to the "HR Practices Index".
- *Hypothesis 4.* Industry of the organization is not related to "Employee Aspects", while related to the "HR Practices Index".
- *Hypothesis 5.* Perceptions about the change of business context are positively related to "Employee Aspects" and the "HR Practices Index".
- *Hypothesis 6.* Importance of employee engagement within the organization is positively related to "Employee Aspects" and the "HR Practices Index".
- *Hypothesis 7.* Having a clearly defined employee engagement strategy is positively related to "Employee Aspects" and the "HR Practices Index".
- *Hypothesis 8.* Measuring employee engagement is positively related to "Employee Aspects".
- *Hypothesis 9.* Conducting employee surveys is positively related to "Employee Aspects".
- *Hypothesis 10.* Involvement of employees in the development of action plans as a follow-up on employee surveys is positively related to "Employee Aspects".
- *Hypothesis 11.* Sharing the survey results with employees is positively related to "Employee Aspects".

In the following sub-chapters I present the breakdown of respondents by job category, region, industry and size of the represented organization as well as by their responses to the survey questions<sup>2</sup>. Then I introduce the development of "Employee Aspects" factor and "HR Practices Index" and demonstrate calculation of correlation and analyses of variance conducted to test the hypotheses described above.

### **3.1.2. Questionnaires and participants of the research**

The survey questionnaires consisted of roughly 30 questions (Appendix 3). Participants could choose from pre-defined response options indicating the most appropriate answer. A comment box was added to each question, where respondents could express their thoughts in more detail if they wished to mark additional observations. The questionnaires also included one open-ended question. Based on the experience of the 2010 survey slight changes were implemented in the 2012 survey. For example, an additional, open-ended question was added in 2012 asking participants to define employee engagement.

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<sup>2</sup> Due to range restrictions the current presentation of research findings is not exhaustive.

The questionnaires were constructed on an on-line survey management portal (SurveyMonkey) and an invitation was sent out by e-mail to 4000 European HR professionals within the client base and members of the HCM community of Stamford Global. Invitees wishing to participate in the survey could fill out and submit the questionnaire on-line by clicking on the link included in the invitation.

The survey was conducted from September to November in 2010 and from July to September in 2012. We received 149 responses in 2010 and 127 in 2012. Since these samples are too small, we cannot consider them as representative, thus even though the findings are true for the organizations represented in the current sample, conclusions cannot be generalized to the European region. Additional research is suggested to further analyze and test the hypotheses formulated in the previous chapter.

As illustrated in Table 7 in both years the majority of respondents were HR Directors and HR Managers.

**Table 7. Breakdown of respondents by job category**

| <b>Job category</b>              | <b>2010</b> | <b>2012</b> |
|----------------------------------|-------------|-------------|
| <i>HR VP/ SVP</i>                | 7%          | 7%          |
| <i>HR Director</i>               | 40%         | 39%         |
| <i>HR Manager</i>                | 40%         | 26%         |
| <i>HR Business Partner</i>       | 6%          | 17%         |
| <i>HR Executive / Consultant</i> | 6%          | 12%         |
| <i>Total</i>                     | 100%        | 100%        |

Source: Own research

As Table 8 shows in both years the majority of respondents were coming from the Central and Eastern European (CEE) region. In 2010 a considerable group (35%) of respondents represented the UK or Ireland, while in 2012 there was a more balanced distribution of respondents among the European regions out of CEE.

**Table 8. Breakdown of respondents by region**

| <b>Region</b>                                   | <b>2010</b> | <b>2012</b> |
|-------------------------------------------------|-------------|-------------|
| <i>Austria / Germany / Switzerland</i>          | 3%          | 7%          |
| <i>Baltics</i>                                  | 4%          | 4%          |
| <i>Benelux</i>                                  | 0%          | 3%          |
| <i>Central and Eastern Europe (CEE)</i>         | 50%         | 41%         |
| <i>Commonwealth of Independent States (CIS)</i> | 2%          | 9%          |
| <i>France</i>                                   | 1%          | 1%          |
| <i>Mediterranean</i>                            | 4%          | 13%         |
| <i>Scandinavia</i>                              | 2%          | 11%         |
| <i>UK / Ireland</i>                             | 35%         | 11%         |
| <i>Total</i>                                    | 100%        | 100%        |

Source: Own research

Respondents were representing a wide variety of different industries as illustrated in Table 9. In 2010 the sectors of financial services (11%) and fast moving consumer goods (10%) were the most represented, while in 2012 professional services (13%), manufacturing (11%) and information technology (10%).

**Table 9. Breakdown of respondents by industry**

| <b>Industry</b>                         | <b>2010</b> | <b>2012</b> |
|-----------------------------------------|-------------|-------------|
| <i>Agriculture / Hunting / Forestry</i> | 1%          | 0%          |
| <i>Automotives</i>                      | 3%          | 7%          |
| <i>Aviation</i>                         | 1%          | 1%          |
| <i>Chemical</i>                         | 2%          | 1%          |
| <i>Construction</i>                     | 1%          | 1%          |
| <i>Education</i>                        | 1%          | 1%          |
| <i>Fast Moving Consumer Goods</i>       | 10%         | 8%          |
| <i>Financial Services</i>               | 11%         | 6%          |
| <i>Government</i>                       | 4%          | 3%          |
| <i>Hospitality</i>                      | 2%          | 2%          |
| <i>Information Technology</i>           | 7%          | 10%         |
| <i>Manufacturing</i>                    | 9%          | 11%         |
| <i>Media</i>                            | 3%          | 2%          |
| <i>Mining</i>                           | 0%          | 0%          |
| <i>Oil &amp; Gas</i>                    | 3%          | 5%          |
| <i>Pharma / Healthcare</i>              | 5%          | 7%          |
| <i>Professional Services</i>            | 5%          | 13%         |
| <i>Real Estate</i>                      | 3%          | 0%          |
| <i>Telecommunication</i>                | 9%          | 5%          |
| <i>Transport / Logistics</i>            | 5%          | 1%          |
| <i>Utilities</i>                        | 1%          | 3%          |
| <i>Wholesale and retail trade</i>       | 4%          | 3%          |
| <i>Other</i>                            | 7%          | 13%         |
| <i>Total</i>                            | 100%        | 100%        |

Source: Own research

**Table 10. Breakdown of respondents by size of organization**

| <b>Size of the organization (number of employees)</b> | <b>2010</b> | <b>2012</b> |
|-------------------------------------------------------|-------------|-------------|
| <i>0-249 employees</i>                                | 25%         | 19%         |
| <i>250-999 employees</i>                              | 30%         | 6%          |
| <i>1000-2499 employees</i>                            | 15%         | 5%          |
| <i>2500-4999 employees</i>                            | 9%          | 7%          |
| <i>5000-14999 employees</i>                           | 7%          | 13%         |
| <i>15000-24999 employees</i>                          | 3%          | 10%         |
| <i>More than 25000- employees</i>                     | 9%          | 39%         |
| <i>Total</i>                                          | 100%        | 100%        |

Source: Own research

As Table 10 presents in 2010 majority (70%) of respondents were coming from organizations with less than 2500 employees, while in 2012 62% of respondents represented large organizations employing more than 5000 employees, while micro-, small- and medium-sized enterprises were represented by 19% of the respondents.

### 3.2. ANALYSIS OF THE EUROPEAN EMPLOYEE ENGAGEMENT SURVEY

#### 3.2.1. The business context and employee aspects in Europe

The research was carried out in a period of time, when the business environment was characterized by dramatic changes due to the world-wide economic crisis and a slow recovery period. This was reflected in the responses of the surveys.

Table 11 shows the questions that participants were asked in the survey in relation to their business context and certain employee aspects. In 2010 questions were referring to the period of downturn (e.g. "How has your business changed during the downturn?"), while in 2012 questions were referring to the last 2 years (e.g. "How has your business changed in the last 2 years?").

**Table 11. Business context and employee aspects**

|                             | How has your business changed? | How has employee morale changed? | How has the engagement level of your employees changed? | How has your ability changed in attracting talent? | How has your ability changed in retaining talent? |
|-----------------------------|--------------------------------|----------------------------------|---------------------------------------------------------|----------------------------------------------------|---------------------------------------------------|
| <b>2010</b>                 |                                |                                  |                                                         |                                                    |                                                   |
| <i>Significantly worse</i>  | 16%                            | 5%                               | 3%                                                      | 0%                                                 | 1%                                                |
| <i>Somewhat worse</i>       | 54%                            | 41%                              | 33%                                                     | 9%                                                 | 16%                                               |
| <i>Remained the same</i>    | 20%                            | 30%                              | 34%                                                     | 55%                                                | 43%                                               |
| <i>Somewhat better</i>      | 9%                             | 21%                              | 23%                                                     | 30%                                                | 30%                                               |
| <i>Significantly better</i> | 2%                             | 4%                               | 8%                                                      | 6%                                                 | 10%                                               |
| <i>Total</i>                | 100%                           | 100%                             | 100%                                                    | 100%                                               | 100%                                              |
| <b>2012</b>                 |                                |                                  |                                                         |                                                    |                                                   |
| <i>Significantly worse</i>  | 10%                            | 9%                               | 6%                                                      | 2%                                                 | 1%                                                |
| <i>Somewhat worse</i>       | 35%                            | 38%                              | 32%                                                     | 20%                                                | 28%                                               |
| <i>Remained the same</i>    | 9%                             | 30%                              | 31%                                                     | 36%                                                | 38%                                               |
| <i>Somewhat better</i>      | 28%                            | 20%                              | 27%                                                     | 32%                                                | 27%                                               |
| <i>Significantly better</i> | 18%                            | 3%                               | 4%                                                      | 9%                                                 | 6%                                                |
| <i>Total</i>                | 100%                           | 100%                             | 100%                                                    | 100%                                               | 100%                                              |

Breakdown of respondents by their perceptions of the change of business context and certain employee aspects.

Source: Own research

As Table 11 illustrates in 2010 only 11% of respondents considered their *business* as somewhat or significantly better, while in 2012 already 46% of participants reported the same. We can conclude that according to the perceptions of responding HR professionals the business context has changed positively in the last 2 years.

In both years app. 46-47% of respondents thought that *employee morale* was somewhat or significantly worse than previous years, while only app. 24% perceived it as somewhat or significantly better. In the meantime in both years app. 37% of respondents reported that *employee engagement* was somewhat or significantly worse, while almost one third of participants thought that it changed positively. In general we can conclude that more respondents reported a negative than a positive overall tendency in regards of the shift of employee morale and engagement during the last four years.

Aspects of talent management show a slightly different picture (Table 11). During the downturn only 9% of respondents thought that their *ability to attract talent* had changed negatively, while in 2012 a more significant ratio of respondents reported the same. At the same time in 2010 more than one third of HR professionals perceived their ability to attract talent somewhat or significantly better, while in 2012 a growing ratio of respondents had the same view. On the contrary during the downturn only 17% of participants thought that their *ability to retain talent* was somewhat or significantly worse, while in 2012 already almost one third of respondents had the same perceptions. In the meantime during the downturn 40% of respondents reported a somewhat or significantly better ability to retain talent, while in 2012 this ratio was only 33%. The reason behind these tendencies may be that during the downturn – which was characterized by a high-level of uncertainty – people may have been less willing to leave their organizations. At the same time – hit by the downturn – a lot of organizations were forced to lay off a huge number of employees, which made it possible for other organizations to attract more talents than before.

### **3.2.2. European HR practices**

The research also revealed those HR practices which are the most commonly used among European organizations represented in the current research.

As Table 12 illustrates the most prevalent HR practices in 2010 and 2012 were regular performance reviews and training and development programs as 85-89% of respondents indicated that their organizations used these practices on a regular basis. Leadership development programs, behavioral interviews in recruitment process and identification of talent pool are also used in a growing ratio of represented organizations. Satisfaction surveys have somewhat lost from their popularity in the favor of engagement surveys as a growing ratio of HR professionals reported to have conducted engagement surveys, while satisfaction surveys were used in a decreasing ratio of represented

organizations. Succession planning, coaching, on-boarding (induction) programs, career planning and competitive remuneration were also reported to have been used by a lower ratio of HR professionals, however can still be considered as widespread as were practiced in 45-60% of represented organizations. On the other hand 360 degree evaluation, employer branding and overall competency models gained popularity over the last 2 years among respondents' organizations. A growing ratio of organizations paid more attention to work-life balance and participated in "Best Employer" and "Family Friendly Employer" surveys as well as provided more individually customized incentives to their employees, however there is still room for further development on these areas as majority of HR professionals did not indicate these practices as used on a regular basis.

**Table 12. HR practices indicated as used on a regular basis**

| <b>Which of the following practices does your organization use on a regular basis?</b> | <b>2010</b> | <b>2012</b> |
|----------------------------------------------------------------------------------------|-------------|-------------|
| <i>Regular performance reviews</i>                                                     | 89%         | 89%         |
| <i>Training and development programs</i>                                               | 87%         | 85%         |
| <i>Leadership development programs</i>                                                 | 66%         | 77%         |
| <i>Employee Engagement surveys</i>                                                     | 59%         | 62%         |
| <i>Behaviourial interviews in recruitment process</i>                                  | 59%         | 62%         |
| <i>Succession planning</i>                                                             | 61%         | 60%         |
| <i>Identifying talent pool</i>                                                         | 55%         | 59%         |
| <i>Flexible work arrangements</i>                                                      | n.d.*       | 58%         |
| <i>Coaching</i>                                                                        | 62%         | 58%         |
| <i>Onboarding / induction programs</i>                                                 | 71%         | 57%         |
| <i>360 degree evaluation</i>                                                           | 49%         | 57%         |
| <i>Employer branding</i>                                                               | 39%         | 53%         |
| <i>Talent management programs</i>                                                      | n.d.*       | 52%         |
| <i>Overall competency model</i>                                                        | 49%         | 51%         |
| <i>Employee Satisfaction surveys</i>                                                   | 63%         | 50%         |
| <i>Career planning</i>                                                                 | 50%         | 47%         |
| <i>Competitive remuneration</i>                                                        | 55%         | 45%         |
| <i>Mentoring</i>                                                                       | n.d.*       | 43%         |
| <i>Social media</i>                                                                    | n.d.*       | 43%         |
| <i>Management trainee programs</i>                                                     | 47%         | 37%         |
| <i>Assessment Centers (AC) in recruitment process</i>                                  | 37%         | 36%         |
| <i>Participating in „Best Employer” surveys</i>                                        | 29%         | 34%         |
| <i>Work-life balance programs</i>                                                      | 28%         | 34%         |
| <i>CSR programs</i>                                                                    | 36%         | 33%         |
| <i>Development Centers (DC)</i>                                                        | 25%         | 23%         |
| <i>Individually customized incentives</i>                                              | 17%         | 22%         |
| <i>Individualized job design</i>                                                       | 20%         | 17%         |
| <i>Interim managers</i>                                                                | n.d.*       | 11%         |
| <i>Participating in "Family Friendly Employer" surveys</i>                             | 7%          | 8%          |
| <b>Total</b>                                                                           | <b>100%</b> | <b>100%</b> |

Ratio of respondents who indicated the use of referred practice on a regular basis in 2010 and 2012

Ratio is in proportion to the total number of respondents of the present question in the corresponding year

\* No data

Source: Own research

### 3.2.3. Importance of employee engagement in Europe

Importance of employee engagement is often justified by its assumed strong correlation to business results. As presented in the "Theory" chapter this relationship hasn't been proved indisputably. Notwithstanding according to our research great majority of HR professionals believe that improved employee engagement as well as improved employee satisfaction has a direct, positive effect on the organization's better business performance (Table 13).

**Table 13. Satisfaction/Engagement – Business performance link**

| Ratio of respondents who agreed with the below statements                                                                            | 2010 | 2012 |
|--------------------------------------------------------------------------------------------------------------------------------------|------|------|
| <i>In my opinion improved employee SATISFACTION has a direct, positive effect on the organization's better business performance.</i> | 81%  | 77%  |
| <i>In my opinion improved employee ENGAGEMENT has a direct, positive effect on the organization's better business performance.</i>   | 98%  | 100% |

Ratio of respondents who agreed with the above statements in 2010 and 2012

Ratio is in proportion to the total number of respondents of the corresponding year

Source: Own research

The research clearly shows that high importance is assigned to employee engagement within European organizations represented in the survey (Table 14). In 2010 79%, while two years later 81% of HR professionals reported that employee engagement was a top or growing priority within their organization.

**Table 14. Importance of employee engagement**

| Importance of employee engagement within your organization: | 2010 | 2012 |
|-------------------------------------------------------------|------|------|
| <i>Top priority</i>                                         | 23%  | 30%  |
| <i>Growing priority / very important</i>                    | 56%  | 51%  |
| <i>Somewhat important</i>                                   | 20%  | 19%  |
| <i>Not important</i>                                        | 2%   | 1%   |
| <i>Total</i>                                                | 100% | 100% |

Breakdown of respondents by the importance of employee engagement within their organization in 2010 and 2012

Source: Own research

Table 15 shows the breakdown of respondents by their answers to the question: "Do you have a clearly defined employee engagement strategy in place?" We have improved the survey questionnaire in 2012 by including an additional answer option to differentiate clearly defined employee engagement strategies by their connection to business results.

We can see that in both years about one third of respondents reported that they didn't have a defined employee engagement strategy in place. Meanwhile we can observe that from 2010 to 2012 there was a significant shift towards a more conscious approach to employee engagement across those organizations that had an employee engagement

strategy because a growing ratio of respondents reported to have developed a *clearly* defined strategy over those whose strategy were just "somewhat defined". Furthermore we can see that in 2012 roughly 3 out of 4 clearly defined employee engagement strategies were also *connected to business results*. On the other hand there is a reverse shift among those who reported not having an employee engagement strategy. In 2010 80% of those who did not yet have an employee engagement strategy reported that they were planning to set strategy, while in 2012 only 58% indicated the same intention.

**Table 15. Defined employee engagement strategy**

| Do you have a clearly defined employee engagement strategy in place? |      |
|----------------------------------------------------------------------|------|
| 2010                                                                 |      |
| <i>Yes, clearly defined</i>                                          | 21%  |
| <i>Yes, somewhat defined</i>                                         | 44%  |
| <i>Not yet defined, but planning to set strategy</i>                 | 28%  |
| <i>No</i>                                                            | 7%   |
| <i>Total</i>                                                         | 100% |
| 2012                                                                 |      |
| <i>Yes, clearly defined and connected to business results</i>        | 31%  |
| <i>Yes, clearly defined but not connected to business results</i>    | 12%  |
| <i>Yes, somewhat defined but could be improved</i>                   | 25%  |
| <i>Not yet defined, but planning to set strategy</i>                 | 19%  |
| <i>No</i>                                                            | 14%  |
| <i>Total</i>                                                         | 100% |

Breakdown of respondents by having a defined employee engagement strategy in 2010 and 2012

Source: Own research

Table 16 illustrates the breakdown of respondents by their answers to the question: "Do you measure employee engagement?" We have improved the survey questionnaire in 2012 by adding an additional answer option to see whether clear measurements are also connected to business results. Unfortunately this way the two-year data is not comparable, because we cannot identify what those respondents answered in 2010 who may have had a clear measurement, but did not connect it to business results. However we can see that in both years 78% of respondents reported that they measured employee engagement. Moreover, in about one quarter of participating organizations clear employee engagement measures were also connected to business results.

**Table 16. Measurement of engagement**

| <b>Do you measure employee engagement?</b>                          |             |
|---------------------------------------------------------------------|-------------|
|                                                                     | <b>2010</b> |
| <i>Yes, clear measurement connected to business results</i>         | 27%         |
| <i>Yes, some measurement but could be improved</i>                  | 51%         |
| <i>No measurement</i>                                               | 22%         |
| <i>Total</i>                                                        | 100%        |
|                                                                     | <b>2012</b> |
| <i>Yes, clear measurement connected to business results</i>         | 23%         |
| <i>Yes, clear measurement but not connected to business results</i> | 35%         |
| <i>Yes, some measurement but could be improved</i>                  | 20%         |
| <i>No measurement</i>                                               | 22%         |
| <i>Total</i>                                                        | 100%        |

Breakdown of respondents by measuring engagement in 2010 and 2012

Source: Own research

### 3.2.4. Employee surveys in Europe

As Table 17 presents from 2010 to 2012 a growing ratio of HR professionals reported that neither satisfaction nor engagement surveys were conducted within their organizations. On the other hand according to the majority of respondents – 87% in 2010 and 81% in 2012 – employee surveys were indeed conducted. A decreasing ratio of represented organizations conducted only satisfaction or both satisfaction and engagement surveys, while a growing ratio – 19% in 2010 and 28% in 2012 – focused solely on engagement. We can conclude that satisfaction surveys have somewhat lost from their popularity in favor of engagement surveys within the research sample.

**Table 17. Conduction of employee surveys**

| <b>Do you conduct employee satisfaction / engagement surveys?</b> | <b>2010</b> | <b>2012</b> |
|-------------------------------------------------------------------|-------------|-------------|
| <i>We conduct employee satisfaction surveys.</i>                  | 37%         | 26%         |
| <i>We conduct employee engagement surveys.</i>                    | 19%         | 28%         |
| <i>We conduct both engagement and satisfaction surveys.</i>       | 32%         | 28%         |
| <i>We do not conduct surveys.</i>                                 | 13%         | 19%         |
| <i>Total</i>                                                      | 100%        | 100%        |

Breakdown of respondents by conducting employee surveys in 2010 and 2012

Source: Own research

Based on the research findings (Table 18), the majority of represented organizations conducted employee surveys only once or less than once a year both in 2010 and 2012. We can observe a decreasing tendency in the frequency of conducting employee surveys in the last two years according to the responses of the survey questionnaires.

**Table 18. Frequency of employee surveys**

| How often do you conduct employee satisfaction / engagement surveys? | 2010 | 2012 |
|----------------------------------------------------------------------|------|------|
| <b>Satisfaction survey</b>                                           |      |      |
| <i>More than once an year</i>                                        | 9%   | 6%   |
| <i>Once an year</i>                                                  | 66%  | 43%  |
| <i>Less than once an year</i>                                        | 25%  | 51%  |
| <i>Total</i>                                                         | 100% | 100% |
| <b>Engagement survey</b>                                             |      |      |
| <i>More than once an year</i>                                        | 18%  | 13%  |
| <i>Once an year</i>                                                  | 61%  | 48%  |
| <i>Less than once an year</i>                                        | 22%  | 39%  |
| <i>Total</i>                                                         | 100% | 100% |

Breakdown of respondents by the frequency of conducting employee surveys in 2010 and 2012

Source: Own research

As Table 19 illustrates there hasn't been much change in the breakdown of respondents by sharing the results of employee surveys from 2010 to 2012. Each year more than half of HR professionals reported to have shared all the survey results with their employees, while in 38% of represented organizations some of the information is kept in confidence. However, 7-8% of respondents admitted that their employees didn't receive feedback about the results of the surveys.

**Table 19. Sharing survey results**

| Do you share the result of the surveys with employees? | 2010 | 2012 |
|--------------------------------------------------------|------|------|
| <i>All the result is shared with employees.</i>        | 55%  | 54%  |
| <i>Some of the result is shared with employees.</i>    | 38%  | 38%  |
| <i>The result is not shared with the employees.</i>    | 7%   | 8%   |
| <i>Total</i>                                           | 100% | 100% |

Breakdown of respondents by sharing employee survey results with employees in 2010 and 2012

Source: Own research

According to the research findings (Table 20) in the majority of represented organizations employee surveys were followed up and action plans were developed. Only 4-5% of HR professionals reported that their employees were given full freedom in developing and implementing action plans in response to the employee survey results. We can see that in most organizations (85-57%) management kept involved in the follow-ups and we can also observe that there was a slightly strengthening tendency towards excluding employee involvement in action plan development.

**Table 20. Survey follow-ups**

| <b>What do you do with the result of the survey?</b>                                                                    | <b>2010</b> | <b>2012</b> |
|-------------------------------------------------------------------------------------------------------------------------|-------------|-------------|
| <i>The management develops and implements an action plan.</i>                                                           | 34%         | 38%         |
| <i>The management and employees develop and implement an action plan together.</i>                                      | 53%         | 47%         |
| <i>The result is given to employees, who are responsible for developing and implementing an action plan themselves.</i> | 4%          | 5%          |
| <i>No action is taken.</i>                                                                                              | 9%          | 10%         |
| <i>Total</i>                                                                                                            | 100%        | 100%        |

Breakdown of respondents by handling employee survey results in 2010 and 2012

Source: Own research

### **3.2.5. Effective tools for increasing employee engagement**

The following section of the research revealed the range of tools that were considered as the most effective by European HR professionals for increasing employee engagement. In the first part participants were asked to select from a list of pre-set HR practices (previously presented in Table 12) their top three choices that they considered the most effective to increase employee engagement. In the second part participants answered an open-ended question where they could freely express their opinions.

Table 21 presents the list of HR practices and the distribution of votes each practice received as being considered as one of the most effective tools for increasing employee engagement. There hasn't been a significant change in the ordination from 2010 to 2012. In each year

1. regular performance reviews,
2. training and development programs,
3. career planning,
4. competitive remuneration,
5. leadership development programs and
6. employee engagement surveys

were indicated by the majority of HR professionals as most efficient practices in order to increase the engagement level of employees.

**Table 21. Efficient practices for increasing engagement**

| <b>Which of the below practices do you consider as most efficient for increasing employee engagement?</b> | <b>2010</b> | <b>2012</b> |
|-----------------------------------------------------------------------------------------------------------|-------------|-------------|
| <i>Regular performance reviews</i>                                                                        | 19%         | 14%         |
| <i>Training and development programs</i>                                                                  | 15%         | 13%         |
| <i>Career planning</i>                                                                                    | 12%         | 12%         |
| <i>Competitive remuneration</i>                                                                           | 9%          | 8%          |
| <i>Leadership development programs</i>                                                                    | 9%          | 8%          |
| <i>Employee Engagement surveys</i>                                                                        | 4%          | 6%          |
| <i>Talent management programs</i>                                                                         | n.d.*       | 6%          |
| <i>Coaching</i>                                                                                           | 5%          | 5%          |
| <i>Flexible work arrangements</i>                                                                         | n.d.*       | 5%          |
| <i>Employer branding</i>                                                                                  | 2%          | 4%          |
| <i>Work-life balance programs</i>                                                                         | 6%          | 3%          |
| <i>360 degree evaluation</i>                                                                              | 2%          | 3%          |
| <i>Onboarding / induction programs</i>                                                                    | 2%          | 2%          |
| <i>Individualized job design</i>                                                                          | 1%          | 2%          |
| <i>Employee Satisfaction surveys</i>                                                                      | 2%          | 2%          |
| <i>Succession planning</i>                                                                                | 2%          | 2%          |
| <i>Identifying talent pool</i>                                                                            | 2%          | 2%          |
| <i>Overall competency model</i>                                                                           | 1%          | 2%          |
| <i>Individually customized incentives</i>                                                                 | 3%          | 1%          |
| <i>Development Centers (DC)</i>                                                                           | 1%          | 1%          |
| <i>Mentoring</i>                                                                                          | n.d.*       | 1%          |
| <i>CSR programs</i>                                                                                       | 1%          | 0%          |
| <i>Management trainee programs</i>                                                                        | 2%          | 0%          |
| <i>Behaviourial interviews in recruitment process</i>                                                     | 1%          | 0%          |
| <i>Participating in „Best Employer” surveys</i>                                                           | 0%          | 0%          |
| <i>Participating in "Family Friendly Employer" surveys</i>                                                | 0%          | 0%          |
| <i>Assessment Centers (AC) in recruitment process</i>                                                     | 0%          | 0%          |
| <i>Social media</i>                                                                                       | n.d.*       | 0%          |
| <i>Interim managers</i>                                                                                   | n.d.*       | 0%          |
| <i>Total</i>                                                                                              | 100%        | 100%        |

Breakdown of respondents by their opinion about which practice is the most efficient for increasing employee engagement in 2010 and 2012

\*No data

Source: Own research

In the section of open-ended questions responding HR professionals could freely express their opinions about what factors they considered the most effective for increasing employee engagement. The text analysis echoed the model of "Contextual framework of engagement antecedents" (Figure 4) presented in the "Theory" chapter. Without the

intention of presenting an exhaustive list I highlight the most frequently mentioned engagement drivers.

Many HR professionals approached the question from an individual's perspective. One of the respondents emphasized that *"focus on people as your most valuable business asset"* as well as a *"human-centric approach"* is essential in order to increase employees' engagement. Other respondents highlighted the importance of *"feeling valuable at work"* and the necessity of *"purpose and mastery"*. Showing respect to employees and recognizing their efforts were also mentioned by numerous respondents.

A number of job related considerations were also indicated in a notable proportion of responses. The most frequently mentioned job related factors were meaningful and motivating job and *"fit between the person and the work"*.

In relation to the employee's local work environment majority of responses emphasized the importance of an inspiring manager, good relationship between the employee and direct supervisor and perceived managerial support. One respondent suggested that *"direct superior [should be] a respected role model"*. Direct managers' key role in building an engaging work environment for their employees was a constantly reoccurring pattern in the responses. Numerous respondents also highlighted that employees should be given responsibility and autonomy and should be involved in decision-making. Teamwork was the other most frequently mentioned component of local work environment that was considered as an effective engagement driver. Many respondents emphasized the importance of a supportive and inspiring atmosphere in the context of local teams as well as the broader organization.

In relation to the organizational elements communication was unequivocally the most frequently mentioned factor that was considered as an effective tool for increasing employee engagement. According to some of the responding European HR professionals open, honest and clear two-way communication is essential to build an engaging company culture. Transparency was also highlighted as a substantial engagement driver. Numerous participants emphasized the importance of communicating company mission and vision and the *"clear link between organizational and individual goals and objectives"*. Personal and career development, constant and constructive feedbacks, regular performance reviews and leadership development were among the most frequently mentioned HR practices considered to be as effective tools for increasing employee engagement. Top management's own engagement and integrity was also highlighted in a lot of responses as an engagement

driver. Measuring employee engagement as well as conducting employee surveys was emphasized by a considerable number of responding HR professionals.

### 3.2.6. Further statistical analysis

#### 3.2.6.1. Principal component analysis

Based on the questions referring to different employee aspects of represented organizations in Table 11 I have conducted a principal component analysis. Since the original variables did not meet the requirements of a principal component analysis I have recoded them into dichotomist variables, where "significantly worse" and "somewhat worse" answers were coded as "0" and "remained the same", "somewhat better" and "significantly better" responses were coded as "1". The full SPSS output of principal component analysis for 2010 and 2012 can be found in Appendix 4.

As Table 22 illustrates in 2010 the KMO measure was 0.581, while in 2012 it was 0.700, which are both above the 0.5 required limit, therefore the new principal components are appropriate to represent the original variables. This is reinforced by the Bartlett-tests, where level of significance were 0.000 in both years, which are below the 0.05 required limit (Sajtos and Mitev, 2007; Székelyi and Barna, 2008).

**Table 22. KMO and Bartlett's Test for 2010 and 2012**

| KMO and Bartlett's Test                           |                    | 2010    | 2012    |
|---------------------------------------------------|--------------------|---------|---------|
| Kaiser-Meyer-Olkin Measure of Sampling Adequacy . |                    | .581    | .700    |
| Bartlett's Test of Sphericity                     | Approx. Chi-Square | 101.006 | 172.276 |
|                                                   | df                 | 3       | 6       |
|                                                   | Sig.               | .000    | .000    |

Own edition of SPSS outputs

Source: Own research

As Table 24 illustrates in 2010 ability to retain talent, employee morale and employee engagement were included into the "Employee Aspects" principal component, while in 2012 ability to attract talent was also included. We could already observe that ability to attract talent showed a different pattern from other variables from the response frequencies presented earlier (Table 11).

The "Employee Aspects 2010" principal component included 65.1% of information content of the original variables, while "Employee Aspects 2012" included 66.4% (Table 23). An "Employee Aspects" score was generated and assigned to each respondent in both years. The higher the "Employee Aspects" score is the higher degree of increase in

employee morale and engagement as well as a higher increase in the level of ability to retain (and in 2012 also to attract) talent was reported based on the perceptions of responding European HR professionals. The frequency of each "Employee Aspects" factor score among respondents in 2010 and 2012 is shown in Table 28 and Table 30 of Appendix 4.

**Table 23. Total variance explained for 2010 and 2012**

| <b>Total Variance Explained 2010</b>             |                     |               |              |                                     |               |              |
|--------------------------------------------------|---------------------|---------------|--------------|-------------------------------------|---------------|--------------|
| Component                                        | Initial Eigenvalues |               |              | Extraction Sums of Squared Loadings |               |              |
|                                                  | Total               | % of Variance | Cumulative % | Total                               | % of Variance | Cumulative % |
| 1                                                | 1.954               | 65.128        | 65.128       | 1.954                               | 65.128        | 65.128       |
| 2                                                | .763                | 25.427        | 90.556       |                                     |               |              |
| 3                                                | .283                | 9.444         | 100.000      |                                     |               |              |
| Extraction Method: Principal Component Analysis. |                     |               |              |                                     |               |              |
| <b>Total Variance Explained 2012</b>             |                     |               |              |                                     |               |              |
| Component                                        | Initial Eigenvalues |               |              | Extraction Sums of Squared Loadings |               |              |
|                                                  | Total               | % of Variance | Cumulative % | Total                               | % of Variance | Cumulative % |
| 1                                                | 2.658               | 66.438        | 66.438       | 2.658                               | 66.438        | 66.438       |
| 2                                                | .757                | 18.937        | 85.375       |                                     |               |              |
| 3                                                | .390                | 9.743         | 95.118       |                                     |               |              |
| 4                                                | .195                | 4.882         | 100.000      |                                     |               |              |
| Extraction Method: Principal Component Analysis. |                     |               |              |                                     |               |              |

Own edition of SPSS outputs

Source: Own research

**Table 24. Component matrix for 2010 and 2012**

| <b>Component Matrix<sup>a</sup> 2010</b>         |           | <b>Component Matrix<sup>a</sup> 2012</b> |           |
|--------------------------------------------------|-----------|------------------------------------------|-----------|
|                                                  | Component |                                          | Component |
|                                                  | 1         |                                          | 1         |
| Talent retention                                 | .636      | Employee attraction                      | .747      |
| Employee morale                                  | .859      | Employee retention                       | .806      |
| Employee engagement                              | .901      | Employee morale                          | .895      |
|                                                  |           | Employee engagement                      | .805      |
| Extraction Method: Principal Component Analysis. |           |                                          |           |
| a. 1 components extracted.                       |           |                                          |           |

Own edition of SPSS outputs

Source: Own research

### 3.2.6.2. Variable standardization

An "HR Practices Index" score was generated and assigned to each respondent of the research questionnaire, which reflects the variety of HR practices used on a regular basis by the represented organization weighted by the frequency of each HR practice in the current sample. The "HR Practices Index" was created by standardizing the variables of each HR practice based on the frequency of being indicated as used on a regular basis and the respondent's overall "HR Practices Index" score was calculated as the summation of standardized values of all HR practices which were marked by the respondent as being

used on a regular basis. The higher the "HR Practices Index" is the more various HR practices are used at the represented organization, where more frequent HR practices were taken into account with lower weights. Frequencies of the "HR Practices Index" scores in 2010 and 2012 are presented in Appendix 5.

### 3.2.6.3. Correlation analysis

*Hypothesis 1. "Employee Aspects" and "HR Practices Index" are positively related to each other.*

In order to test Hypothesis 1, a correlation analysis was conducted between the created variables of "Employee Aspects" principal component and the "HR Practices Index" both in 2010 and 2012. As Table 25 illustrates in both years correlation between "Employee Aspects" and the "HR practices index" was found to be significant at a 5% significance level however the strength of this relationship can be considered only as weak, because the Pearson correlation coefficients were only 0.225 in 2010 and 0.220 in 2012.

**Table 25. Correlations between "Employee Aspects" and "HR Practices Index"**

| Correlations                                                |                     |                          |                               |                               |                     |                          |                               |
|-------------------------------------------------------------|---------------------|--------------------------|-------------------------------|-------------------------------|---------------------|--------------------------|-------------------------------|
| 2010                                                        |                     | PC Employee Aspects 2010 | Stand HR Practices Index 2010 | 2012                          |                     | PC Employee Aspects 2012 | Stand HR Practices Index 2012 |
| PC Employee Aspects 2010                                    | Pearson Correlation | 1                        | ,225*                         | PC Employee Aspects 2012      | Pearson Correlation | 1                        | ,220*                         |
|                                                             | Sig. (2-tailed)     |                          | .013                          |                               | Sig. (2-tailed)     |                          | .032                          |
|                                                             | N                   | 120                      | 120                           |                               | N                   | 95                       | 95                            |
| Stand HR Practices Index 2010                               | Pearson Correlation | ,225*                    | 1                             | Stand HR Practices Index 2012 | Pearson Correlation | ,220*                    | 1                             |
|                                                             | Sig. (2-tailed)     | .013                     |                               |                               | Sig. (2-tailed)     | .032                     |                               |
|                                                             | N                   | 120                      | 149                           |                               | N                   | 95                       | 127                           |
| *. Correlation is significant at the 0.05 level (2-tailed). |                     |                          |                               |                               |                     |                          |                               |

Own edition of SPSS outputs

Source: Own research

Based on the result of the correlation calculation we can accept Hypothesis 1, thus "Employee Aspects" and "HR Practices Index" are positively related to each other.

Therefore we can conclude that in the current sample of European organizations the more various HR practices were used within an organization the higher level of positive increase in employee morale and engagement could have been anticipated as well as the higher level of increase in the ability of retaining (and in 2012 also attracting) talent based on the perceptions of responding European HR professionals. Even though the correlation between the "Employee Aspects" and the "HR Practices Index" was found to be

significant, the strength of this relationship wasn't proved to be strong within the current sample.

#### 3.2.6.4. Analysis of variance

In order to test Hypotheses 2-11 analyses of variance were conducted between the previously presented responses of the survey questionnaires and "Employee Aspects" as well as the "HR Practices Index". The full SPSS outputs are presented in Appendix 6.

Table 26 illustrates the significance value (Sig.) of the ANOVA tables of each conducted analysis of variance. If the significance value is below 0.05 than the relationship between the examined factors is significant. Based on the analysis of variance we cannot make conclusions about the strength of the relationship between the two factors however we can see if the relationship is significant. If the relationship is significant than the "Eta Squared" value shows the percentage of variance in the heterogeneity of the dependent factor (i.e. "Employee Aspects" or "HR Practices Index") explained by the independent factor (i.e. question responses) (Sajtos and Mitev, 2007; Székelyi and Barna, 2008).

**Table 26. Analyses of variance**

|                                                      | Employee Aspects |             |       |             | HR Practices Index |             |       |             |
|------------------------------------------------------|------------------|-------------|-------|-------------|--------------------|-------------|-------|-------------|
|                                                      | 2010             |             | 2012  |             | 2010               |             | 2012  |             |
|                                                      | Sig.             | Eta Squared | Sig.  | Eta Squared | Sig.               | Eta Squared | Sig.  | Eta Squared |
| <i>Size of organization</i>                          | 0.966            |             | 0.883 |             | 0.000              | 0.166       | 0.000 | 0.222       |
| <i>Region</i>                                        | 0.652            |             | 0.713 |             | 0.122              |             | 0.198 |             |
| <i>Industry</i>                                      | 0.387            |             | 0.479 |             | 0.000              | 0.331       | 0.076 |             |
| <i>Business context</i>                              | 0.000            | 0.267       | 0.000 | 0.259       | 0.016              | 0.095       | 0.092 |             |
| <i>Importance of employee engagement</i>             | 0.023            | 0.062       | 0.001 | 0.177       | 0.000              | 0.227       | 0.028 | 0.095       |
| <i>Having a defined employee engagement strategy</i> | 0.000            | 0.144       | 0.008 | 0.144       | 0.000              | 0.293       | 0.000 | 0.326       |
| <i>Measurement of employee engagement strategy</i>   | 0.029            | 0.059       | 0.031 | 0.095       |                    |             |       |             |
| <i>Conducting employee surveys</i>                   | 0.346            |             | 0.734 |             |                    |             |       |             |
| <i>Employee involvement in survey follow-ups</i>     | 0.560            |             | 0.235 |             |                    |             |       |             |
| <i>Sharing results of employee surveys</i>           | 0.771            |             | 0.753 |             |                    |             |       |             |

Sig.: refers to whether the relationship is significant between the examined factors (significance is calculated at the 0.05 level)

Eta Squared: percentage of variance in the heterogeneity of dependent factor explained by the independent factor

Own edition of SPSS outputs

Source: Own research

*Hypothesis 2. Size of the organization is not related to "Employee Aspects", while related to the "HR Practices Index".*

The ANOVA significance values between the size of the organization and "Employee Aspects" were well above the 0.05 limit in both years, while in relation to "HR Practices Index" the relationship was found to be significant, as the values were 0.000 both

in 2010 and 2012 (Table 26). Therefore Hypothesis 2 can be approved and we can conclude that the size of the organization is not related to the "Employee Aspects", while it does have a significant effect on the variety of HR practices being used at the organization. Size of the organization explained 16.6% of variance in the heterogeneity of the "HR Practices Index" in 2010 while 22.2% in 2012. Interestingly the latter relationship was not found to be linear. Even though the smallest organizations had the lowest "HR Practices Index" scores and the largest ones had the highest scores, a similar order cannot be observed in regards to the rest categories of organization sizes (see Table 56 and Table 63 in appendix 6). Although the size of the organization is significantly related to the "HR Practices Index" we cannot conclude that the higher the number of employees an organization has the higher its "HR Practices Index" is.

*Hypothesis 3. Region of the organization is related to "Employee Aspects" and to the "HR Practices Index".*

The ANOVA significance values between the region of the organization and "Employee Aspects" as well as the "HR Practices Index" were above the 0.05 limit in both years (Table 26), therefore these relationships were not found to be significant. We can conclude that in the current sample the region of the organization did neither show a significant relationship with responding HR professionals' perceptions about the change in the level of employee morale and engagement nor their organizations' ability to retain (and in 2012 also to attract) talent. Furthermore, the region of the organization neither was found to be in a significant relationship with the variety of HR practices being applied on a regular basis. These findings are opposed to my pre-assumptions. According to these results the second part of Hypothesis 3 also has to be rejected.

*Hypothesis 4. Industry of the organization is not related to "Employee Aspects", while related to the "HR Practices Index".*

The ANOVA significance values (Table 26) between the industry of the organization and "Employee Aspects" were above the 0.05 limit in both years, therefore this relationship was not found to be significant. However, the industry's relationship with the "HR Practices Index" was found to be significant in 2010 (sig. value 0.000, Table 26), while in 2012 the significance value (0.076, Table 26) was above the 0.05 limit. Therefore Hypothesis 4 can only be partially accepted. While industry of the organization was not found to be related to "Employee Aspects" (according to the assumptions), relationship between industry and "HR Practices Index" was found to be significant in 2010 and not

significant in 2012. The oil & gas, the pharma & healthcare and the FMCG sectors received the highest "HR Practices Index" scores in 2010 (see Table 58 in Appendix 6). Further investigation is suggested to reveal the characteristics of the relationship between the industry and the variety of HR practices being applied at the organization.

*Hypothesis 5. Perceptions about the change of business context are positively related to "Employee Aspects" and the "HR Practices Index".*

According to the ANOVA significance values (Table 26) HR professionals' perceptions about the change of business context was found to be in significant relationship with "Employee Aspects", having the "business context factor" explaining app. one quarter of the variance in the heterogeneity of "Employee Aspects" in both years. Based on the mean calculation of each response categories we can conclude that the better the business context was perceived by the responding HR professional the more positive change was perceived in the related employee aspects, such as employee morale and engagement as well as the better ability of retaining (and in 2012 also attracting) talent (see Table 37 and Table 48 in Appendix 6). The relationship between the business context and the "HR Practices Index" however showed a somewhat contradictory picture as the relationship was found to be significant in 2010 (sig. 0.016, Table 26) while it wasn't in 2012 (sig. 0.092, Table 26). Thus, Hypothesis 5 can only be partially accepted, while perceptions about the change of business context is positively related to "Employee Aspects", the relationship wasn't found to be proved in relation with the "HR Practices Index" in the current sample.

*Hypothesis 6. Importance of employee engagement within the organization is positively related to "Employee Aspects" and the "HR Practices Index".*

The ANOVA significance values (Table 26) were all below the 0.05 limit, therefore according to the analyses of variance relationships were found to be significant between the importance of employee engagement within the organization and its "Employee Aspects" as well as its "HR Practices Index". The more employee engagement was considered important within an organization the more positive changes were perceived by the responding HR professional in the related employee aspects (i.e. employee morale and engagement as well as the organization's ability to retain – and in 2012 also to attract – talent) and the more various HR practices were indicated as being used on a regular basis within the organization (see Table 38, Table 49, Table 60 and Table 67 in Appendix 6). Hence Hypothesis 6 can be approved based on the current sample.

*Hypothesis 7. Having a clearly defined employee engagement strategy is positively related to "Employee Aspects" and the "HR Practices Index".*

The ANOVA significance values (Table 26) were all below the 0.05 limit, therefore having a clearly defined employee engagement strategy was found to be in a significant relationship with "Employee Aspects" and the "HR Practices Index". The more defined the employee engagement strategy was within an organization the more positive change was perceived by the responding HR professional in the related employee aspects as well as the more various HR practices were reported as being applied within the organization (Table 39 and Table 61 in Appendix 6). Furthermore in 2012 – when response options were also mapping the organization's engagement strategy's connection to business results – it was found that in organizations where engagement strategy is also connected to business results "Employee Aspects" scores and "HR Practices Index" values were found to be higher than in those organizations where strategy was not connected to business results (Table 50 and Table 68 in Appendix 6). As a conclusion we can accept Hypothesis 7 to be proved within the current sample.

*Hypothesis 8. Measuring employee engagement is positively related to "Employee Aspects".*

According to the ANOVA significance values (Table 26) there was a significant relationship between measuring employee engagement and "Employee Aspects". In those organizations where employee engagement was measured HR professionals perceived a more positive change in employee aspects such as employee morale and engagement as well as a better ability to retain (and in 2012 also to attract) talent (Table 40 and Table 51 in Appendix 6). However, according to the Eta Squared values measuring employee engagement explained only 6-10% of the variance in the heterogeneity of "Employee Aspects". Notwithstanding, according to these results Hypothesis 8 can be approved within the current sample.

*Hypothesis 9. Conducting employee surveys is positively related to "Employee Aspects".*

The ANOVA significance values (Table 26) were above the 0.05 limit in both years, therefore the relationship between conducting employee surveys and "Employee Aspects" was not found to be significant. Conducting employee surveys neither resulted a more positive change in employee morale and engagement nor in the ability to retain (and in 2012 also to attract) talent according to the perceptions of responding HR professionals.

Based on these results we have to reject Hypothesis 9 within the current sample. This finding is specifically interesting as we could see that employee surveys – especially engagement surveys – were considered among the most effective tools in order to increase employee engagement by European HR professionals (Table 26). Nevertheless the current research does not support this assumption.

*Hypothesis 10. Involvement of employees in the development of action plans as a follow-up on employee surveys is positively related to "Employee Aspects".*

According to the ANOVA significance values (Table 26) the relationship between the involvement of employees in the development of action plans as a follow-up on employee surveys and "Employee Aspects" was not found to be significant. Those HR professionals who reported to have involved employees in the development of action plans in response to the employee survey results did not necessarily perceive more positive changes in the level of employee morale and engagement nor in the ability to retain (and in 2012 also to attract) talent. Based on the current sample Hypothesis 10 is rejected. This finding is also contradictory to the notion widely accepted in the engagement literature according to which employees' involvement in development and decision-making results in more positive consequences such as higher level of employee morale, satisfaction, commitment, engagement, loyalty, lower level of turnover, etc. Notwithstanding I must emphasize that the findings of the current research cannot be generalized.

*Hypothesis 11. Sharing the survey results with employees is positively related to "Employee Aspects".*

The ANOVA significance values (Table 26) were above the 0.05 limit, therefore the relationship between sharing the survey results with employees and "Employee Aspects" was not found to be significant. In those represented organizations where all the survey results were shared with employees responding HR professionals did not necessarily reported a more positive perception of change in the level of employee morale and engagement nor in the ability to retain (and in 2012 also to attract) talent. Based on the current sample's analysis Hypothesis 11 has to be rejected. This finding is also opposed to the notion that honest and transparent communication as well as access to extensive information increases engagement. Again, while the conclusion is true for the organizations represented in the current sample it cannot be extended to the whole European region.

### **3.2.7. Summary of research findings**

In the previous chapters I have demonstrated a Europe-wide research that had been conducted in 2010 and 2012 on behalf of Stamford Global with the objective to reveal typical European HR and Employee Engagement practices. Majority of respondents were HR Directors and HR Managers. In both years a considerable ratio of participants were coming from the CEE region. A wide variety of different industries were represented in the survey. In 2010 majority of participating organizations employed less than 2500 employees, while in 2012 large organizations with more than 5000 employees were more represented in the sample.

As a result of the survey analysis we could see that majority of responding European HR professionals perceived a positive change in the business context from 2010 to 2012. In regards of employee morale and engagement more respondents reported a negative than a positive change during the last four years. Ability to retain talent was rather perceived to have changed negatively in both years. Ability to attract talent showed a different pattern as a growing ratio of responding HR professionals perceived a negative change, at the same time also a growing ratio of respondents perceived a positive change in their organizations' ability to attract talent from 2010 to 2012.

Regular performance reviews and training and development programs were found to be the most prevalent HR practices across represented European organizations. Leadership development programs, behavioral interviews in recruitment process and identification of talent pool were also used in a growing ratio of represented organizations. A growing ratio of organizations paid more attention to employer branding, social media, work-life balance and individually customized incentive programs, however there is still room for further development on these areas as majority of HR professionals did not indicate these practices as used on a regular basis.

The research clearly shows that high importance is assigned to employee engagement within European organizations represented in the survey. Great majority of HR professionals believe that improved employee engagement as well as improved employee satisfaction has a direct, positive effect on the organization's better business performance. In both years app. 80% of respondents reported that employee engagement was top priority or very important within their organizations. Two thirds of represented organizations had a somewhat or clearly defined employee engagement strategy. In 2012 three out of four clearly defined employee engagement strategies were also connected to business results.

We could see that app. 80% of respondents reported that they measured employee engagement. Moreover, in about one quarter of participating organizations clear employee engagement measures were also connected to business results.

Great majority (80-90%) of represented organizations conducted employee surveys. We could observe that satisfaction surveys have somewhat lost from their popularity in the favor of engagement surveys within the current sample. Majority of responding HR professionals reported to have conducted employee surveys only once or less than once a year both in 2010 and 2012. We could also observe a decreasing tendency in the frequency of conducting employee surveys from 2010 to 2012. Each year more than half of HR professionals reported to have shared all the survey results with their employees. Employees were involved in the development of action plans in more than half of the represented organizations; however we could observe a slightly strengthening tendency towards excluding employee involvement in action plan development from 2010 to 2012.

Based on the responses of participating European HR professionals, regular performance reviews, training and development programs, career planning, competitive remuneration, leadership development programs and employee engagement surveys were found to be the most frequently indicated HR practices as being considered as the most effective for increasing employee engagement.

With principal component analysis an "Employee Aspects" factor was developed and assigned to each respondent, which reflects the change of responding HR professionals' perceptions about the level of employee morale and engagement as well as their organizations' ability to retain (and in 2012 also to attract) talent.

By variable standardization an "HR Practices Index" was developed and assigned to each respondent, which reflects the variety of HR practices being used on a regular basis by the represented organization, weighted by the frequencies of HR practices within the sample.

Based on the correlation analysis relationship between "Employee Aspects" and the "HR Practices Index" was found to be significant, but not strong across organizations represented in the research.

Based on the results of numerous analyses of variance we found that:

- Size of the organization was not related to "Employee Aspects", while related to the "HR Practices Index".

- Region of the organization was not related to "Employee Aspects", nor to the "HR Practices Index".
- Industry of the organization was not related to "Employee Aspects". Industry's relation to the "HR Practices Index" was found to be significant in 2010, but not significant in 2012. Further investigation is suggested to reveal the relationship between these two factors.
- Perceptions about the change of business context were positively related to "Employee Aspects". Perceptions about the change of business context's relation to the "HR Practices Index" were found to be significant in 2010, but not significant in 2012. Further investigation is suggested to reveal the relationship between these two factors.
- Importance of employee engagement within the organization was positively related to "Employee Aspects" and the "HR Practices Index".
- Having a clearly defined employee engagement strategy was positively related to "Employee Aspects" and the "HR Practices Index".
- Measuring employee engagement was positively related to "Employee Aspects".
- Conducting employee surveys was not related to "Employee Aspects".
- Involvement of employees in the development of action plans as a follow-up on employee surveys was not related to "Employee Aspects".
- Sharing the survey results with employees was not related to "Employee Aspects".

I must emphasize that these results can be interpreted only for the participants of the current research.

### **3.2.8. Limitations of the research**

Even though the research provided an interesting insight into the variety of typical HR and employee engagement practices applied across European organizations participated in the survey as well as the relationships between certain employee aspects and HR practices, the research had its limitations as well. The sample cannot be considered representative, because of the exiguous number of respondents. Also, the structure of the sample does not reflect the real regional and industrial distribution of European organizations. Therefore even though the conclusions are true for the represented organizations, they cannot be generalized for the whole European region. Additional researches are suggested in order to further investigate the findings of the current survey.

Another limitation of the research was that data regarding the business context and employee aspects, such as employee morale and engagement as well as organizations' ability to attract and retain talent were based on the responding HR professionals' perceptions and not on objective data. Perceptions are highly dependent on numerous factors related to the responding individual (Komor and Mihály, 2011) that were not examined in the frame of this research. For example a research by Human Synergistics International (2006) found that top management's and HR managers' perceptions about the organization's culture were typically much more positive than the employees'. Therefore the reliability of the data may be questionable. Also, the questions were constructed in a way that was revealing the change over a 2-year period both in 2010 and in 2012. Consequently, data was reflecting a relative position compared to a previous situation of the respondent organization, however does not provide information that would allow a between-organization comparison from an absolute perspective.

Furthermore even though the "HR Practices Index" gives an opportunity to summarize into a single value the variety of HR practices used by an organization on a regular basis weighted by their frequency, it does not provide information about the quality of the related practices. According to my assumptions the way a certain HR tool is being put into practice may have a significant effect on engagement. For example an organization may have the most cutting-edge performance management system in place if managers are not skilled in providing clear, objective and constructive feedback to their subordinates than it may rather disengage than engage employees. Further research is highly suggested in order to reveal the relationship between the quality of HR practices and employee engagement.

### **3.2.9. Conclusions**

Based on the current research we can conclude that employee engagement became a widely recognized concept across European HR professionals. Great majority of respondents considered employee engagement as well as satisfaction as a key driver of business results. Employee engagement became top priority or very important within the majority of represented organizations. According to Ulrich and Smallwood (2005) even though it is accepted that the investments in developing HR practices contribute to an increased level of employee engagement, which may predict higher profitability, it is substantial that return on investments could be measured clearly. The findings of the current research support the observation of a positive change into this suggested direction.

Responding European HR professionals reported a more conscious approach to the management of employee engagement as a growing ratio of organizations develop clearly defined employee engagement strategies and measurements and connect them to business results.

A significant, but not strong relationship was found between "Employee Aspects" and the "HR Practices Index" that allows us to assume that investments into the development of various HR practices contributes to a positive, but moderate change in certain employee aspects such as the level of engagement and morale of employees as well as the organizations' ability to attract and retain talent. It would be beneficial to further investigate this relationship and identify those factors that are the most predictive in increasing employee engagement in relation to business results. Most researches however focuses only on half part of the "antecedents → engagement → consequences" chain (Figure 1) and examine engagement drivers without relating them to meaningful outcomes, or focusing on the consequences of engagement without having identified the exact antecedents of the concrete engagement level. In my opinion Gallup's approach (Buckingham and Coffman, 1999) is truly original in this sense because their Q12 measurement really creates a connection between antecedents and consequences; however the real meaning of engagement as an intervening step in the link somehow gets out of sight. The attributes articulated in Q12 (such as clear expectations, access to necessary information, meaningful work, development opportunities, praise and recognition, etc.) may be very important prerequisites of engagement, however – according to my understanding – engagement itself cannot be operationalized by a set of environmental elements. On the other hand Q12 provides an excellent summary of those factors that truly contributes to outstanding individual performance based on my interpretation of Gallup's worldwide research. These factors – among others – are indeed important drivers of engagement as well. Saks (2006) had an attempt to analyze the mediating effects of employee engagement between antecedents and consequences, however the results of his analysis only partially supported his hypothesis according to which employee engagement play a mediating role between antecedents (such as job characteristics, perceived organizational and supervisor support, rewards and recognition, procedural and distributive justice) and consequences (such as job satisfaction, organizational commitment, intention to quit and OCB). Furthermore individual or organizational performance was not analyzed as possible consequences of engagement.

According to the findings of the current research participating HR professionals' perceptions about the business context of their organizations was positively related to "Employee Aspects" (i.e. respondents' perceptions about the change in the level of employee morale and engagement and their organizations' ability to retain – and in 2012 also to attract – talent). Because of the nature of analysis of variance (which provides information about the percentage of variance in the heterogeneity of dependent factor explained by the independent factor in case the relationship was found to be significant between the two factors) we cannot make conclusions whether higher "Employee Aspects" scores had an effect on the business results of an organization and therefore the perceptions of responding HR professionals about the business context. However the current finding supports the approach introduced by Lawler and Porter (1967) and reinforced by Schneider et al. (2003) according to which higher achievements influence employee attitudes.

Interesting findings of the current research were that conducting employee surveys, involving employees in development of action plans in response to the survey results and sharing the results of the surveys with employees were not found to be in a significant relationship with "Employee Aspects". These findings are contradictory to the widely accepted notions according to which providing opportunities for employees to express their opinion, involving them in developments and decisions as well as enabling them to access widespread information are important factors of numerous desirable outcomes, such as increased engagement among others. Since the results of the current research cannot be generalized further investigation would be suggested to reveal the real characteristics of these relationships. Certain circumstances of the employee survey conductions (such as objectives, communication, execution, interpretation of the results, meaningfulness of developed action plans, quality of real follow-ups, etc.) may have a significant effect on the variables included in the "Employee Aspects" factor as well as employee engagement.

According to another interesting finding of the research, the region of the organization was not found to be in a significant relationship with the "HR Practices Index". My pre-assumption was that Western European countries may be applying a wider range of HR practices than organizations in the CEE region. Other, more established and expansive researches (e.g. the CRANET research: Farkas et al., 2009; Poór, 2009; Karoliny et al., 2010; Kohont and Poór, 2011) have differentiated certain characteristics of HR management practices unique to Hungary and the CEE region compared to a wider worldwide data, which would have supported my assumption that there might be a

difference in the variety of applied HR practices across different regions. Notwithstanding in the current sample of European organizations the region of the organization did not show a significant relationship with the variety of the HR practices being used on a regular basis.

The current research intended to reveal how have the perceptions of responding European HR professionals changed from 2010 to 2012 in respect of the business context of their organizations, the level of engagement and morale of their employees and their organizations' ability to attract and retain talent. Further objective was to reveal the range of HR practices that were widely used across Europe and those that were considered as being effective for increasing employee engagement according to the opinion of European HR professionals. The research also discovered how important employee engagement became and how consciously it is being managed across European organizations. Even though the findings of the current research cannot be generalized it is still beneficially contributing to the deeper understanding of the coherence between numerous employee aspects and HR practices and suggests directions for possible further investigations.

#### **4. SUMMARY AND CONCLUSIONS**

The concept of employee engagement is gaining more attention both in the practitioner as well as the academic literature. In the Theory chapter I provided a structured review of the current engagement literature and introduced my conceptualization of the employee engagement construct. I differentiated the attitudinal and behavioral pillars of engagement and identified individual's intrinsic motivation, job involvement and positive emotional attachment to the organization as the three main components of employee engagement. I interpreted engagement in the context of its antecedents and consequences. Main engagement enablers were introduced in the categories of individual, job related and organizational factors. Furthermore the broader, external environmental elements and current paradigms were also taken into account as possible influencing factors. I discussed the possible consequences of engagement and analyzed the characteristics of its relationship with individual and organizational performance. By presenting a series of different researches that intended to reveal the characteristics of the engagement-performance relationship I concluded that even in those researches where engagement was found to be in a significant relationship with performance the strength of the relationship was not found to be strong. I discussed the difficulties of operationalizing employee engagement and link it to related individual and organizational performance and constantly highlighted my suggestions for possible directions in further academic and practitioner researches within the area.

In the Practices chapter I presented the "Employee Engagement Maturity Survey", which was conducted in 2010 and 2012 on behalf of Stamford Global with the participation of European HR professionals. In the frame of the research I found that employee engagement is becoming increasingly important across European organizations. Participants of the survey reported to have applied a wide variety of different HR and engagement practices which was found to be in a significant but weak relationship with the change of responding HR professionals' perceptions about certain employee aspects such as employee morale, engagement and their organizations' ability to attract and retain talent. Interestingly – contradictory to the widely accepted notion according to which providing opportunities for employees to express their opinion, involving them in developments and decisions as well as enabling them to access widespread information are important enablers of engagement – within the current research conducting employee surveys, involving employees in development of action plans in response to the survey results and sharing the

results of the surveys with employees were not found to be in a significant relationship with "Employee Aspects". These findings deserve more attention and could be the focus of further investigation. As another interesting result of the current research region of the organization was not found to be in a significant relationship with the "HR Practices Index", which is also contradictory to my pre-assumptions.

In today's complex, volatile and unpredictable environment organizations are looking for new approaches to be able to face with constantly emerging new challenges. As prices, products and technology can be easily reproduced by competitors, organizations recognize that their real competitive advantage is rather lies in intangible assets, such as their human resources. Employee engagement has turned to be a hot topic recently, because it became a widely accepted notion that engaged employees drive outstanding business results. While a strong correlation between engagement and performance hasn't been proved in the academic literature, consulting institutions successfully promoted the concept of employee engagement. The findings of the "Employee Engagement Maturity Survey" supported my pre-assumption that employee engagement as well as employee satisfaction is considered to be an important key driver of business results across European HR professionals. The results of the survey also demonstrated that high importance is assigned to employee engagement as both in 2010 and 2012 app. 80% of respondents reported that employee engagement was a top priority or very important within their organizations. We could see that a growing ratio of organizations (app. two thirds in 2010 and three quarters in 2012) also developed employee engagement strategies; moreover in 2012 three out of four engagement strategies were also connected to business results. Even though the samples of the research were not representative, therefore conclusions may not be generalized, however these results may let us assume that organizations are interested in engaging their employees because they expect to improve their business results.

Even though I studiously acknowledge that making profits are indeed the main objectives of organizations in the for-profit segment, I raise my concern that if material benefits are the real reasons behind the intentions of engaging employees than engagement initiatives may not necessarily be perceived positively by employees. Emotional attachment to the organization is a key component of engagement, which cannot be required as part of the employment contract. If engagement initiatives are being implemented within an organization, but in the same time senior and direct management do not show a sincere interest in employee's wellbeing than effectiveness may be jeopardized.

In my opinion building a truly engaging environment, which empowers the energies of people and inspires them to give their best in their everyday work requires top management to think in a holistic way and not only in terms of a set of superficial techniques selected from the list of engagement drivers. In my interpretation implementation of engagement initiatives may be most effectively handled with conscious change management methods in the context of the organizational culture and core values. In my understanding the concept of employee engagement cannot be interpreted as a strategy, but it rather reflects the extent to which the organization is genuinely engaged in engaging employees.

As closing thoughts I would like to cite one of the conclusions drawn by Collins and Porras (1994) as a result of studying 18 different visionary companies:

*“Contrary to business school doctrine, "maximizing shareholder wealth" or "profit maximization" has not been the dominant driving force or primary objective through the history of most of the visionary companies. Visionary companies pursue a cluster of objectives, of which making money is only one – and not necessarily the primary one. Yes, they seek profits, but they're equally guided by a core ideology – core values and sense of purpose beyond just making money. Yet, paradoxically, the visionary companies make more money than the more purely profit-driven comparison companies.” (p. 8)*

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## **APPENDICES**

## **APPENDIX 1. KEY DRIVERS OF EMPLOYEE ENGAGEMENT**

### **Towers Perrin**

Top 10 drivers of Employee Engagement Globally (Towers Perrin, 2008, p. 9)

1. Senior management sincerely interested in employee well-being
2. Improved my skills and capabilities over the last year
3. Organization's reputation for social responsibility
4. Input into decision making in my department
5. Organization quickly resolves customer concerns
6. Set high personal standards
7. Have excellent career advancement opportunities
8. Enjoy challenging work assignments that broaden skills
9. Good relationship with supervisor
10. Organization encourages innovative thinking

### **The Gallup Organization**

Attributes articulated in Q12 (Gallup, 2010, p. 2, slightly rephrased)

1. Clear expectations
2. Access to necessary materials and equipment
3. Opportunity to do use talents in everyday work
4. Recognition and praise for good work
5. Supervisor's or colleagues' interest in the employee as a person
6. Encouragement of personal development
7. Opinions are being listened
8. Perceived importance of work in relation to the company's mission/purpose
9. Co-workers' commitment to doing quality work
10. Having a best friend at work
11. Regular reviews about progress in every 6 months
12. Opportunities to learn and grow

### **CIPD (Chartered Institute for Personnel and Development)**

Main drivers of employee engagement (CIPD, 2012)

1. Having opportunities to feed your views upwards
2. Feeling well-informed about what is happening in the organization
3. Believing that your manager is committed to your organization

## **Corporate Council of Leadership**

The Top 25 Levers of Engagement (Corporate Council of Leadership, 2004, p. 13)

1. Connection between work and organizational strategy
2. Importance of job to organizational success
3. Understanding of how to complete work projects
4. Internal communication
5. Demonstrates strong commitment to diversity
6. Demonstrates honesty and integrity
7. Reputation of integrity
8. Adapts to changing circumstances
9. Clearly articulates organizational goals
10. Possesses job skills
11. Set realistic performance expectations
12. Puts the right people in the right roles at the right time
13. Helps find solutions to problems
14. Breaks down projects into manageable components
15. Accepts responsibility for successes and failures
16. Encourages and manages innovation
17. Accurately evaluates employee potential
18. Respects employees as individuals
19. Demonstrates passion to succeed
20. Cares about employees
21. Has a good reputation within the organization
22. Innovation
23. Is open to new ideas
24. Defend direct reports
25. Analytical thinking

## **Institute for Employment Studies**

Top drivers of employee engagement (Robinson, Perryman and Hayday, 2004)

1. Sense of feeling valued and involved
2. Involvement in decision making  
The extent to which employees feel able to voice their ideas, and managers listen to these views, and value employees' contributions
3. The opportunities employees have to develop their jobs
4. The extent to which the organisation is concerned for employees' health and wellbeing.

## **APPENDIX 2. PIONEERING CASE STUDIES AND APPROACHES TO ENGAGEMENT**

In the following sub-chapters I demonstrate a few real-life examples of revolutionary approaches in creating an engaging work environment and company culture as well as high-performance company practices. All the case studies are unique and may not be working in other circumstances and conditions. However these examples may be a good take-off for thought-provoking discussions about possible future leadership philosophies and HR practices related to employee engagement

### **Case Study 1. Semco: "Democratic workplace"**

Ricardo Semler (1993) is the owner and CEO of Semco, a systems engineering and management company in Brazil. When he inherited the company from his father in 1980 it was a traditional organization with a pyramidal structure and highly regulated procedures, but he converted the company into a truly democratic workplace. Semco employees enjoy great freedom in many aspects of their job and work environment. They can decide when to work, they are free to set their own quotas, re-design products, re-arrange their work stations. They can even set their own salaries, which are fully public to everyone. Overall financial information about the company is open to every single employee; moreover the company developed a special training to teach employees – even cleaning people or factory workers – how to read books, balance sheets and cash-flow statements. In every important decision – such as opening a new factory or buying another company – every single employee gets a vote. Also, a previously negotiated percentage of Semco profit-sharing is given to employees, who together decide how to split it. There is no dress code, the atmosphere is informal. There are no privileges for managers, no executive offices, dining-rooms, reserved parking plots. Semco does not employ receptionists and personal assistants; every employee – even top executives – can welcome guests, make a coffee or use the photo-copier. At Semco, employees are fully trusted, there are no policies; people are encouraged to use their common sense in making decisions. Office stations are scrambled up among different departments in order to build community. Managers are evaluated by their subordinates; feedbacks are publicly posted for everyone to see. In case of hiring or promoting someone into leadership position the candidate is interviewed by all co-workers and subordinates, who make the final decision together. Similarly employees can actually make an unsatisfactorily performing manager leave the organization.

As a result of the restructuring *"Semco has grown sixfold despite withering recessions, staggering inflation and chaotic national economic policy. Productivity has*

*increased nearly sevenfold. Profits have risen fivefold.*" (Semler, 1993, pp. 7-8). Also, according to a Brazilian magazine's poll 25% of male and 13% of female fresh graduates wanted to work for Semco at the first place (ibid.).

### **Case Study 2. Best Buy: "ROWE"**

Cali Ressler and Jody Thompson met at Best Buy, where they were put in the same committee, which was established in 2001 with the objective to find a way to make Best Buy the "Employer of Choice" in the US. Ressler and Thompson (2011) developed the concept of Result-Only-Work-Environment (ROWE). They argue that in the Information Age, in a 24/7 economy the way work gets done should be fundamentally reconsidered. People should be treated as adults, who are if given clear objectives and let alone to do their work as it suits them the best will be responsible enough to meet requirements. In a ROWE-system *"people can do whatever they want, whenever they want, as long as the work gets done"* (Ressler and Thompson, 2011, p. 3). Some elements of the ROWE philosophy are:

- *"Employees have the freedom to work any way they want."*
- *"Work isn't a place you go – it's something you do."*
- *"Arriving at the workplace at 2:00 PM is not considered coming in late. Leaving the workplace at 2:00 PM is not considered leaving early."*
- *"Every meeting is optional."*
- *"It's okay to grocery shop on Wednesday morning, catch a movie on a Tuesday afternoon, or take a nap on a Thursday afternoon."*
- *"There are no work schedules."* (p. 89)

Implementing the ROWE philosophy required a dramatic change in thinking about the way of work and a cultural change; therefore it took time for employees to adjust to the new settings. As a result of the ROWE implementation employees became highly engaged, Best Buy attained the "Employer of Choice" title and also benefited from an average 35% of productivity increase and a drop in fluctuation up to 90%.

### **Case Study 3. HCL Technologies: "EFCS"**

Vineet Nayar joined HCL Technologies, an international IT services and software-development company in India straight out of college in 1985 and eventually became president and CEO of the company in late 2004. The company was looking ahead difficult times and Nayar (2010) knew that he would need to take actions. He developed the concept of "Employees First, Customers Second" (EFCS) presuming that if the company takes care

of its employees than – as a consequence – employees will take care of customers. As part of the EFCS concept he made a set of unconventional steps. He realized that the real value-creation happens at "the bottom of the pyramid", or so called the "value zone", where employees are interacting with customers. So, he turned the organization upside down and made management accountable to their subordinates in the value zone. This is a kind of "servant-leadership", where the manager is there to support his or her team in any possible ways. In order to build a culture of trust, Nayar took a series of steps to foster true transparency throughout the whole organization. He opened up the "window of financial information" (2010, p. 70) about the entire company to all employees. He implemented a so called U&I on-line forum on which any employee could post any question that he answered honestly and publicly. In a conference, in front of 300 customers he explained why HCLT puts employees first and customers second in their operations, while having the presentation broadcasted on live to thousands of HCLT employees. With this step he demonstrated in front of employees how serious he was about the EFCS approach. He also proposed that 360 degree evaluations should be public to anyone to further foster transparency and trust. Therefore to lead by example he made his evaluation public to everyone and as to day an increasing number of managers and employees are participating in this movement, too.

HCLT is also among those few pioneering companies that have developed a crowdsourcing approach to strategy development. "My Blueprint", which is publicly open to all employees, was launched in 2009. Everyone is encouraged to submit their business plans, which then are reviewed by thousands of employees and followed up by provided inputs. This way every single HCLT employee has the opportunity to contribute to strategy planning. As a result the quality of strategy increased dramatically opening up the opportunity to taking into account *"diverse and detailed frontline perspectives that are typically overlooked but can make the resulting plans more insightful and actionable"* (Gast and Zanini, 2012, p. 2). This way employees also become more enthusiastic about company objectives and engaged and more focused in achieving them.

With his systematic approach Nayar managed to put the company on a growing track again. Furthermore, HCLT became *"the Number One Best Employer in India and Best Employer in Asia and the United Kingdom"* (Nayar, 2010, p. 6). According to Business Week HCLT is a thought leader and innovator, Fortune Magazine described the company as having *"the world's most modern management"* (ibid.).

#### **Case Study 4. Zappos: "Delivering happiness"**

Initially Tony Hsieh supported Zappos – an on-line shoe store in the US – only as an investor; later in 1999 he became personally involved in the development of the company as CEO. The first few years were about fighting for survival, but probably the hard times made the Zappos team even more cohesive. Along the way Hsieh learned that putting purpose and passion before profits paradoxically results in improved performance. This leadership philosophy, his mission to "deliver happiness to the world" and his special personality may led him to build a strong, unique and fun company culture, where core values are not just a pledge on the wall, but every single employee truly identifies with them and lives by them day to day, on and off work. Hsieh introduced the so called "Zappos Culture Book" to which every single employee contributes by writing a few paragraphs about his or her own feelings, opinion and experience with the company. As Hsieh (2010) explains *"We wanted to be as transparent as possible, so we decided that none of the entries would be censored or edited."* (p. 135). The Zappos Culture Book became a great imprint about the company's culture and about the feelings and thoughts of every single employee, which not only created a true community but also provides a great feedback to the management.

The 10 core values of Zappos are:

1. *"Deliver WOW through Service"*
2. *Embrace and Drive Change*
3. *Create Fun and A Little Weirdness*
4. *Be Adventurous, Creative And Open-Minded*
5. *Pursue Growth And Learning*
6. *Build Open And Honest Relationships With Communication*
7. *Build A Positive Team And Family Spirit*
8. *Do More With Less*
9. *Be Passionate And Determined*
10. *Be Humble"* (Zappos 2010 Culture Book, p. 9)

As an example Christa F., Recruiting Manager of Zappos described how these values are really put into practice in her everyday work (In: Hsieh, 2010, pp. 169-172). To be able to find employees who really fit the company culture they must do things in an unusual way. They first invite candidates for a short, interactive presentation, where some Zappos employees present how they have fun at work in a stand-up comedy style. During the

presentation candidates can listen to music, dance, and have drinks and snacks. This style of presentation is the first filter, where non-fit candidates may leave. The first part is followed by a "speed-dating"-style section, where candidates one-by-one talk 5 minutes with each Zappos employees. The third element is a more in-depth interview in themed rooms, where candidates can ask questions and Zappos employees are encouraged to respond honestly. They truly look for evidence that candidates identify with the Zappos core values. Value No. 10, "Be humble" for example made them reject many talented, but complacent candidates. As a final test of checking how engaged chosen candidates are, Zappos offers a \$2000 cash bonus to candidates, who reject their employment offer. They believe that \$2000 is a good investment in making sure of not employing candidates who are not intrinsically motivated and engaged enough to become Zappos employees.

In brief, at Zappos employees are free to express their own personality and have fun, while also being effective at work. They are encouraged to take risks and be creative even at the expense of possible mistakes, which are truly seen as necessary for growth. Written procedures are kept at a minimum level to provide employees the opportunities to do their jobs as it best suits them. This may led to the fact, that Zappos is constantly listed among Fortune Magazine's "Best companies to work for" list and also recognized for their outstanding customer service excellence. In 2009, Zappos was acquired by Amazon at a value of \$1.2 billion (but still operating as a self-sufficing business-unit within Amazon).

### **Case Study 5. MOL: "Freshhh"**

László Szócs, Senior Vice President of Human Resources and Gábor Varjasi, Head of Competency Development and Strategic HR (2011) at MOL Group, a Hungarian oil and gas company faced an unfavorable situation in regards of their ability to attract the desirable quantity and quality of potential candidates. In the last 20 years a negative trend was observed in the attractiveness of the oil and gas industry resulting a decreasing number of the young generations willing to dedicate their careers in natural sciences as well as a drop in the number of applicants for engineering and earth science faculties at the universities. In the meanwhile the "baby boomer" generation<sup>3</sup> was going to retire in the coming 5-10 years which would leave a gap in their talent pipeline. In addition, the company went through an extensive geographic and organizational growth that increased the need for fresh talents. Their "Freshhh" program – launched in 2007 – addresses this challenge by targeting not only university but even secondary school students by creating

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<sup>3</sup> "Baby boomers" refers to the generation of people who was born from the mid '40s until the mid '60s

an exciting virtual space that connects the young generation with natural sciences as well as MOL as a potential employer. The main character of Freshhh's story board is a cartoon figure, Junior Frisco, – who collected almost 1000 friends on Facebook within 5 weeks – has to solve various difficult and tricky tasks in the context of a natural science competition. The program creates the opportunity to educate the young generation about the characteristics of the oil and gas industry in a fun way that creates awareness and engages young talents in early ages. The Freshhh EDU online tool was developed for students and teachers to provide an online platform where different school tasks can be solved individually and in groups with transparent and instant measuring and feedback opportunities. The Freshhh program provides an excellent bridge to build strategic partnership with secondary schools and universities and the opportunity to select and orient talents in early ages. The most talented students of secondary schools are offered a scholarship program and are supported in their university studies. Based on the strategic partnerships with several universities specialized curriculum was developed and implemented in MSc faculties resulting higher-level professional competence more aligned to MOL Group's needs. The Freshhh online University competition provides the opportunity to a higher education of the entire business chain of oil and gas industry. Selected talents can participate in the one-year "Growww" fresh graduate program, where the best performers get a permanent employment offer with the company.

As a result of the described comprehensive approach and successful implementation of Gen Y<sup>4</sup> and Gen Z<sup>5</sup> communication channels (e.g. social media) MOL Group's ability to attract the appropriate quantity and quality of talented candidates has increased significantly. Number of applications raised by 30 times, quality of professional competences transformed to be more aligned with specific MOL needs. Retention rate of employees from Growww is 92% which indicates the efficiency of engaging talents even before joining the company. Due to the Freshhh program the employer brand enhanced and MOL Group became the second "Most Desired Employer" in Hungary among university students in 2010 according to Aon-Hewitt. The Freshhh program won the international Human Capital Management Excellence Award in 2011 with special recognition from Dave Ulrich, chairman of judges. They also won the Hungarian HR Oscar Award in the

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<sup>4</sup> Gen Y (also called Millenials) refers to the generation of people who was born from the late '70s or early '80s until the early 2000 decade

<sup>5</sup> Gen Z (also called iGeneration or Net Generation) refers to people who was born from the early 2000 decade until today

"Best HR Team" category in 2010. As a future initiative the Freshhh EDU platform could become a cutting-edge education and learning tool implemented in numerous secondary schools and universities.

#### **Case Study 6. The "Workforce of One" concept**

The "Workforce of One" concept was developed by Susan M. Cantrell, Research Fellow at the Accenture Institute for High Performance and David Smith, Managing Director of the Accenture Talent & Organization Performance practice. Cantrell and Smith (2010) argues that in today's world, where it became evident that consumers can custom products to their needs from configuring one's own computer through tailor made jeans or even medicines and can create their own contents by using Web 2.0 applications, it seems imperative that companies should treat their most valuable asset – their employees – in the same way by fundamentally transforming their HR practices in order to be able to satisfy individually customized needs. They disagree with common wisdom that suggests that employees should be treated in the same way, because every person is different, with unique personality, skills, abilities, motivations, needs, backgrounds, values, preferences, thus companies should leave behind their traditional "one size fits all" approach. The Workforce of One concept was developed based on an extensive research across one hundred organizations and includes a set of proposed practices classified into four categories such as "segment your workforce", "offer modular choices", "define broad and simple rules" and "foster employee-defined personalization".

They argue that a customized approach to HR practices has a dramatic impact on increasing employee engagement and as a consequence organizational performance.

## **APPENDIX 3. SURVEY QUESTIONNAIRES**

### **Employee Engagement Maturity Survey 2010**

#### **1. Your seniority level. Please select!**

- ☐ CEO / Managing director
- ☐ SVP / VP of HR
- ☐ HR Director
- ☐ Functional Business Director
- ☐ HR Manager
- ☐ HR Business Partner
- ☐ HR Executive / HR Consultant
- ☐ Other

#### **2. Your region. Please select!**

- ☐ Scandinavia
- ☐ UK / Ireland
- ☐ Mediterranean
- ☐ Benelux
- ☐ France
- ☐ Austria / Germany / Switzerland
- ☐ Commonwealth of Independent States (CIS)
- ☐ Central and Eastern Europe (CEE)
- ☐ Baltics
- ☐ USA
- ☐ Middle East / Africa
- ☐ Asia
- ☐ Other

#### **3. Your industry. Please select!**

- ☐ Agriculture / Hunting / Forestry
- ☐ Automotives
- ☐ Aviation
- ☐ Chemical
- ☐ Construction
- ☐ Education
- ☐ Utilities
- ☐ Fast Moving Consumer Goods (FMCG)
- ☐ Financial Services
- ☐ Government
- ☐ Hospitality
- ☐ Information Technology (IT)
- ☐ Manufacturing
- ☐ Media
- ☐ Mining
- ☐ Oil & Gas
- ☐ Pharma / Healthcare
- ☐ Professional Services
- ☐ Real Estate
- ☐ Telecommunication

- ☐ Transport / Logistics
- ☐ Wholesale and Retail trade
- ☐ Other

**4. Size of your organization. Please select!**

- ☐ 0-249 employees
- ☐ 250-999 employees
- ☐ 1000-2499 employees
- ☐ 2500-4999 employees
- ☐ 5000-14999 employees
- ☐ 15000-24999 employees
- ☐ More than 25000

**5. Your business during the downturn.**

| Answer Options                                          | Significantly worse      | Somewhat worse           | Remained the same        | Somewhat better          | Significantly better     | Do not know              |
|---------------------------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| How was your business affected by downturn?             | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| How has your ability changed in attracting talent?      | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| How has your ability changed in retaining talent?       | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| How has employee morale changed?                        | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| How has the engagement level of your employees changed? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

**6. Importance of employee engagement within your organization.**

- ☐ Top priority
- ☐ Growing priority / very important
- ☐ Somewhat important
- ☐ Not important

**7. Do you have clearly defined employee engagement strategy in place?**

- ☐ Yes, clearly defined
- ☐ Yes, somewhat defined
- ☐ Not yet defined, but planning to set strategy
- ☐ No

**8. Do you measure employee engagement?**

- ☐ Yes, clear measurement connected to business results
- ☐ Yes, some measurement but could be improved
- ☐ No measurement

**9. Do you conduct employee satisfaction / engagement surveys?**

- ☐ We conduct employee satisfaction surveys.
- ☐ We conduct employee engagement surveys.
- ☐ We conduct both employee satisfaction and engagement surveys.
- ☐ We do not conduct surveys.

**10. How often do you conduct employee satisfaction / engagement surveys? Please select!**

*Satisfaction*

- ☐ More than once an year
- ☐ Once an year
- ☐ Less than once an year
- ☐ We do not conduct survey

*Engagement*

- ☐ More than once an year
- ☐ Once an year
- ☐ Less than once an year
- ☐ We do not conduct survey

**11. What do you do with the result of the survey?**

- ☐ The management develops and implements an action plan.
- ☐ The management and employees develop and implement an action plan together.
- ☐ The result is given to employees, who are responsible for developing and implementing an action plan themselves.
- ☐ No action is taken.
- ☐ Other, please specify:.....

**12. Do you share the result of the surveys with employees?**

- ☐ All the result is shared with employees.
- ☐ Some of the result is shared with employees.
- ☐ The result is not shared with the employees.

Comment: .....

**13. Which of the following practices does your organization use on a regular basis? Please tick all that applies!**

- ☐ Regular performance reviews
- ☐ Career planning
- ☐ Succession planning
- ☐ Leadership development programs
- ☐ Management trainee programs
- ☐ Employer branding
- ☐ Identifying talent pool
- ☐ Individually customized incentives
- ☐ Training and development programs
- ☐ Competitive remuneration
- ☐ Employee Satisfaction surveys
- ☐ Employee Engagement surveys
- ☐ 360 degree evaluation
- ☐ CSR programs
- ☐ Development Centers (DC)
- ☐ On-boarding / induction programs
- ☐ Participating in „Best Employer” surveys
- ☐ Participating in "Family Friendly Employer" surveys
- ☐ Overall competency model
- ☐ Behavioral interviews in recruitment process
- ☐ Assessment Centers (AC) in recruitment process
- ☐ Coaching
- ☐ Individualized job design

**14. Which of the above practices do you consider as most efficient for increasing employee engagement? Please select your top 3 choices!**

|                                                     | Most important           | Second most important    | Third most important     |
|-----------------------------------------------------|--------------------------|--------------------------|--------------------------|
| Regular performance reviews                         | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Career planning                                     | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Succession planning                                 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Leadership development programs                     | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Management trainee programs                         | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Employer branding                                   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Identifying talent pool                             | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Individually customized incentives                  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Training and development programs                   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Competitive remuneration                            | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Employee Satisfaction surveys                       | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Employee Engagement surveys                         | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 360 degree evaluation                               | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| CSR programs                                        | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Development centers (DC)                            | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| On-boarding / induction programs                    | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Participating in „Best Employer” surveys            | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Participating in "Family Friendly Employer" surveys | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Overall competency model                            | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Behavioral interviews in recruitment process        | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Assessment Centers (AC) in recruitment process      | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Coaching                                            | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Individualized job design                           | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Comments:.....

**15. What do you consider the most important factors/tools in order to increase employee engagement?**

- 1 .....
- 2 .....
- 3 .....

**16. In my company the most important factor when selecting a candidate for a certain role:**

- ☐ Candidate has relevant education background and qualifications.
- ☐ Candidate has relevant work experience.
- ☐ Candidate has the competencies required for the role.
- ☐ Candidate has a genuine interest and strong inner drive to achieve something remarkable on the relevant area.

Other, please specify: .....

**17. How often do managers in your organization conduct FORMAL performance reviews with their subordinates?**

- ☐ More than 2 times an year
- ☐ 2 times an year
- ☐ Once an year
- ☐ Less than once an year
- ☐ Never

**18. Please indicate which of the following statements are applicable to you!**

- ☐ In my company trainings focus on fixing employees' weaknesses.
- ☐ In my company trainings focus on further developing employees' strengths.
- ☐ Both.

Comment: .....

**19. Please indicate which of the following statements are applicable to you!**

- ☐ In my company the best next career step is moving upward in the given job scope with more responsibility at a higher pay.
- ☐ In my company the best next career step is either a horizontal or vertical move according to the employee's competency and drive.

Comment: .....

**20. Please indicate which of the following statements are applicable to you!**

- ☐ In my company employees performing similar roles are offered the same salary level and benefits.
- ☐ In my company employees performing similar roles may be offered different salary level and benefits according to certain considerations.

Please specify some considerations:.....

**21. Please indicate which of the following statements you agree with!**

- ☐ In my opinion improved employee SATISFACTION has a direct, positive effect on the organization's better business performance.
- ☐ In my opinion improved employee SATISFACTION does not have a direct, positive effect on the organization's better business performance.

Comment: .....

**22. Please indicate which of the following statements you agree with!**

- ☐ In my opinion improved employee ENGAGEMENT has a direct, positive effect on the organization's better business performance.
- ☐ In my opinion improved employee ENGAGEMENT does not have a direct, positive effect on the organization's better business performance.

Comment: .....

**23. Please indicate which of the following statements you agree with!**

- ☐ In my opinion with enough training, coaching and encouragement people can turn their weaknesses into strengths.
- ☐ In my opinion no amount of training, coaching and encouragement can turn a weakness into a strength.

Comment: .....

**24. Please indicate which of the following statements you agree with!**

- ☐ In my opinion it is more effective to tell employees the right steps HOW to do their jobs than the expected outcomes (WHAT to achieve).
- ☐ In my opinion it is more effective to tell employees the expected outcomes (WHAT to achieve) than the right steps HOW to do their jobs.

Comment: .....

**25. Please indicate which of the following statements you agree with!**

- ☐ In my opinion pre-scheduled, regular, formal performance reviews are more effective in keeping employee's performance at the required level than constant and immediate informal feedbacks.
- ☐ In my opinion constant and immediate informal feedbacks are more effective in keeping employee's performance at the required level than pre-scheduled, regular, formal performance reviews.

Comment: .....

**26. Please indicate which of the following statements you agree with!**

- ☐ In my opinion leaders should spend most of their time with under-performing employees to help them achieve the required level of performance.
- ☐ In my opinion leaders should spend most of their time with over-performing employees to further improve their level of performance.

Comment: .....

**27. Please indicate which of the following statements you agree with!**

- ☐ In my opinion great managers accept that people don't change.
- ☐ In my opinion great managers believe that people can change.

Comment: .....

**28. Please indicate which of the following statements you agree with!**

- ☐ In my opinion great managers treat every subordinate equally.
- ☐ In my opinion great managers may treat every subordinate in a different way.

Comment: .....

**29. Please indicate which of the following statements you agree with!**

- ☐ In my opinion great managers prefer easy-to manage, team-player, but mediocre performing employees.
- ☐ In my opinion great managers prefer hard-to manage, individual, but over-achiever employees.

Comment: .....

**30. Please indicate which of the following statements you agree with (select all that apply)!**

- ☐ In my opinion today's sophisticated, employee-focused HR practices and systems are efficient enough in engaging employees regardless the quality of employees' relationship with their immediate manager.
- ☐ In my opinion even the most state-of-the art HR practices are not efficient enough in engaging employees if the relationship with their immediate manager is not engaging.
- ☐ In my opinion employees can be highly engaged even at a company with old-fashioned HR practices if the relationship with their immediate manager is engaging.

Comment: .....

**31. Please indicate which of the following statements you agree with!**

- ☐ In my opinion every role – even the simplest one – performed at excellence requires talent.
- ☐ In my opinion not every role requires talent for excellent performance.

Comment: .....

**Employee Engagement Maturity Survey 2012**

**1. Your seniority level. Please select!**

- ☐ CEO / Managing director
- ☐ SVP / VP of HR
- ☐ HR Director
- ☐ Functional Business Director
- ☐ HR Manager
- ☐ HR Business Partner
- ☐ HR Executive / HR Consultant
- ☐ Other

**2. Your region. Please select!**

- ☐ Scandinavia
- ☐ UK / Ireland
- ☐ Mediterranean
- ☐ Benelux
- ☐ France
- ☐ Austria / Germany / Switzerland
- ☐ Commonwealth of Independent States (CIS)
- ☐ Central and Eastern Europe (CEE)
- ☐ Baltics
- ☐ USA
- ☐ Middle East / Africa
- ☐ Asia
- ☐ Other

**3. Your industry. Please select!**

- ☐ Agriculture / Hunting / Forestry
- ☐ Automotives
- ☐ Aviation
- ☐ Chemical
- ☐ Construction
- ☐ Education
- ☐ Utilities
- ☐ Fast Moving Consumer Goods (FMCG)
- ☐ Financial Services
- ☐ Government
- ☐ Hospitality
- ☐ Information Technology (IT)
- ☐ Manufacturing
- ☐ Media
- ☐ Mining
- ☐ Oil & Gas
- ☐ Pharma / Healthcare
- ☐ Professional Services
- ☐ Real Estate
- ☐ Telecommunication
- ☐ Transport / Logistics
- ☐ Wholesale and Retail trade
- ☐ Other

**4. Size of your organization. Please select!**

- ☐ 0-249 employees
- ☐ 250-999 employees
- ☐ 1000-2499 employees
- ☐ 2500-4999 employees
- ☐ 5000-14999 employees
- ☐ 15000-24999 employees
- ☐ More than 25000

**5. Your business in the current economic climate.**

| Answer Options                                                              | Significantly worse      | Somewhat worse           | Remained the same        | Somewhat better          | Significantly better     | Do not know              |
|-----------------------------------------------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| How has your business been changed in the last 2 years?                     | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| How has your ability changed in attracting talent in the last 2 years?      | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| How has your ability changed in retaining talent in the last 2 years?       | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| How has employee morale changed in the last 2 years?                        | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| How has the engagement level of your employees changed in the last 2 years? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

**6. How would you define employee engagement?**

.....

.....

.....

**7. Importance of employee engagement within your organization.**

- ☐ Top priority
- ☐ Growing priority / very important
- ☐ Somewhat important
- ☐ Not important

**8. Do you have clearly defined employee engagement strategy in place?**

- ☐ Yes, clearly defined and connected to business results
- ☐ Yes, clearly defined but not connected to business results
- ☐ Yes, somewhat defined but could be improved
- ☐ Not yet defined, but planning to set strategy
- ☐ No

**9. Do you measure employee engagement?**

- ☐ Yes, clear measurement connected to business results
- ☐ Yes, clear measurement but not connected to business results
- ☐ Yes, some measurement but could be improved
- ☐ No measurement

**10. Do you conduct employee satisfaction / engagement surveys?**

- ☐ We conduct employee satisfaction surveys.
- ☐ We conduct employee engagement surveys.
- ☐ We conduct both employee satisfaction and engagement surveys.
- ☐ We do not conduct surveys.

**11. How often do you conduct employee satisfaction / engagement surveys? Please select!**

*Satisfaction*

*Engagement*

- |                                                   |                                                   |
|---------------------------------------------------|---------------------------------------------------|
| <input type="checkbox"/> More than once an year   | <input type="checkbox"/> More than once an year   |
| <input type="checkbox"/> Once an year             | <input type="checkbox"/> Once an year             |
| <input type="checkbox"/> Less than once an year   | <input type="checkbox"/> Less than once an year   |
| <input type="checkbox"/> We do not conduct survey | <input type="checkbox"/> We do not conduct survey |

**12. What do you do with the result of the survey?**

- ☐ The management develops and implements an action plan.
- ☐ The management and employees develop and implement an action plan together.
- ☐ The result is given to employees, who are responsible for developing and implementing an action plan themselves.
- ☐ No action is taken.
- ☐ Other, please specify:.....

Comment: .....

**13. Do you share the result of the surveys with employees?**

- ☐ All the result is shared with employees.
- ☐ Some of the result is shared with employees.
- ☐ The result is not shared with the employees.

Comment: .....

**14. Which of the following practices does your organization use on a regular basis?**

**Please tick all that applies!**

- ☐ Regular performance reviews
- ☐ Career planning
- ☐ Succession planning
- ☐ Leadership development programs
- ☐ Talent management programs
- ☐ Management trainee programs
- ☐ Employer branding
- ☐ Identifying talent pool
- ☐ Individually customized incentives
- ☐ Work-life balance programs
- ☐ Training and development programs
- ☐ Competitive remuneration
- ☐ Employee Satisfaction surveys
- ☐ Employee Engagement surveys
- ☐ 360 degree evaluation
- ☐ CSR programs
- ☐ Development Centers (DC)
- ☐ On-boarding / induction programs
- ☐ Participating in „Best Employer” surveys
- ☐ Participating in "Family Friendly Employer" surveys
- ☐ Overall competency model
- ☐ Behavioral interviews in recruitment process
- ☐ Assessment Centers (AC) in recruitment process
- ☐ Coaching
- ☐ Mentoring
- ☐ Individualized job design
- ☐ Flexible work arrangements
- ☐ Social media
- ☐ Interim managers
- ☐ Other, please specify: .....

**15. Which of the above practices do you consider as most efficient for increasing employee engagement? Please select your top 3 choices!**

|                                                     | Most important           | Second most important    | Third most important     |
|-----------------------------------------------------|--------------------------|--------------------------|--------------------------|
| Regular performance reviews                         | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Career planning                                     | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Succession planning                                 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Leadership development programs                     | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Talent management programs                          | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Management trainee programs                         | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Employer branding                                   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Identifying talent pool                             | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Individually customized incentives                  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Work-life balance programs                          | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Training and development programs                   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Competitive remuneration                            | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Employee Satisfaction surveys                       | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Employee Engagement surveys                         | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 360 degree evaluation                               | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| CSR programs                                        | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Development centers (DC)                            | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| On-boarding / induction programs                    | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Participating in „Best Employer” surveys            | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Participating in "Family Friendly Employer" surveys | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Overall competency model                            | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Behavioral interviews in recruitment process        | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Assessment Centers (AC) in recruitment process      | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Coaching                                            | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Mentoring                                           | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Individualized job design                           | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Flexible work arrangements                          | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Social media                                        | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Interim managers                                    | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Other, please specify: .....

**16. What do you consider the most important factors/tools in order to increase employee engagement?**

- 1 .....
- 2 .....
- 3 .....

**17. In my company the most important factor when selecting a candidate for a certain role:**

- ☐ Candidate has relevant education background and qualifications.
- ☐ Candidate has relevant work experience.
- ☐ Candidate has the competencies required for the role.
- ☐ Candidate has a genuine interest and strong inner drive to achieve something remarkable on the relevant area.
- ☐ Other, please specify:.....

**18. How often do managers in your organization conduct FORMAL performance reviews with their subordinates?**

- ☐ More than 2 times an year
- ☐ 2 times an year
- ☐ Once an year
- ☐ Less than once an year
- ☐ Never
- ☐ We do not have a formal performance management system in place

Comment: .....

**19. Please indicate which of the following statements are applicable to you!**

- ☐ In my company trainings focus on fixing employees' weaknesses.
- ☐ In my company trainings focus on further developing employees' strengths.
- ☐ Both.

Comment: .....

**20. Please indicate which of the following statements are applicable to you!**

- ☐ In my company the best next career step is moving upward in the given job scope with more responsibility at a higher pay.
- ☐ In my company the best next career step is either a horizontal or vertical move according to the employee's competency and drive.

Comment: .....

**21. Please indicate which of the following statements are applicable to you!**

- ☐ In my company employees performing similar roles are offered the same salary level and benefits.
- ☐ In my company employees performing similar roles may be offered different salary level and benefits according to certain considerations.

Please specify some considerations:.....

**22. Please indicate which of the following statements you agree with!**

- ☐ In my opinion improved employee SATISFACTION has a direct, positive effect on the organization's better business performance.
- ☐ In my opinion improved employee SATISFACTION does not have a direct, positive effect on the organization's better business performance.

Comment: .....

**23. Please indicate which of the following statements you agree with!**

- ☐ In my opinion improved employee ENGAGEMENT has a direct, positive effect on the organization's better business performance.
- ☐ In my opinion improved employee ENGAGEMENT does not have a direct, positive effect on the organization's better business performance.

Comment: .....

**24. Please indicate which of the following statements you agree with!**

- ☐ In my opinion with enough training, coaching and encouragement people can turn their weaknesses into strengths.
- ☐ In my opinion no amount of training, coaching and encouragement can turn a weakness into a strength.

Comment: .....

**25. Please indicate which of the following statements you agree with!**

- ☐ In my opinion it is more effective to tell employees the right steps HOW to do their jobs than the expected outcomes (WHAT to achieve).
- ☐ In my opinion it is more effective to tell employees the expected outcomes (WHAT to achieve) than the right steps HOW to do their jobs.

Comment: .....

**26. Please indicate which of the following statements you agree with!**

- ☐ In my opinion pre-scheduled, regular, formal performance reviews are more effective in keeping employee's performance at the required level than constant and immediate informal feedbacks.
- ☐ In my opinion constant and immediate informal feedbacks are more effective in keeping employee's performance at the required level than pre-scheduled, regular, formal performance reviews.

Comment: .....

**27. Please indicate which of the following statements you agree with!**

- ☐ In my opinion great managers treat every subordinate equally.
- ☐ In my opinion great managers may treat every subordinate in a different way.

Comment: .....

**28. Please indicate which of the following statements you agree with!**

- ☐ In my opinion every role – even the simplest one – performed at excellence requires talent.
- ☐ In my opinion not every role requires talent for excellent performance.

Comment: .....

## APPENDIX 4. PRINCIPAL COMPONENT ANALYSIS

**Table 27. Principal component analysis (2010)**

| KMO and Bartlett's Test 2010                     |                     |               |              |                                     |               |              |
|--------------------------------------------------|---------------------|---------------|--------------|-------------------------------------|---------------|--------------|
| Kaiser-Meyer-Olkin Measure of Sampling Adequacy. |                     | .581          |              |                                     |               |              |
| Approx. Chi-Square                               |                     | 101.006       |              |                                     |               |              |
| Bartlett's Test of Sphericity                    |                     | 3             |              |                                     |               |              |
| Sig.                                             |                     | .000          |              |                                     |               |              |
| Communalities                                    |                     |               |              |                                     |               |              |
|                                                  | Initial             | Extraction    |              |                                     |               |              |
| Talent retention                                 | 1.000               | .404          |              |                                     |               |              |
| Employee morale                                  | 1.000               | .738          |              |                                     |               |              |
| Employee engagement                              | 1.000               | .812          |              |                                     |               |              |
| Extraction Method: Principal Component Analysis. |                     |               |              |                                     |               |              |
| Total Variance Explained                         |                     |               |              |                                     |               |              |
| Component                                        | Initial Eigenvalues |               |              | Extraction Sums of Squared Loadings |               |              |
|                                                  | Total               | % of Variance | Cumulative % | Total                               | % of Variance | Cumulative % |
| 1                                                | 1.954               | 65.128        | 65.128       | 1.954                               | 65.128        | 65.128       |
| 2                                                | .763                | 25.427        | 90.556       |                                     |               |              |
| 3                                                | .283                | 9.444         | 100.000      |                                     |               |              |
| Extraction Method: Principal Component Analysis. |                     |               |              |                                     |               |              |
| Component Matrixa                                |                     |               |              |                                     |               |              |
|                                                  | Component           |               |              |                                     |               |              |
|                                                  | 1                   |               |              |                                     |               |              |
| Talent retention                                 | .636                |               |              |                                     |               |              |
| Employee morale                                  | .859                |               |              |                                     |               |              |
| Employee engagement                              | .901                |               |              |                                     |               |              |
| Extraction Method: Principal Component Analysis. |                     |               |              |                                     |               |              |
| a. 1 components extracted.                       |                     |               |              |                                     |               |              |

**Table 28. Frequency of "Employee Aspects 2010" scores (2010)**

| PC Employee Aspects 2010 |                |           |         |               |                    |
|--------------------------|----------------|-----------|---------|---------------|--------------------|
|                          |                | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid                    | -1,81332       | 15        | 10.1    | 12.5          | 12.5               |
|                          | -.96058        | 24        | 16.1    | 20.0          | 32.5               |
|                          | -.93316        | 1         | .7      | .8            | 33.3               |
|                          | -.85068        | 1         | .7      | .8            | 34.2               |
|                          | -.08042        | 2         | 1.3     | 1.7           | 35.8               |
|                          | .00206         | 14        | 9.4     | 11.7          | 47.5               |
|                          | .02949         | 4         | 2.7     | 3.3           | 50.8               |
|                          | .88223         | 59        | 39.6    | 49.2          | 100.0              |
|                          | Total          | 120       | 80.5    | 100.0         |                    |
|                          | Missing System | 29        | 19.5    |               |                    |
| Total                    |                | 149       | 100.0   |               |                    |

**Table 29. Principal component analysis (2012)**

| KMO and Bartlett's Test 2012                     |                     |               |              |                                     |               |              |
|--------------------------------------------------|---------------------|---------------|--------------|-------------------------------------|---------------|--------------|
| Kaiser-Meyer-Olkin Measure of Sampling Adequacy. |                     | .700          |              |                                     |               |              |
| Bartlett's Test of Sphericity                    | Approx. Chi-Square  | 172.276       |              |                                     |               |              |
|                                                  | df                  | 6             |              |                                     |               |              |
|                                                  | Sig.                | .000          |              |                                     |               |              |
| Communalities                                    |                     |               |              |                                     |               |              |
|                                                  | Initial             | Extraction    |              |                                     |               |              |
| Talent attraction                                | 1.000               | .558          |              |                                     |               |              |
| Talent retention                                 | 1.000               | .650          |              |                                     |               |              |
| Employee morale                                  | 1.000               | .802          |              |                                     |               |              |
| Employee engagement                              | 1.000               | .647          |              |                                     |               |              |
| Extraction Method: Principal Component Analysis. |                     |               |              |                                     |               |              |
| Total Variance Explained                         |                     |               |              |                                     |               |              |
| Component                                        | Initial Eigenvalues |               |              | Extraction Sums of Squared Loadings |               |              |
|                                                  | Total               | % of Variance | Cumulative % | Total                               | % of Variance | Cumulative % |
| 1                                                | 2.658               | 66.438        | 66.438       | 2.658                               | 66.438        | 66.438       |
| 2                                                | .757                | 18.937        | 85.375       |                                     |               |              |
| 3                                                | .390                | 9.743         | 95.118       |                                     |               |              |
| 4                                                | .195                | 4.882         | 100.000      |                                     |               |              |
| Extraction Method: Principal Component Analysis. |                     |               |              |                                     |               |              |
| Component Matrix <sup>a</sup>                    |                     |               |              |                                     |               |              |
|                                                  | Component           |               |              |                                     |               |              |
|                                                  | 1                   |               |              |                                     |               |              |
| Employee attraction                              | .747                |               |              |                                     |               |              |
| Employee retention                               | .806                |               |              |                                     |               |              |
| Employee morale                                  | .895                |               |              |                                     |               |              |
| Employee engagement                              | .805                |               |              |                                     |               |              |
| Extraction Method: Principal Component Analysis. |                     |               |              |                                     |               |              |
| a. 1 components extracted.                       |                     |               |              |                                     |               |              |

**Table 30. Frequency of "Employee Aspects 2012" scores (2012)**

| PC Employee Aspects 2012 |           |         |               |                    |       |
|--------------------------|-----------|---------|---------------|--------------------|-------|
|                          | Frequency | Percent | Valid Percent | Cumulative Percent |       |
| Valid                    | -1,73070  | 12      | 9.4           | 12.6               | 12.6  |
|                          | -1,10984  | 5       | 3.9           | 5.3                | 17.9  |
|                          | -1,06879  | 3       | 2.3           | 3.2                | 21.1  |
|                          | -1,05667  | 8       | 6.3           | 8.4                | 29.5  |
|                          | -,43582   | 1       | .8            | 1.1                | 30.5  |
|                          | -,39476   | 12      | 9.4           | 12.6               | 43.2  |
|                          | ,22327    | 1       | .8            | 1.1                | 44.2  |
|                          | ,22609    | 4       | 3.1           | 4.2                | 48.4  |
|                          | ,23539    | 2       | 1.6           | 2.1                | 50.5  |
|                          | ,27644    | 1       | .8            | 1.1                | 51.6  |
|                          | ,89729    | 46      | 35.9          | 48.4               | 100.0 |
|                          | Total     | 95      | 74.2          | 100.0              |       |
| Missing                  | System    | 33      | 25.8          |                    |       |
| Total                    |           | 128     | 100.0         |                    |       |

## APPENDIX 5. VARIABLE STANDARDIZATION

**Table 31. Frequency of "HR Practices Index 2010" scores (2010)**

| Stand HR Practices Index 2010 |        |           |         |               |                    |
|-------------------------------|--------|-----------|---------|---------------|--------------------|
|                               |        | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid                         | -20,31 | 26        | 17.4    | 17.4          | 17.4               |
|                               | -18,18 | 1         | .7      | .7            | 18.1               |
|                               | -18,04 | 1         | .7      | .7            | 18.8               |
|                               | -16,29 | 1         | .7      | .7            | 19.5               |
|                               | -16,05 | 1         | .7      | .7            | 20.1               |
|                               | -16,05 | 1         | .7      | .7            | 20.8               |
|                               | -15,83 | 1         | .7      | .7            | 21.5               |
|                               | -14,28 | 1         | .7      | .7            | 22.1               |
|                               | -14,09 | 1         | .7      | .7            | 22.8               |
|                               | -14,02 | 1         | .7      | .7            | 23.5               |
|                               | -12,05 | 1         | .7      | .7            | 24.2               |
|                               | -11,81 | 1         | .7      | .7            | 24.8               |
|                               | -11,46 | 1         | .7      | .7            | 25.5               |
|                               | -10,08 | 1         | .7      | .7            | 26.2               |
|                               | -10,04 | 1         | .7      | .7            | 26.8               |
|                               | -10,04 | 1         | .7      | .7            | 27.5               |
|                               | -10,02 | 1         | .7      | .7            | 28.2               |
|                               | -9,95  | 1         | .7      | .7            | 28.9               |
|                               | -9,95  | 1         | .7      | .7            | 29.5               |
|                               | -9,79  | 1         | .7      | .7            | 30.2               |
|                               | -7,83  | 1         | .7      | .7            | 30.9               |
|                               | -7,81  | 1         | .7      | .7            | 31.5               |
|                               | -7,76  | 1         | .7      | .7            | 32.2               |
|                               | -7,66  | 1         | .7      | .7            | 32.9               |
|                               | -7,46  | 1         | .7      | .7            | 33.6               |
|                               | -7,14  | 1         | .7      | .7            | 34.2               |
|                               | -6,61  | 1         | .7      | .7            | 34.9               |
|                               | -5,81  | 1         | .7      | .7            | 35.6               |
|                               | -5,80  | 1         | .7      | .7            | 36.2               |
|                               | -5,75  | 1         | .7      | .7            | 36.9               |
|                               | -5,38  | 1         | .7      | .7            | 37.6               |
|                               | -3,80  | 1         | .7      | .7            | 38.3               |
|                               | -3,76  | 1         | .7      | .7            | 38.9               |
|                               | -3,38  | 1         | .7      | .7            | 39.6               |
|                               | -1,79  | 1         | .7      | .7            | 40.3               |
|                               | -1,73  | 1         | .7      | .7            | 40.9               |
|                               | -1,69  | 1         | .7      | .7            | 41.6               |
|                               | -1,53  | 1         | .7      | .7            | 42.3               |
|                               | -1,45  | 1         | .7      | .7            | 43.0               |
|                               | -1,27  | 1         | .7      | .7            | 43.6               |
|                               | -1,25  | 1         | .7      | .7            | 44.3               |
|                               | -1,10  | 1         | .7      | .7            | 45.0               |
|                               | -,93   | 1         | .7      | .7            | 45.6               |
|                               | -,81   | 1         | .7      | .7            | 46.3               |
|                               | -,65   | 1         | .7      | .7            | 47.0               |
|                               | ,22    | 1         | .7      | .7            | 47.7               |
|                               | ,23    | 1         | .7      | .7            | 48.3               |
|                               | ,92    | 1         | .7      | .7            | 49.0               |
|                               | 1,06   | 1         | .7      | .7            | 49.7               |
|                               | 1,09   | 1         | .7      | .7            | 50.3               |

| Stand HR Practices Index 2010 (continued) |   |    |    |      |
|-------------------------------------------|---|----|----|------|
| 1,15                                      | 1 | .7 | .7 | 51.0 |
| 1,36                                      | 1 | .7 | .7 | 51.7 |
| 1,65                                      | 1 | .7 | .7 | 52.3 |
| 2,29                                      | 1 | .7 | .7 | 53.0 |
| 2,59                                      | 1 | .7 | .7 | 53.7 |
| 2,62                                      | 1 | .7 | .7 | 54.4 |
| 2,68                                      | 1 | .7 | .7 | 55.0 |
| 2,75                                      | 1 | .7 | .7 | 55.7 |
| 3,26                                      | 1 | .7 | .7 | 56.4 |
| 4,40                                      | 1 | .7 | .7 | 57.0 |
| 4,56                                      | 1 | .7 | .7 | 57.7 |
| 4,56                                      | 1 | .7 | .7 | 58.4 |
| 4,74                                      | 1 | .7 | .7 | 59.1 |
| 4,74                                      | 1 | .7 | .7 | 59.7 |
| 4,78                                      | 1 | .7 | .7 | 60.4 |
| 4,99                                      | 1 | .7 | .7 | 61.1 |
| 5,03                                      | 1 | .7 | .7 | 61.7 |
| 5,49                                      | 1 | .7 | .7 | 62.4 |
| 5,56                                      | 1 | .7 | .7 | 63.1 |
| 5,80                                      | 1 | .7 | .7 | 63.8 |
| 6,48                                      | 1 | .7 | .7 | 64.4 |
| 6,64                                      | 1 | .7 | .7 | 65.1 |
| 7,33                                      | 1 | .7 | .7 | 65.8 |
| 7,34                                      | 1 | .7 | .7 | 66.4 |
| 7,41                                      | 1 | .7 | .7 | 67.1 |
| 7,47                                      | 1 | .7 | .7 | 67.8 |
| 7,57                                      | 1 | .7 | .7 | 68.5 |
| 8,30                                      | 1 | .7 | .7 | 69.1 |
| 8,41                                      | 1 | .7 | .7 | 69.8 |
| 8,45                                      | 1 | .7 | .7 | 70.5 |
| 8,60                                      | 1 | .7 | .7 | 71.1 |
| 8,71                                      | 1 | .7 | .7 | 71.8 |
| 8,74                                      | 1 | .7 | .7 | 72.5 |
| 8,83                                      | 1 | .7 | .7 | 73.2 |
| 9,94                                      | 1 | .7 | .7 | 73.8 |
| 9,94                                      | 1 | .7 | .7 | 74.5 |
| 10,06                                     | 1 | .7 | .7 | 75.2 |
| 10,64                                     | 1 | .7 | .7 | 75.8 |
| 10,81                                     | 1 | .7 | .7 | 76.5 |
| 11,09                                     | 1 | .7 | .7 | 77.2 |
| 11,29                                     | 1 | .7 | .7 | 77.9 |
| 11,51                                     | 1 | .7 | .7 | 78.5 |
| 11,83                                     | 1 | .7 | .7 | 79.2 |
| 13,08                                     | 1 | .7 | .7 | 79.9 |
| 13,09                                     | 1 | .7 | .7 | 80.5 |
| 13,12                                     | 1 | .7 | .7 | 81.2 |
| 14,00                                     | 1 | .7 | .7 | 81.9 |
| 14,25                                     | 1 | .7 | .7 | 82.6 |
| 14,34                                     | 1 | .7 | .7 | 83.2 |
| 14,61                                     | 1 | .7 | .7 | 83.9 |
| 14,64                                     | 1 | .7 | .7 | 84.6 |
| 14,93                                     | 1 | .7 | .7 | 85.2 |
| 14,94                                     | 1 | .7 | .7 | 85.9 |
| 15,08                                     | 1 | .7 | .7 | 86.6 |

| Stand HR Practices Index 2010 (continued) |     |       |       |       |  |
|-------------------------------------------|-----|-------|-------|-------|--|
| 16,35                                     | 1   | .7    | .7    | 87.2  |  |
| 16,61                                     | 1   | .7    | .7    | 87.9  |  |
| 17,06                                     | 2   | 1.3   | 1.3   | 89.3  |  |
| 17,37                                     | 1   | .7    | .7    | 89.9  |  |
| 17,44                                     | 1   | .7    | .7    | 90.6  |  |
| 17,59                                     | 1   | .7    | .7    | 91.3  |  |
| 17,88                                     | 1   | .7    | .7    | 91.9  |  |
| 19,17                                     | 1   | .7    | .7    | 92.6  |  |
| 19,58                                     | 1   | .7    | .7    | 93.3  |  |
| 19,60                                     | 1   | .7    | .7    | 94.0  |  |
| 19,76                                     | 1   | .7    | .7    | 94.6  |  |
| 20,12                                     | 1   | .7    | .7    | 95.3  |  |
| 21,79                                     | 1   | .7    | .7    | 96.0  |  |
| 23,94                                     | 1   | .7    | .7    | 96.6  |  |
| 24,37                                     | 1   | .7    | .7    | 97.3  |  |
| 29,08                                     | 1   | .7    | .7    | 98.0  |  |
| 31,58                                     | 1   | .7    | .7    | 98.7  |  |
| 33,93                                     | 2   | 1.3   | 1.3   | 100.0 |  |
| Total                                     | 149 | 100.0 | 100.0 |       |  |

Source: Own research

**Table 32. Frequency of "HR Practices Index 2012" scores (2012)**

| Stand HR Practices Index 2012 |        |           |         |               |                    |
|-------------------------------|--------|-----------|---------|---------------|--------------------|
|                               |        | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid                         | -20,86 | 35        | 27.3    | 27.6          | 27.6               |
|                               | -18,83 | 1         | .8      | .8            | 28.3               |
|                               | -18,69 | 1         | .8      | .8            | 29.1               |
|                               | -18,56 | 1         | .8      | .8            | 29.9               |
|                               | -16,04 | 1         | .8      | .8            | 30.7               |
|                               | -14,68 | 1         | .8      | .8            | 31.5               |
|                               | -14,66 | 1         | .8      | .8            | 32.3               |
|                               | -14,66 | 1         | .8      | .8            | 33.1               |
|                               | -13,91 | 1         | .8      | .8            | 33.9               |
|                               | -12,74 | 1         | .8      | .8            | 34.6               |
|                               | -10,68 | 1         | .8      | .8            | 35.4               |
|                               | -9,94  | 1         | .8      | .8            | 36.2               |
|                               | -7,91  | 1         | .8      | .8            | 37.0               |
|                               | -6,40  | 1         | .8      | .8            | 37.8               |
|                               | -6,30  | 1         | .8      | .8            | 38.6               |
|                               | -6,28  | 1         | .8      | .8            | 39.4               |
|                               | -6,25  | 1         | .8      | .8            | 40.2               |
|                               | -5,50  | 1         | .8      | .8            | 40.9               |
|                               | -5,38  | 1         | .8      | .8            | 41.7               |
|                               | -4,57  | 1         | .8      | .8            | 42.5               |
|                               | -4,51  | 1         | .8      | .8            | 43.3               |
|                               | -4,47  | 1         | .8      | .8            | 44.1               |
|                               | -4,33  | 1         | .8      | .8            | 44.9               |
|                               | -3,87  | 1         | .8      | .8            | 45.7               |
|                               | -3,26  | 1         | .8      | .8            | 46.5               |
|                               | -2,60  | 1         | .8      | .8            | 47.2               |
|                               | -2,45  | 1         | .8      | .8            | 48.0               |
|                               | -2,41  | 1         | .8      | .8            | 48.8               |
|                               | -2,37  | 1         | .8      | .8            | 49.6               |
|                               | -2,35  | 1         | .8      | .8            | 50.4               |
|                               | -2,27  | 1         | .8      | .8            | 51.2               |
|                               | -1,43  | 1         | .8      | .8            | 52.0               |
|                               | -,47   | 1         | .8      | .8            | 52.8               |
|                               | -,37   | 1         | .8      | .8            | 53.5               |
|                               | -,25   | 1         | .8      | .8            | 54.3               |
|                               | ,11    | 1         | .8      | .8            | 55.1               |
|                               | 1,68   | 1         | .8      | .8            | 55.9               |
|                               | 1,92   | 1         | .8      | .8            | 56.7               |
|                               | 2,01   | 1         | .8      | .8            | 57.5               |
|                               | 2,16   | 1         | .8      | .8            | 58.3               |
|                               | 2,38   | 1         | .8      | .8            | 59.1               |
|                               | 3,66   | 1         | .8      | .8            | 59.8               |
|                               | 3,95   | 1         | .8      | .8            | 60.6               |
|                               | 4,03   | 1         | .8      | .8            | 61.4               |
|                               | 5,76   | 1         | .8      | .8            | 62.2               |
|                               | 5,94   | 1         | .8      | .8            | 63.0               |
|                               | 6,49   | 1         | .8      | .8            | 63.8               |
|                               | 6,86   | 1         | .8      | .8            | 64.6               |
|                               | 8,22   | 1         | .8      | .8            | 65.4               |

| Stand HR Practices Index 2012 (continued) |     |       |       |       |  |
|-------------------------------------------|-----|-------|-------|-------|--|
| 8,61                                      | 1   | .8    | .8    | 66.1  |  |
| 8,63                                      | 1   | .8    | .8    | 66.9  |  |
| 10,48                                     | 1   | .8    | .8    | 67.7  |  |
| 10,65                                     | 1   | .8    | .8    | 68.5  |  |
| 11,11                                     | 1   | .8    | .8    | 69.3  |  |
| 12,06                                     | 1   | .8    | .8    | 70.1  |  |
| 12,15                                     | 1   | .8    | .8    | 70.9  |  |
| 12,87                                     | 1   | .8    | .8    | 71.7  |  |
| 13,26                                     | 1   | .8    | .8    | 72.4  |  |
| 13,71                                     | 1   | .8    | .8    | 73.2  |  |
| 14,39                                     | 1   | .8    | .8    | 74.0  |  |
| 14,92                                     | 1   | .8    | .8    | 74.8  |  |
| 15,13                                     | 1   | .8    | .8    | 75.6  |  |
| 15,28                                     | 1   | .8    | .8    | 76.4  |  |
| 15,50                                     | 1   | .8    | .8    | 77.2  |  |
| 16,60                                     | 1   | .8    | .8    | 78.0  |  |
| 17,37                                     | 1   | .8    | .8    | 78.7  |  |
| 17,43                                     | 1   | .8    | .8    | 79.5  |  |
| 18,72                                     | 1   | .8    | .8    | 80.3  |  |
| 19,63                                     | 1   | .8    | .8    | 81.1  |  |
| 19,93                                     | 1   | .8    | .8    | 81.9  |  |
| 20,85                                     | 1   | .8    | .8    | 82.7  |  |
| 20,86                                     | 1   | .8    | .8    | 83.5  |  |
| 22,23                                     | 1   | .8    | .8    | 84.3  |  |
| 22,33                                     | 1   | .8    | .8    | 85.0  |  |
| 22,56                                     | 1   | .8    | .8    | 85.8  |  |
| 23,28                                     | 1   | .8    | .8    | 86.6  |  |
| 23,33                                     | 1   | .8    | .8    | 87.4  |  |
| 23,72                                     | 1   | .8    | .8    | 88.2  |  |
| 23,84                                     | 1   | .8    | .8    | 89.0  |  |
| 23,92                                     | 1   | .8    | .8    | 89.8  |  |
| 25,98                                     | 1   | .8    | .8    | 90.6  |  |
| 26,60                                     | 1   | .8    | .8    | 91.3  |  |
| 26,88                                     | 1   | .8    | .8    | 92.1  |  |
| 28,36                                     | 1   | .8    | .8    | 92.9  |  |
| 28,46                                     | 1   | .8    | .8    | 93.7  |  |
| 29,04                                     | 1   | .8    | .8    | 94.5  |  |
| 29,68                                     | 1   | .8    | .8    | 95.3  |  |
| 31,03                                     | 1   | .8    | .8    | 96.1  |  |
| 33,48                                     | 1   | .8    | .8    | 96.9  |  |
| 33,94                                     | 1   | .8    | .8    | 97.6  |  |
| 39,87                                     | 1   | .8    | .8    | 98.4  |  |
| 41,92                                     | 1   | .8    | .8    | 99.2  |  |
| 43,22                                     | 1   | .8    | .8    | 100.0 |  |
| Total                                     | 127 | 99.2  | 100.0 |       |  |
| Missing System                            | 1   | .8    |       |       |  |
| Total                                     | 128 | 100.0 |       |       |  |

Source: Own research

## APPENDIX 6. ANALYSES OF VARIANCE

**Table 33. Case processing summary for "Employee Aspects 2010"**

| Case Processing Summary                                                                                                                            |          |         |          |         |       |         |
|----------------------------------------------------------------------------------------------------------------------------------------------------|----------|---------|----------|---------|-------|---------|
|                                                                                                                                                    | Cases    |         |          |         |       |         |
|                                                                                                                                                    | Included |         | Excluded |         | Total |         |
|                                                                                                                                                    | N        | Percent | N        | Percent | N     | Percent |
| PC_Employee_Aspects_2010 PC Employee Aspects 2010 * Size_of_organization_10 Size of organization                                                   | 120      | 80.5%   | 29       | 19.5%   | 149   | 100.0%  |
| PC_Employee_Aspects_2010 PC Employee Aspects 2010 * Region_10 Region                                                                               | 119      | 79.9%   | 30       | 20.1%   | 149   | 100.0%  |
| PC_Employee_Aspects_2010 PC Employee Aspects 2010 * Industry_10 Industry                                                                           | 120      | 80.5%   | 29       | 19.5%   | 149   | 100.0%  |
| PC_Employee_Aspects_2010 PC Employee Aspects 2010 * Business_context_10 How was your business affected by downturn?                                | 120      | 80.5%   | 29       | 19.5%   | 149   | 100.0%  |
| PC_Employee_Aspects_2010 PC Employee Aspects 2010 * Importance_of_engagement Importance of employee engagement in your organization:               | 120      | 80.5%   | 29       | 19.5%   | 149   | 100.0%  |
| PC_Employee_Aspects_2010 PC Employee Aspects 2010 * Defined_engagement_strategy Do you have clearly defined employee engagement strategy in place? | 119      | 79.9%   | 30       | 20.1%   | 149   | 100.0%  |
| PC_Employee_Aspects_2010 PC Employee Aspects 2010 * Measurement_of_engagement Do you measure employee engagement?                                  | 120      | 80.5%   | 29       | 19.5%   | 149   | 100.0%  |
| PC_Employee_Aspects_2010 PC Employee Aspects 2010 * Conduction_of_surveys Do you conduct employee satisfaction / engagement surveys?               | 119      | 79.9%   | 30       | 20.1%   | 149   | 100.0%  |
| PC_Employee_Aspects_2010 PC Employee Aspects 2010 * Survey_follow_up What do you do with the result of the survey?                                 | 112      | 75.2%   | 37       | 24.8%   | 149   | 100.0%  |
| PC_Employee_Aspects_2010 PC Employee Aspects 2010 * Sharing_survey_result Do you share the result of the surveys with employees?                   | 111      | 74.5%   | 38       | 25.5%   | 149   | 100.0%  |

**Table 34. Variance analysis "Employee Aspects 2010" - Size of organization (2010)**

Report

PC\_Employee\_Aspects\_2010 PC Employee

| Size_of_organization_10 Size of organization | Mean      | N   | Std. Deviation |
|----------------------------------------------|-----------|-----|----------------|
| 1.00 0-249 employees                         | .0087021  | 29  | 1.03801161     |
| 2.00 250-999 employees                       | -.0239110 | 36  | 1.01583652     |
| 3.00 1000-2499 employees                     | -.0694509 | 20  | 1.08010159     |
| 4.00 2500-4999 employees                     | -.1102376 | 12  | .91603015      |
| 5.00 5000-14999 employees                    | .1081548  | 7   | .82658235      |
| 6.00 15000-25000 employees                   | .5888426  | 3   | .50816472      |
| 7.00 25000- employees                        | .0612841  | 13  | 1.12789198     |
| Total                                        | .0000000  | 120 | 1.00000000     |

ANOVA Table

|                                                             |                           | Sum of Squares | df  | Mean Square | F    | Sig. |
|-------------------------------------------------------------|---------------------------|----------------|-----|-------------|------|------|
| PC_Employee_Aspects_2010 PC Employee                        | Between Groups (Combined) | 1.436          | 6   | .239        | .230 | .966 |
| Aspects 2010 * Size_of_organization_10 Size of organization | Within Groups             | 117.564        | 113 | 1.040       |      |      |
|                                                             | Total                     | 119.000        | 119 |             |      |      |

Measures of Association

|                                                                                                     | Eta  | Eta Squared |
|-----------------------------------------------------------------------------------------------------|------|-------------|
| PC_Employee_Aspects_2010 PC Employee<br>Aspects 2010 * Size_of_organization_10 Size of organization | .110 | .012        |

**Table 35. Variance analysis "Employee Aspects 2010" - Region (2010)**

| Report                                        |                           |                |                |             |      |      |
|-----------------------------------------------|---------------------------|----------------|----------------|-------------|------|------|
| PC_Employee_Aspects_2010 PC Employee          |                           |                |                |             |      |      |
| Region_10 Region                              | Mean                      | N              | Std. Deviation |             |      |      |
| 1.00 Scandinavia                              | -.4792594                 | 2              | .68069481      |             |      |      |
| 2.00 UK / Ireland                             | -.0202888                 | 32             | 1.07643468     |             |      |      |
| 3.00 Mediterranean                            | .6621899                  | 4              | .44008355      |             |      |      |
| 5.00 France                                   | .8822316                  | 1              |                |             |      |      |
| 6.00 Austria / Germany / Switzerland          | .4215279                  | 4              | .92140747      |             |      |      |
| 7.00 Commonwealth of Independent States (CIS) | .8822316                  | 2              | 0.00000000     |             |      |      |
| 8.00 Central and Eastern Europe (CEE)         | -.0381770                 | 54             | 1.01795410     |             |      |      |
| 9.00 Baltics                                  | .1808659                  | 4              | .88600271      |             |      |      |
| Total                                         | .0080721                  | 119            | 1.00029456     |             |      |      |
| ANOVA Table                                   |                           |                |                |             |      |      |
|                                               |                           | Sum of Squares | df             | Mean Square | F    | Sig. |
| PC_Employee_Aspects_2010 PC Employee          | Between Groups (Combined) | 6.065          | 8              | .758        | .745 | .652 |
| Aspects 2010 * Region_10 Region               | Within Groups             | 112.004        | 110            | 1.018       |      |      |
|                                               | Total                     | 118.070        | 118            |             |      |      |
| Measures of Association                       |                           |                |                |             |      |      |
|                                               |                           | Eta            | Eta Squared    |             |      |      |
| PC_Employee_Aspects_2010 PC Employee          |                           |                |                |             |      |      |
| Aspects 2010 * Region_10 Region               |                           | .227           | .051           |             |      |      |

**Table 36. Variance analysis "Employee Aspects 2010" - Industry (2010)**

| Report                                |            |     |                |
|---------------------------------------|------------|-----|----------------|
| PC_Employee_Aspects_2010 PC Employee  |            |     |                |
| Industry_10 Industry                  | Mean       | N   | Std. Deviation |
| 1.00 Agriculture / Hunting / Forestry | .8822316   | 2   | 0.00000000     |
| 2.00 Automotives                      | -.1959908  | 5   | 1.47641685     |
| 3.00 Aviation                         | .0020645   | 1   |                |
| 4.00 Chemical                         | -.4792594  | 2   | .68069481      |
| 5.00 Construction                     | -.9605833  | 1   |                |
| 6.00 Education                        | -.9605833  | 1   |                |
| 7.00 Utilities                        | -.0391758  | 2   | 1.30306694     |
| 8.00 Fast Moving Consumer Goods       | .1081548   | 14  | 1.05555807     |
| 9.00 Financial Services               | -.1566304  | 13  | 1.03758247     |
| 10.00 Government                      | .1505909   | 5   | 1.17433195     |
| 11.00 Hospitality                     | .8822316   | 3   | 0.00000000     |
| 12.00 Information Technology          | -.4135896  | 9   | 1.20330384     |
| 13.00 Manufacturing                   | -.1385071  | 9   | 1.06086319     |
| 14.00 Media                           | .3376352   | 5   | .81971562      |
| 16.00 Oil & Gas                       | -.0089464  | 5   | 1.10050205     |
| 17.00 Pharma / Healthcare             | .3376352   | 5   | .81971562      |
| 18.00 Professional Services           | -.5920203  | 5   | .82413189      |
| 19.00 Real Estate                     | -1.1036650 | 5   | 1.16994735     |
| 20.00 Telecommunication               | .3573395   | 12  | .72377476      |
| 21.00 Transport / Logistics           | -.0162870  | 6   | .98494262      |
| 22.00 Wholesale and retail trade      | .7061982   | 5   | .39362270      |
| 23.00 Other                           | .3376352   | 5   | .81971562      |
| Total                                 | .0000000   | 120 | 1.00000000     |

| ANOVA Table                          |                           |                |     |             |       |
|--------------------------------------|---------------------------|----------------|-----|-------------|-------|
|                                      |                           | Sum of Squares | df  | Mean Square | Sig.  |
| PC_Employee_Aspects_2010 PC Employee | Between Groups (Combined) | 22.281         | 21  | 1.061       | 1.075 |
| Aspects 2010 * Industry_10 Industry  | Within Groups             | 96.719         | 98  | .987        | .387  |
|                                      | Total                     | 119.000        | 119 |             |       |

| Measures of Association              |      |             |
|--------------------------------------|------|-------------|
|                                      | Eta  | Eta Squared |
| PC_Employee_Aspects_2010 PC Employee |      |             |
| Aspects 2010 * Industry_10 Industry  | .433 | .187        |

**Table 37. Variance analysis "Employee Aspects 2010" - Business context (2010)**

| Report                                                                                       |                |             |                |        |      |
|----------------------------------------------------------------------------------------------|----------------|-------------|----------------|--------|------|
| PC_Employee_Aspects_2010 PC Employee                                                         |                |             |                |        |      |
| Business_context_10 How was your business affected by downturn?                              | Mean           | N           | Std. Deviation |        |      |
| 1.00 Significantly worse                                                                     | -.9649831      | 19          | .92662364      |        |      |
| 2.00 Somewhat worse                                                                          | -.0391901      | 64          | .95217700      |        |      |
| 3.00 Remained the same                                                                       | .6035963       | 23          | .58318668      |        |      |
| 4.00 Somewhat better                                                                         | .6576020       | 12          | .56549515      |        |      |
| 5.00 Significantly better                                                                    | -.4655464      | 2           | 1.90604596     |        |      |
| Total                                                                                        | .0000000       | 120         | 1.00000000     |        |      |
| ANOVA Table                                                                                  |                |             |                |        |      |
|                                                                                              | Sum of Squares | df          | Mean Square    | F      | Sig. |
| PC_Employee_Aspects_2010 PC Employee Between Groups (Combined)                               | 31.793         | 4           | 7.948          | 10.481 | .000 |
| Aspects 2010 * Business_context_10 How was your business affected by downturn? Within Groups | 87.207         | 115         | .758           |        |      |
| Total                                                                                        | 119.000        | 119         |                |        |      |
| Measures of Association                                                                      |                |             |                |        |      |
|                                                                                              | Eta            | Eta Squared |                |        |      |
| PC_Employee_Aspects_2010 PC Employee                                                         |                |             |                |        |      |
| Aspects 2010 * Business_context_10 How was your business affected by downturn?               | .517           | .267        |                |        |      |

**Table 38. Variance analysis "Employee Aspects 2010" - Importance of Engagement (2010)**

| Report                                                                           |                           |                |                |             |       |      |
|----------------------------------------------------------------------------------|---------------------------|----------------|----------------|-------------|-------|------|
| PC_Employee_Aspects_2010 PC Employee                                             |                           |                |                |             |       |      |
| Importance_of_engagement Importance of employee engagement in your organization: | Mean                      | N              | Std. Deviation |             |       |      |
| 1.00 Top priority                                                                | .2951255                  | 29             | .94199105      |             |       |      |
| 2.00 Growing priority / very important                                           | .0328531                  | 67             | .98258706      |             |       |      |
| 3.00 Somewhat important                                                          | -.4483249                 | 24             | 1.00023268     |             |       |      |
| Total                                                                            | .0000000                  | 120            | 1.00000000     |             |       |      |
| ANOVA Table                                                                      |                           |                |                |             |       |      |
|                                                                                  |                           | Sum of Squares | df             | Mean Square | F     | Sig. |
| PC_Employee_Aspects_2010 PC Employee                                             | Between Groups (Combined) | 7.422          | 2              | 3.711       | 3.891 | .023 |
| Aspects 2010 * Importance_of_engagement                                          | Within Groups             | 111.578        | 117            | .954        |       |      |
| Importance of employee engagement in your organization:                          | Total                     | 119.000        | 119            |             |       |      |
| Measures of Association                                                          |                           |                |                |             |       |      |
|                                                                                  | Eta                       | Eta Squared    |                |             |       |      |
| PC_Employee_Aspects_2010 PC Employee                                             |                           |                |                |             |       |      |
| Aspects 2010 * Importance_of_engagement                                          | .250                      | .062           |                |             |       |      |
| Importance of employee engagement in your organization:                          |                           |                |                |             |       |      |

**Table 39. Variance analysis "Employee Aspects 2010" - Engagement Strategy (2010)**

| Report                                                                                         |           |     |                |
|------------------------------------------------------------------------------------------------|-----------|-----|----------------|
| PC_Employee_Aspects_2010 PC Employee                                                           |           |     |                |
| Defined_engagement_strategy Do you have clearly defined employee engagement strategy in place? | Mean      | N   | Std. Deviation |
| 1.00 Yes, clearly defined                                                                      | .2738041  | 25  | .92639565      |
| 2.00 Yes, somewhat defined                                                                     | .2406123  | 55  | .81624180      |
| 3.00 Not yet defined, but planning to set strategy                                             | -.6074908 | 31  | 1.10680539     |
| 4.00 No                                                                                        | -.2660995 | 8   | 1.05771314     |
| Total                                                                                          | -.0074137 | 119 | 1.00091114     |

| ANOVA Table                                                                                                   |                           |  |                |     |             |       |      |
|---------------------------------------------------------------------------------------------------------------|---------------------------|--|----------------|-----|-------------|-------|------|
|                                                                                                               |                           |  | Sum of Squares | df  | Mean Square | F     | Sig. |
| PC_Employee_Aspects_2010 PC Employee                                                                          | Between Groups (Combined) |  | 17.059         | 3   | 5.686       | 6.464 | .000 |
| Aspects 2010 * Defined_engagement_strategy Do you have clearly defined employee engagement strategy in place? | Within Groups             |  | 101.156        | 115 | .880        |       |      |
|                                                                                                               | Total                     |  | 118.215        | 118 |             |       |      |

| Measures of Association                                                                                       |      |             |
|---------------------------------------------------------------------------------------------------------------|------|-------------|
|                                                                                                               | Eta  | Eta Squared |
| PC_Employee_Aspects_2010 PC Employee                                                                          |      |             |
| Aspects 2010 * Defined_engagement_strategy Do you have clearly defined employee engagement strategy in place? | .380 | .144        |

**Table 40. Variance analysis "Employee Aspects 2010" - Measurement (2010)**

| Report                                                                       |                           |                |                |             |       |      |
|------------------------------------------------------------------------------|---------------------------|----------------|----------------|-------------|-------|------|
| PC_Employee_Aspects_2010 PC Employee                                         |                           |                |                |             |       |      |
| Measurement_of_engagement Do you measure employee engagement?                | Mean                      | N              | Std. Deviation |             |       |      |
| 1.00 Yes, clear measurement connected to                                     | .3387871                  | 33             | .87099657      |             |       |      |
| 2.00 Yes, some measurement but could be                                      | -.0383059                 | 62             | 1.00582044     |             |       |      |
| 3.00 No measurement                                                          | -.3522004                 | 25             | 1.04146903     |             |       |      |
| Total                                                                        | .0000000                  | 120            | 1.00000000     |             |       |      |
| ANOVA Table                                                                  |                           |                |                |             |       |      |
|                                                                              |                           | Sum of Squares | df             | Mean Square | F     | Sig. |
| PC_Employee_Aspects_2010 PC Employee                                         | Between Groups (Combined) | 6.980          | 2              | 3.490       | 3.645 | .029 |
| Aspects 2010 * Measurement_of_engagement Do you measure employee engagement? | Within Groups             | 112.020        | 117            | .957        |       |      |
|                                                                              | Total                     | 119.000        | 119            |             |       |      |
| Measures of Association                                                      |                           |                |                |             |       |      |
|                                                                              | Eta                       | Eta Squared    |                |             |       |      |
| PC_Employee_Aspects_2010 PC Employee                                         |                           |                |                |             |       |      |
| Aspects 2010 * Measurement_of_engagement Do you measure employee engagement? | .242                      | .059           |                |             |       |      |

**Table 41. Variance analysis "Employee Aspects 2010" - Surveys (2010)**

| Report                                                                           |           |     |                |
|----------------------------------------------------------------------------------|-----------|-----|----------------|
| PC_Employee_Aspects_2010 PC Employee                                             |           |     |                |
| Conduction_of_surveys Do you conduct employee satisfaction / engagement surveys? | Mean      | N   | Std. Deviation |
| 1.00 We conduct employee satisfaction surveys.                                   | .0211920  | 46  | 1.04145191     |
| 2.00 We conduct employee engagement surveys.                                     | .1212570  | 24  | .99266282      |
| 3.00 We conduct both engagement and satisfaction                                 | .0764026  | 37  | .92779855      |
| 4.00 We do not conduct surveys.                                                  | -.4792763 | 12  | 1.05616822     |
| Total                                                                            | .0080721  | 119 | 1.00029456     |

| ANOVA Table                                                                                     |                           |                |     |             |       |      |
|-------------------------------------------------------------------------------------------------|---------------------------|----------------|-----|-------------|-------|------|
|                                                                                                 |                           | Sum of Squares | df  | Mean Square | F     | Sig. |
| PC_Employee_Aspects_2010 PC Employee                                                            | Between Groups (Combined) | 3.338          | 3   | 1.113       | 1.115 | .346 |
| Aspects 2010 * Conduction_of_surveys Do you conduct employee satisfaction / engagement surveys? | Within Groups             | 114.731        | 115 | .998        |       |      |
|                                                                                                 | Total                     | 118.070        | 118 |             |       |      |

| Measures of Association                                                                         |      |             |
|-------------------------------------------------------------------------------------------------|------|-------------|
|                                                                                                 | Eta  | Eta Squared |
| PC_Employee_Aspects_2010 PC Employee                                                            |      |             |
| Aspects 2010 * Conduction_of_surveys Do you conduct employee satisfaction / engagement surveys? | .168 | .028        |

**Table 42. Variance analysis "Employee Aspects 2010" - Survey follow-up (2010)**

| Report                                                         |           |     |                |
|----------------------------------------------------------------|-----------|-----|----------------|
| PC_Employee_Aspects_2010 PC Employee                           |           |     |                |
| Survey_follow_up What do you do with the result of the survey? | Mean      | N   | Std. Deviation |
| 1.00 The management develops and implements                    | .0965653  | 39  | 1.01836339     |
| 2.00 The management and employees develop and                  | .1008941  | 59  | .95919937      |
| 3.00 The result is given to employees, who are                 | -.3940056 | 5   | 1.21594094     |
| 4.00 No action is taken.                                       | -.2557894 | 8   | 1.06018077     |
| 5.00 Other                                                     | -.9605833 | 1   |                |
| Total                                                          | .0423381  | 112 | .99340118      |

| ANOVA Table                                                                   |                           |                |     |             |      |      |
|-------------------------------------------------------------------------------|---------------------------|----------------|-----|-------------|------|------|
|                                                                               |                           | Sum of Squares | df  | Mean Square | F    | Sig. |
| PC_Employee_Aspects_2010 PC Employee                                          | Between Groups (Combined) | 2.986          | 4   | .746        | .750 | .560 |
| Aspects 2010 * Survey_follow_up What do you do with the result of the survey? | Within Groups             | 106.554        | 107 | .996        |      |      |
|                                                                               | Total                     | 109.540        | 111 |             |      |      |

| Measures of Association                                                       |      |             |
|-------------------------------------------------------------------------------|------|-------------|
|                                                                               | Eta  | Eta Squared |
| PC_Employee_Aspects_2010 PC Employee                                          |      |             |
| Aspects 2010 * Survey_follow_up What do you do with the result of the survey? | .165 | .027        |

**Table 43. Variance analysis "Employee Aspects 2010" - Sharing survey result (2010)**

| Report                                                                       |           |     |                |
|------------------------------------------------------------------------------|-----------|-----|----------------|
| PC_Employee_Aspects_2010 PC Employee                                         |           |     |                |
| Sharing_survey_result Do you share the result of the surveys with employees? | Mean      | N   | Std. Deviation |
| 1.00 All the result is shared with employees.                                | .0956664  | 62  | .97713637      |
| 2.00 Some of the result is shared with employees.                            | -.0444312 | 42  | 1.00998119     |
| 3.00 The result is not shared with the employees.                            | -.0293664 | 7   | 1.17195563     |
| Total                                                                        | .0347715  | 111 | .99465901      |

| ANOVA Table                                                                                 |                           |                |     |             |      |      |
|---------------------------------------------------------------------------------------------|---------------------------|----------------|-----|-------------|------|------|
|                                                                                             |                           | Sum of Squares | df  | Mean Square | F    | Sig. |
| PC_Employee_Aspects_2010 PC Employee                                                        | Between Groups (Combined) | .522           | 2   | .261        | .260 | .771 |
| Aspects 2010 * Sharing_survey_result Do you share the result of the surveys with employees? | Within Groups             | 108.306        | 108 | 1.003       |      |      |
|                                                                                             | Total                     | 108.828        | 110 |             |      |      |

| Measures of Association                                                                     |      |             |
|---------------------------------------------------------------------------------------------|------|-------------|
|                                                                                             | Eta  | Eta Squared |
| PC_Employee_Aspects_2010 PC Employee                                                        |      |             |
| Aspects 2010 * Sharing_survey_result Do you share the result of the surveys with employees? | .069 | .005        |

**Table 44. Case processing summary for "Employee Aspects 2012"**

| Case Processing Summary                                                                                                                            |          |         |          |         |       |         |
|----------------------------------------------------------------------------------------------------------------------------------------------------|----------|---------|----------|---------|-------|---------|
|                                                                                                                                                    | Cases    |         |          |         |       |         |
|                                                                                                                                                    | Included |         | Excluded |         | Total |         |
|                                                                                                                                                    | N        | Percent | N        | Percent | N     | Percent |
| PC_Employee_Aspects_2012 PC Employee Aspects 2012 * Rec_Size_of_organization_12 Rec Size of organization ww 2012                                   | 91       | 71.1%   | 37       | 28.9%   | 128   | 100.0%  |
| PC_Employee_Aspects_2012 PC Employee Aspects 2012 * Region_12 Region                                                                               | 94       | 73.4%   | 34       | 26.6%   | 128   | 100.0%  |
| PC_Employee_Aspects_2012 PC Employee Aspects 2012 * Industry_12 Industry                                                                           | 93       | 72.7%   | 35       | 27.3%   | 128   | 100.0%  |
| PC_Employee_Aspects_2012 PC Employee Aspects 2012 * Business_context_12 How has your business changed in the last 2 years?                         | 95       | 74.2%   | 33       | 25.8%   | 128   | 100.0%  |
| PC_Employee_Aspects_2012 PC Employee Aspects 2012 * Importance_of_engagement Importance of employee engagement in your organization:               | 93       | 72.7%   | 35       | 27.3%   | 128   | 100.0%  |
| PC_Employee_Aspects_2012 PC Employee Aspects 2012 * Defined_engagement_strategy Do you have clearly defined employee engagement strategy in place? | 93       | 72.7%   | 35       | 27.3%   | 128   | 100.0%  |
| PC_Employee_Aspects_2012 PC Employee Aspects 2012 * Measurement_of_engagement Do you measure employee engagement?                                  | 93       | 72.7%   | 35       | 27.3%   | 128   | 100.0%  |
| PC_Employee_Aspects_2012 PC Employee Aspects 2012 * Conduction_of_engagement Do you conduct employee satisfaction / engagement surveys?            | 92       | 71.9%   | 36       | 28.1%   | 128   | 100.0%  |
| PC_Employee_Aspects_2012 PC Employee Aspects 2012 * Survey_follow_up What do you do with the result of the survey?                                 | 85       | 66.4%   | 43       | 33.6%   | 128   | 100.0%  |
| PC_Employee_Aspects_2012 PC Employee Aspects 2012 * Sharing_survey_results Do you share the result of the surveys with employees?                  | 83       | 64.8%   | 45       | 35.2%   | 128   | 100.0%  |

**Table 45. Variance analysis "Employee Aspects 2012" - Size of organization (2012)**

| Report                                                          |           |    |                |
|-----------------------------------------------------------------|-----------|----|----------------|
| PC_Employee_Aspects_2012 PC                                     |           |    |                |
| Rec_Size_of_organization_12 Rec<br>Size of organization ww 2012 | Mean      | N  | Std. Deviation |
| 1.00 0-249 employees                                            | -.0019655 | 16 | 1.03922958     |
| 2.00 250-999 employees                                          | -.0901002 | 6  | .90739591      |
| 3.00 1000-2499 employees                                        | -.0827192 | 4  | 1.25619416     |
| 4.00 2500-4999 employees                                        | .5065010  | 5  | .87384104      |
| 5.00 5000-14999 employees                                       | -.1064747 | 15 | .95770456      |
| 6.00 150000-24999 employees                                     | -.4162324 | 6  | 1.10184005     |
| 7.00 25000- employees                                           | -.0116164 | 39 | 1.05060758     |
| Total                                                           | -.0320657 | 91 | 1.00796772     |

| ANOVA Table                                                     |                |            |                |    |             |      |      |
|-----------------------------------------------------------------|----------------|------------|----------------|----|-------------|------|------|
|                                                                 |                |            | Sum of Squares | df | Mean Square | F    | Sig. |
| PC_Employee_Aspects_2012 PC                                     | Between Groups | (Combined) | 2.480          | 6  | .413        | .390 | .883 |
| Employee Aspects 2012 *                                         | Within Groups  |            | 88.960         | 84 | 1.059       |      |      |
| Rec_Size_of_organization_12 Rec<br>Size of organization ww 2012 | Total          |            | 91.440         | 90 |             |      |      |

| Measures of Association                                                                                                   |      |             |
|---------------------------------------------------------------------------------------------------------------------------|------|-------------|
|                                                                                                                           | Eta  | Eta Squared |
| PC_Employee_Aspects_2012 PC<br>Employee Aspects 2012 *<br>Rec_Size_of_organization_12 Rec<br>Size of organization ww 2012 | .165 | .027        |

**Table 46. Variance analysis "Employee Aspects 2012" - Region (2012)**

| Report                                        |           |    |                |
|-----------------------------------------------|-----------|----|----------------|
| PC_Employee_Aspects_2012 PC Employee          |           |    |                |
| Region_12 Region                              | Mean      | N  | Std. Deviation |
| 1.00 Central and Eastern Europe (CEE)         | .0796952  | 37 | .98526274      |
| 2.00 UK / Ireland                             | .3836262  | 9  | .85950736      |
| 4.00 Mediterranean                            | -.4190289 | 11 | 1.01794657     |
| 5.00 Scandinavia                              | -.6485271 | 11 | 1.06877337     |
| 7.00 Baltics                                  | .8972946  | 1  |                |
| 8.00 Commonwealth of Independent States (CIS) | .5277311  | 7  | .50878196      |
| 9.00 Benelux                                  | .4666081  | 3  | .74597087      |
| 11.00 Austria / Germany / Switzerland         | -.7827291 | 7  | .99749535      |
| 12.00 France                                  | .8972946  | 1  |                |
| Total                                         | -.0095457 | 94 | 1.00100110     |

| ANOVA Table                          |                           |                |    |             |       |      |
|--------------------------------------|---------------------------|----------------|----|-------------|-------|------|
|                                      |                           | Sum of Squares | df | Mean Square | F     | Sig. |
| PC_Employee_Aspects_2012 PC Employee | Between Groups (Combined) | 18.664         | 10 | 1.866       | 2.079 | .035 |
| Aspects 2012 * Region_12 Region      | Within Groups             | 74.522         | 83 | .898        |       |      |
|                                      | Total                     | 93.186         | 93 |             |       |      |

| Measures of Association                                                 |      |             |
|-------------------------------------------------------------------------|------|-------------|
|                                                                         | Eta  | Eta Squared |
| PC_Employee_Aspects_2012 PC Employee<br>Aspects 2012 * Region_12 Region | .448 | .200        |

**Table 47. Variance analysis "Employee Aspects 2012" - Industry (2012)**

| Report                           |            |    |                |
|----------------------------------|------------|----|----------------|
| PC_Employee_Aspects_2012 PC      |            |    |                |
| Industry_12 Industry             | Mean       | N  | Std. Deviation |
| 2.00 Automotives                 | .8972946   | 6  | 0.00000000     |
| 3.00 Aviation                    | -.3947649  | 1  |                |
| 4.00 Chemical                    | -1.7307012 | 1  |                |
| 5.00 Construction                | -1.0566734 | 1  |                |
| 6.00 Education                   | .8972946   | 1  |                |
| 7.00 Utilities                   | -.3947649  | 1  |                |
| 8.00 Fast Moving Consumer Goods  | .3836262   | 9  | .85950736      |
| 9.00 Financial Services          | -.5705049  | 4  | .32468955      |
| 10.00 Government                 | -1.062748  | 2  | 1.41926145     |
| 11.00 Hospitality                | .8972946   | 1  |                |
| 12.00 Information Technology     | .3181707   | 9  | .89395860      |
| 13.00 Manufacturing              | .1431890   | 13 | .95683603      |
| 14.00 Media                      | .2512649   | 2  | .91362400      |
| 16.00 Oil & Gas                  | -.4223847  | 5  | 1.04248876     |
| 17.00 Pharma / Healthcare        | -.3324498  | 8  | 1.33303660     |
| 18.00 Professional Services      | -.1193587  | 11 | .94438343      |
| 20.00 Telecommunication          | .0724950   | 4  | 1.24307380     |
| 22.00 Wholesale and retail trade | -.0796894  | 2  | 1.38166400     |
| 23.00 Other                      | -.2499808  | 12 | 1.12658193     |
| Total                            | .0089614   | 93 | .99012553      |

| ANOVA Table                 |                |            |                |    |             |      |      |
|-----------------------------|----------------|------------|----------------|----|-------------|------|------|
|                             |                |            | Sum of Squares | df | Mean Square | F    | Sig. |
| PC_Employee_Aspects_2012 PC | Between Groups | (Combined) | 17.527         | 18 | .974        | .992 | .479 |
| Employee Aspects 2012 *     | Within Groups  |            | 72.665         | 74 | .982        |      |      |
| Industry_12 Industry        | Total          |            | 90.192         | 92 |             |      |      |

| Measures of Association     |      |             |
|-----------------------------|------|-------------|
|                             | Eta  | Eta Squared |
| PC_Employee_Aspects_2012 PC |      |             |
| Employee Aspects 2012 *     | .441 | .194        |
| Industry_12 Industry        |      |             |

**Table 48. Variance analysis "Employee Aspects 2012" - Business context (2012)**

| Report                                                                 |                |             |                |    |      |
|------------------------------------------------------------------------|----------------|-------------|----------------|----|------|
| PC_Employee_Aspects_2012 PC                                            |                |             |                |    |      |
| Business_context_12 How has your business changed in the last 2 years? | Mean           | N           | Std. Deviation |    |      |
| 1.00 Significantly worse                                               | -.8758291      | 10          | 1.02825023     |    |      |
| 2.00 Somewhat worse                                                    | -.2938800      | 33          | .99063114      |    |      |
| 3.00 Remained the same                                                 | -.4149844      | 9           | .81011335      |    |      |
| 4.00 Somewhat better                                                   | .4000399       | 25          | .82987940      |    |      |
| 5.00 Significantly better                                              | .6772331       | 18          | .64053791      |    |      |
| Total                                                                  | .0000000       | 95          | 1.00000000     |    |      |
| ANOVA Table                                                            |                |             |                |    |      |
|                                                                        | Sum of Squares | df          | Mean Square    | F  | Sig. |
| PC_Employee_Aspects_2012 PC                                            | Between Groups | (Combined)  | 24.327         | 4  | .000 |
| Employee Aspects 2012 *                                                | Within Groups  |             | 69.673         | 90 |      |
| Business_context_12 How has your business changed in the last 2 years? | Total          |             | 94.000         | 94 |      |
| Measures of Association                                                |                |             |                |    |      |
|                                                                        | Eta            | Eta Squared |                |    |      |
| PC_Employee_Aspects_2012 PC                                            | .509           | .259        |                |    |      |
| Employee Aspects 2012 *                                                |                |             |                |    |      |
| Business_context_12 How has your business changed in the last 2 years? |                |             |                |    |      |

**Table 49. Variance analysis "Employee Aspects 2012" - Importance of Engagement (2012)**

| Report                                                                                 |            |    |                |
|----------------------------------------------------------------------------------------|------------|----|----------------|
| PC_Employee_Aspects_2012 PC                                                            |            |    |                |
| Importance_of_engagement<br>Importance of employee<br>engagement in your organization: | Mean       | N  | Std. Deviation |
| 1.00 Top priority                                                                      | .1912076   | 27 | .96366907      |
| 2.00 Growing priority / very important                                                 | .1871633   | 48 | .92680041      |
| 3.00 Somewhat important                                                                | -.7969660  | 17 | .87184219      |
| 4.00 Not important                                                                     | -1.7307012 | 1  |                |
| Total                                                                                  | -.0121794  | 93 | 1.00609912     |

| ANOVA Table                                                                            |                |            |                |    |             |       |      |
|----------------------------------------------------------------------------------------|----------------|------------|----------------|----|-------------|-------|------|
|                                                                                        |                |            | Sum of Squares | df | Mean Square | F     | Sig. |
| PC_Employee_Aspects_2012 PC                                                            | Between Groups | (Combined) | 16.448         | 3  | 5.483       | 6.364 | .001 |
| Employee Aspects 2012 *                                                                | Within Groups  |            | 76.678         | 89 | .862        |       |      |
| Importance_of_engagement<br>Importance of employee<br>engagement in your organization: | Total          |            | 93.126         | 92 |             |       |      |

| Measures of Association                                                                                                                          |      |             |
|--------------------------------------------------------------------------------------------------------------------------------------------------|------|-------------|
|                                                                                                                                                  | Eta  | Eta Squared |
| PC_Employee_Aspects_2012 PC<br>Employee Aspects 2012 *<br>Importance_of_engagement<br>Importance of employee<br>engagement in your organization: | .420 | .177        |

**Table 50. Variance analysis "Employee Aspects 2012" - Engagement Strategy (2012)**

| Report                                                                                         |                |                |                |             |       |       |      |
|------------------------------------------------------------------------------------------------|----------------|----------------|----------------|-------------|-------|-------|------|
| PC_Employee_Aspects_2012 PC                                                                    |                |                |                |             |       |       |      |
| Defined_engagement_strategy Do you have clearly defined employee engagement strategy in place? | Mean           | N              | Std. Deviation |             |       |       |      |
| 1.00 Yes, clearly defined and connected to business results                                    | .4903561       | 29             | .71203771      |             |       |       |      |
| 2.00 Yes, clearly defined but not connected to business results                                | -.2978370      | 11             | 1.09238344     |             |       |       |      |
| 3.00 Yes, somewhat defined but could be improved                                               | -.1702759      | 24             | 1.11078339     |             |       |       |      |
| 4.00 Not yet defined, but planning to                                                          | -.0243585      | 17             | 1.06155774     |             |       |       |      |
| 5.00 No                                                                                        | -.6313402      | 12             | .80700844      |             |       |       |      |
| Total                                                                                          | -.0121794      | 93             | 1.00609912     |             |       |       |      |
| ANOVA Table                                                                                    |                |                |                |             |       |       |      |
|                                                                                                |                | Sum of Squares | df             | Mean Square | F     | Sig.  |      |
| PC_Employee_Aspects_2012 PC                                                                    | Between Groups | (Combined)     | 13.424         | 4           | 3.356 | 3.705 | .008 |
| Employee Aspects 2012 *                                                                        | Within Groups  |                | 79.702         | 88          | .906  |       |      |
| Defined_engagement_strategy Do you have clearly defined employee engagement strategy in place? | Total          |                | 93.126         | 92          |       |       |      |
| Measures of Association                                                                        |                |                |                |             |       |       |      |
|                                                                                                |                | Eta            | Eta Squared    |             |       |       |      |
| PC_Employee_Aspects_2012 PC                                                                    |                |                |                |             |       |       |      |
| Employee Aspects 2012 *                                                                        |                |                |                |             |       |       |      |
| Defined_engagement_strategy Do you have clearly defined employee engagement strategy in place? |                | .380           | .144           |             |       |       |      |

**Table 51. Variance analysis "Employee Aspects 2012" - Measurement (2012)**

Report

PC\_Employee\_Aspects\_2012 PC

|                                                                   |           |    |                |
|-------------------------------------------------------------------|-----------|----|----------------|
| Measurement_of_engagement Do you measure employee engagement?     | Mean      | N  | Std. Deviation |
| 1.00 Yes, clear measurement connected to business results         | .4797791  | 22 | .77344352      |
| 2.00 Yes, clear measurement but not connected to business results | -.1088257 | 32 | 1.01552130     |
| 3.00 Yes, some measurement but could be improved                  | .0018561  | 19 | 1.05286965     |
| 4.00 No measurement                                               | -.4120331 | 20 | 1.02122037     |
| Total                                                             | -.0121794 | 93 | 1.00609912     |

ANOVA Table

|                                                               |                           |                |    |             |       |      |
|---------------------------------------------------------------|---------------------------|----------------|----|-------------|-------|------|
|                                                               |                           | Sum of Squares | df | Mean Square | F     | Sig. |
| PC_Employee_Aspects_2012 PC                                   | Between Groups (Combined) | 8.825          | 3  | 2.942       | 3.106 | .031 |
| Employee Aspects 2012 *                                       | Within Groups             | 84.301         | 89 | .947        |       |      |
| Measurement_of_engagement Do you measure employee engagement? | Total                     | 93.126         | 92 |             |       |      |

Measures of Association

|                                                               |      |             |
|---------------------------------------------------------------|------|-------------|
|                                                               | Eta  | Eta Squared |
| PC_Employee_Aspects_2012 PC                                   |      |             |
| Employee Aspects 2012 *                                       |      |             |
| Measurement_of_engagement Do you measure employee engagement? | .308 | .095        |

**Table 52. Variance analysis "Employee Aspects 2012" - Surveys (2012)**

| Report                                                                           |                           |                |                |             |      |      |
|----------------------------------------------------------------------------------|---------------------------|----------------|----------------|-------------|------|------|
| PC_Employee_Aspects_2012 PC                                                      |                           |                |                |             |      |      |
| Conduction_of_surveys Do you conduct employee satisfaction / engagement surveys? | Mean                      | N              | Std. Deviation |             |      |      |
| 1.00 We conduct employee                                                         | -.1117738                 | 24             | 1.02146625     |             |      |      |
| 2.00 We conduct employee engagement surveys.                                     | .0864953                  | 26             | 1.04279359     |             |      |      |
| 3.00 We conduct both engagement and satisfaction surveys.                        | .1368475                  | 25             | .97881578      |             |      |      |
| 4.00 We do not conduct surveys.                                                  | -.1405574                 | 17             | .95748028      |             |      |      |
| Total                                                                            | .0065002                  | 92             | .99526484      |             |      |      |
| ANOVA Table                                                                      |                           |                |                |             |      |      |
|                                                                                  |                           | Sum of Squares | df             | Mean Square | F    | Sig. |
| PC_Employee_Aspects_2012 PC                                                      | Between Groups (Combined) | 1.295          | 3              | .432        | .427 | .734 |
| Employee Aspects 2012 *                                                          | Within Groups             | 88.846         | 88             | 1.010       |      |      |
| Conduction_of_surveys Do you conduct employee satisfaction / engagement surveys? | Total                     | 90.140         | 91             |             |      |      |
| Measures of Association                                                          |                           |                |                |             |      |      |
|                                                                                  | Eta                       | Eta Squared    |                |             |      |      |
| PC_Employee_Aspects_2012 PC                                                      |                           |                |                |             |      |      |
| Employee Aspects 2012 *                                                          |                           |                |                |             |      |      |
| Conduction_of_surveys Do you conduct employee satisfaction / engagement surveys? | .120                      | .014           |                |             |      |      |

**Table 53. Variance analysis "Employee Aspects 2012" - Survey follow-up (2012)**

| Report                                                         |           |    |                |
|----------------------------------------------------------------|-----------|----|----------------|
| PC_Employee_Aspects_2012 PC                                    |           |    |                |
| Survey_follow_up What do you do with the result of the survey? | Mean      | N  | Std. Deviation |
| 1.00 The management develops and implements an action plan.    | -.0355462 | 31 | 1.00128636     |
| 2.00 The management and employees develop and implement        | .1886916  | 37 | .98293442      |
| 3.00 The result is given to employees, who are responsible for | -.0929821 | 4  | 1.14367904     |
| 4.00 No action is taken.                                       | -.0394690 | 7  | 1.06059022     |
| 5.00 Other (please specify in                                  | -.8473898 | 6  | .99016059      |
| Total                                                          | .0017306  | 85 | 1.01268376     |

| ANOVA Table                                                    |                           |                |    |             |       |      |
|----------------------------------------------------------------|---------------------------|----------------|----|-------------|-------|------|
|                                                                |                           | Sum of Squares | df | Mean Square | F     | Sig. |
| PC_Employee_Aspects_2012 PC                                    | Between Groups (Combined) | 5.710          | 4  | 1.428       | 1.420 | .235 |
| Employee Aspects 2012 *                                        | Within Groups             | 80.434         | 80 | 1.005       |       |      |
| Survey_follow_up What do you do with the result of the survey? | Total                     | 86.144         | 84 |             |       |      |

| Measures of Association                                                                                                  |      |             |
|--------------------------------------------------------------------------------------------------------------------------|------|-------------|
|                                                                                                                          | Eta  | Eta Squared |
| PC_Employee_Aspects_2012 PC<br>Employee Aspects 2012 *<br>Survey_follow_up What do you do with the result of the survey? | .257 | .066        |

**Table 54. Variance analysis "Employee Aspects 2012" - Sharing survey results (2012)**

|                                                                               |                           |             |                |       |      |      |
|-------------------------------------------------------------------------------|---------------------------|-------------|----------------|-------|------|------|
| PC_Employee_Aspects_2012 PC                                                   |                           |             |                |       |      |      |
| Sharing_survey_results Do you share the result of the surveys with employees? | Mean                      | N           | Std. Deviation |       |      |      |
| 1.00 All the result is shared with                                            | .0761389                  | 44          | 1.06110688     |       |      |      |
| 2.00 Some of the result is shared with employees.                             | -.0042664                 | 32          | .89552344      |       |      |      |
| 3.00 The result is not shared with the employees.                             | -.2244525                 | 7           | 1.11792679     |       |      |      |
| Total                                                                         | .0197882                  | 83          | .99603455      |       |      |      |
| ANOVA Table                                                                   |                           |             |                |       |      |      |
|                                                                               | Sum of Squares            | df          | Mean Square    | F     | Sig. |      |
| PC_Employee_Aspects_2012 PC                                                   | Between Groups (Combined) | .576        | 2              | .288  | .285 | .753 |
| Employee Aspects 2012 *                                                       | Within Groups             | 80.775      | 80             | 1.010 |      |      |
| Sharing_survey_results Do you share the result of the surveys with employees? | Total                     | 81.351      | 82             |       |      |      |
| Measures of Association                                                       |                           |             |                |       |      |      |
|                                                                               | Eta                       | Eta Squared |                |       |      |      |
| PC_Employee_Aspects_2012 PC                                                   |                           |             |                |       |      |      |
| Employee Aspects 2012 *                                                       |                           |             |                |       |      |      |
| Sharing_survey_results Do you share the result of the surveys with employees? | .084                      | .007        |                |       |      |      |

**Table 55. Case processing summary for "HR Practices Index 2010"**

| Case Processing Summary                                                                                                                                |          |         |          |         |       |         |
|--------------------------------------------------------------------------------------------------------------------------------------------------------|----------|---------|----------|---------|-------|---------|
|                                                                                                                                                        | Cases    |         |          |         |       |         |
|                                                                                                                                                        | Included |         | Excluded |         | Total |         |
|                                                                                                                                                        | N        | Percent | N        | Percent | N     | Percent |
| Stand_HR_Practices_Index_2010 HR Practices Index 2010 *                                                                                                | 148      | 99.3%   | 1        | .7%     | 149   | 100.0%  |
| Size_of_organization_10 Size of organization                                                                                                           |          |         |          |         |       |         |
| Stand_HR_Practices_Index_2010 HR Practices Index 2010 * Region_10 Region                                                                               | 147      | 98.7%   | 2        | 1.3%    | 149   | 100.0%  |
| Stand_HR_Practices_Index_2010 HR Practices Index 2010 * Industry_10 Industry                                                                           | 147      | 98.7%   | 2        | 1.3%    | 149   | 100.0%  |
| Stand_HR_Practices_Index_2010 HR Practices Index 2010 * Business_context_10 How was your business affected by downturn?                                | 127      | 85.2%   | 22       | 14.8%   | 149   | 100.0%  |
| Stand_HR_Practices_Index_2010 HR Practices Index 2010 * Importance_of_engagement Importance of employee engagement in your organization:               | 129      | 86.6%   | 20       | 13.4%   | 149   | 100.0%  |
| Stand_HR_Practices_Index_2010 HR Practices Index 2010 * Defined_engagement_strategy Do you have clearly defined employee engagement strategy in place? | 127      | 85.2%   | 22       | 14.8%   | 149   | 100.0%  |

**Table 56. Variance analysis "HR Practices Index 2010" - Size of organization (2010)**

| Report                                       |         |     |                |
|----------------------------------------------|---------|-----|----------------|
| Stand_HR_Practices_Index_2010                |         |     |                |
| Size_of_organization_10 Size of organization | Mean    | N   | Std. Deviation |
| 1.00 0-249 employees                         | -2.4488 | 37  | 12.50695       |
| 2.00 250-999 employees                       | -4.4494 | 45  | 11.90481       |
| 3.00 1000-2499 employees                     | 2.8005  | 22  | 12.03182       |
| 4.00 2500-4999 employees                     | 2.7102  | 14  | 13.27673       |
| 5.00 5000-14999 employees                    | -1.5990 | 11  | 13.36635       |
| 6.00 15000-24999 employees                   | 2.6260  | 5   | 23.40649       |
| 7.00 25000- employees                        | 15.4317 | 14  | 14.89235       |
| Total                                        | .1372   | 148 | 14.00724       |

| ANOVA Table                                  |                           |                |     |             |       |      |
|----------------------------------------------|---------------------------|----------------|-----|-------------|-------|------|
|                                              |                           | Sum of Squares | df  | Mean Square | F     | Sig. |
| Stand_HR_Practices_Index_2010                | Between Groups (Combined) | 4781.859       | 6   | 796.977     | 4.671 | .000 |
| HR Practices Index2010 *                     | Within Groups             | 24059.943      | 141 | 170.638     |       |      |
| Size_of_organization_10 Size of organization | Total                     | 28841.803      | 147 |             |       |      |

| Measures of Association                      |      |             |
|----------------------------------------------|------|-------------|
|                                              | Eta  | Eta Squared |
| Stand_HR_Practices_Index_2010                |      |             |
| HR Practices Index2010 *                     |      |             |
| Size_of_organization_10 Size of organization | .407 | .166        |

**Table 57. Variance analysis "HR Practices Index 2010" - Region (2010)**

| Report                                        |          |     |                |
|-----------------------------------------------|----------|-----|----------------|
| Stand_HR_Practices_Index_2010                 |          |     |                |
| Region_10 Region                              | Mean     | N   | Std. Deviation |
| 1.00 Scandinavia                              | -9.4754  | 2   | 15.32068       |
| 2.00 UK / Ireland                             | -2.3389  | 45  | 14.92702       |
| 3.00 Mediterranean                            | -3.5717  | 5   | 15.88852       |
| 5.00 France                                   | 2.7459   | 1   |                |
| 6.00 Austria / Germany / Switzerland          | 13.5436  | 4   | 7.26601        |
| 7.00 Commonwealth of Independent States (CIS) | 5.7841   | 2   | 16.38701       |
| 8.00 Central and Eastern Europe               | 1.0836   | 63  | 13.96952       |
| 9.00 Baltics                                  | -13.2447 | 5   | 5.56560        |
| Total                                         | .1082    | 147 | 14.05068       |

| ANOVA Table                   |                           |                |     |             |       |      |
|-------------------------------|---------------------------|----------------|-----|-------------|-------|------|
|                               |                           | Sum of Squares | df  | Mean Square | F     | Sig. |
| Stand_HR_Practices_Index_2010 | Between Groups (Combined) | 2737.232       | 9   | 304.137     | 1.597 | .122 |
| HR Practices Index2010 *      | Within Groups             | 26086.306      | 137 | 190.411     |       |      |
| Region_10 Region              | Total                     | 28823.538      | 146 |             |       |      |

| Measures of Association       |      |             |
|-------------------------------|------|-------------|
|                               | Eta  | Eta Squared |
| Stand_HR_Practices_Index_2010 |      |             |
| HR Practices Index2010 *      | .308 | .095        |

**Table 58. Variance analysis "HR Practices Index 2010" - Industry (2010)**

Report

Stand\_HR\_Practices\_Index\_2010

| Industry_10 Industry                  | Mean     | N   | Std. Deviation |
|---------------------------------------|----------|-----|----------------|
| 1.00 Agriculture / Hunting / Forestry | 6.4078   | 2   | 1.29823        |
| 2.00 Automotives                      | 2.2491   | 5   | 14.80478       |
| 3.00 Aviation                         | 1.6465   | 1   |                |
| 4.00 Chemical                         | -14.1343 | 3   | 10.69445       |
| 5.00 Construction                     | -18.0676 | 2   | 3.16954        |
| 6.00 Education                        | -10.4773 | 2   | 13.90387       |
| 7.00 Utilities                        | -.1979   | 2   | 7.33031        |
| 8.00 Fast Moving Consumer Goods       | 8.7483   | 15  | 12.30065       |
| 9.00 Financial Services               | .0339    | 16  | 13.26960       |
| 10.00 Government                      | -6.5682  | 6   | 9.06404        |
| 11.00 Hospitality                     | 8.1991   | 3   | 7.31729        |
| 12.00 Information Technology          | -.1173   | 11  | 11.79505       |
| 13.00 Manufacturing                   | -8.0400  | 13  | 11.87708       |
| 14.00 Media                           | .7237    | 5   | 13.89209       |
| 16.00 Oil & Gas                       | 9.4397   | 5   | 10.33422       |
| 17.00 Pharma / Healthcare             | 8.8166   | 7   | 15.26826       |
| 18.00 Professional Services           | -3.5084  | 7   | 16.30986       |
| 19.00 Real Estate                     | .6258    | 5   | 7.42830        |
| 20.00 Telecommunication               | 14.0453  | 13  | 12.84371       |
| 21.00 Transport / Logistics           | -.4537   | 7   | 13.53911       |
| 22.00 Wholesale and retail trade      | -10.2290 | 6   | 10.80012       |
| 23.00 Other                           | -10.5250 | 11  | 11.90623       |
| Total                                 | .2063    | 147 | 14.02979       |

ANOVA Table

|                               |                           | Sum of Squares | df  | Mean Square | F     | Sig. |
|-------------------------------|---------------------------|----------------|-----|-------------|-------|------|
| Stand_HR_Practices_Index_2010 | Between Groups (Combined) | 9517.435       | 21  | 453.211     | 2.947 | .000 |
| HR Practices Index 2010 *     | Within Groups             | 19220.476      | 125 | 153.764     |       |      |
| Industry_10 Industry          | Total                     | 28737.910      | 146 |             |       |      |

Measures of Association

|                               | Eta  | Eta Squared |
|-------------------------------|------|-------------|
| Stand_HR_Practices_Index_2010 |      |             |
| HR Practices Index 2010 *     | .575 | .331        |
| Industry_10 Industry          |      |             |

**Table 59. Variance analysis "HR Practices Index 2010" - Business context (2010)**

Report

Stand\_HR\_Practices\_Index\_2010

| Business_context_10 How was your business affected by downturn? | Mean    | N   | Std. Deviation |
|-----------------------------------------------------------------|---------|-----|----------------|
| 1.00 Significantly worse                                        | -.0923  | 20  | 13.27026       |
| 2.00 Somewhat worse                                             | 3.4584  | 68  | 11.23118       |
| 3.00 Remained the same                                          | 2.1737  | 25  | 12.86795       |
| 4.00 Somewhat better                                            | 13.6130 | 12  | 11.70146       |
| 5.00 Significantly better                                       | -8.3255 | 2   | 2.42519        |
| Total                                                           | 3.4203  | 127 | 12.30939       |

ANOVA Table

|                                                                 |                           | Sum of Squares | df  | Mean Square | F     | Sig. |
|-----------------------------------------------------------------|---------------------------|----------------|-----|-------------|-------|------|
| Stand_HR_Practices_Index_2010                                   | Between Groups (Combined) | 1808.337       | 4   | 452.084     | 3.191 | .016 |
| HR Practices Index 2010 *                                       | Within Groups             | 17283.305      | 122 | 141.666     |       |      |
| Business_context_10 How was your business affected by downturn? | Total                     | 19091.642      | 126 |             |       |      |

Measures of Association

|                                                                 | Eta  | Eta Squared |
|-----------------------------------------------------------------|------|-------------|
| Stand_HR_Practices_Index_2010                                   |      |             |
| HR Practices Index 2010 *                                       |      |             |
| Business_context_10 How was your business affected by downturn? | .308 | .095        |

**Table 60. Variance analysis "HR Practices Index 2010" - Importance of Engagement (2010)**

| Report                                                                                 |         |     |                |
|----------------------------------------------------------------------------------------|---------|-----|----------------|
| Stand_HR_Practices_Index_2010                                                          |         |     |                |
| Importance_of_engagement<br>Importance of employee<br>engagement in your organization: | Mean    | N   | Std. Deviation |
| 1.00 Top priority                                                                      | 12.8660 | 29  | 10.82863       |
| 2.00 Growing priority / very important                                                 | 2.2285  | 72  | 11.09466       |
| 3.00 Somewhat important                                                                | -4.2888 | 26  | 10.97896       |
| 4.00 Not important                                                                     | -7.9426 | 2   | 14.47226       |
| Total                                                                                  | 3.1486  | 129 | 12.41508       |

| ANOVA Table                                                                            |                           |                |     |             |        |      |
|----------------------------------------------------------------------------------------|---------------------------|----------------|-----|-------------|--------|------|
|                                                                                        |                           | Sum of Squares | df  | Mean Square | F      | Sig. |
| Stand_HR_Practices_Index_2010                                                          | Between Groups (Combined) | 4483.558       | 3   | 1494.519    | 12.254 | .000 |
| HR Practices Index2010 *                                                               | Within Groups             | 15245.635      | 125 | 121.965     |        |      |
| Importance_of_engagement<br>Importance of employee<br>engagement in your organization: | Total                     | 19729.194      | 128 |             |        |      |

| Measures of Association                                                                |      |             |
|----------------------------------------------------------------------------------------|------|-------------|
|                                                                                        | Eta  | Eta Squared |
| Stand_HR_Practices_Index_2010<br>HR Practices Index2010 *                              |      |             |
| Importance_of_engagement<br>Importance of employee<br>engagement in your organization: | .477 | .227        |

**Table 61. Variance analysis "HR Practices Index 2010" - Engagement Strategy (2010)**

| Report                                                                                         |          |     |                |
|------------------------------------------------------------------------------------------------|----------|-----|----------------|
| Stand_HR_Practices_Index_2010                                                                  |          |     |                |
| Defined_engagement_strategy Do you have clearly defined employee engagement strategy in place? | Mean     | N   | Std. Deviation |
| 1.00 Yes, clearly defined                                                                      | 12.9618  | 26  | 11.82882       |
| 2.00 Yes, somewhat defined                                                                     | 4.9076   | 56  | 10.80436       |
| 3.00 Not yet defined, but planning to                                                          | -2.7116  | 36  | 9.64723        |
| 4.00 No                                                                                        | -10.7222 | 9   | 7.42917        |
| Total                                                                                          | 3.2891   | 127 | 12.36347       |

| ANOVA Table                                                                                    |                           |                |     |             |        |      |
|------------------------------------------------------------------------------------------------|---------------------------|----------------|-----|-------------|--------|------|
|                                                                                                |                           | Sum of Squares | df  | Mean Square | F      | Sig. |
| Stand_HR_Practices_Index_2010                                                                  | Between Groups (Combined) | 5642.411       | 3   | 1880.804    | 16.989 | .000 |
| HR Practices Index 2010 *                                                                      | Within Groups             | 13617.364      | 123 | 110.710     |        |      |
| Defined_engagement_strategy Do you have clearly defined employee engagement strategy in place? | Total                     | 19259.775      | 126 |             |        |      |

| Measures of Association                                                                        |      |             |
|------------------------------------------------------------------------------------------------|------|-------------|
|                                                                                                | Eta  | Eta Squared |
| Stand_HR_Practices_Index_2010                                                                  |      |             |
| HR Practices Index 2010 *                                                                      |      |             |
| Defined_engagement_strategy Do you have clearly defined employee engagement strategy in place? | .541 | .293        |

**Table 62. Case processing summary for "HR Practices Index 2012"**

| Case Processing Summary                                                                        |          |         |          |         |       |         |
|------------------------------------------------------------------------------------------------|----------|---------|----------|---------|-------|---------|
|                                                                                                | Cases    |         |          |         |       |         |
|                                                                                                | Included |         | Excluded |         | Total |         |
|                                                                                                | N        | Percent | N        | Percent | N     | Percent |
| Stand_HR_Practices_Index_2012 HR Practices Index 2012 *                                        |          |         |          |         |       |         |
| Rec_Size_of_organization_12 Rec Size of organization ww 2012                                   | 118      | 92.2%   | 10       | 7.8%    | 128   | 100.0%  |
| Stand_HR_Practices_Index_2012 HR Practices Index 2012 *                                        |          |         |          |         |       |         |
| Region_12 Region                                                                               | 123      | 96.1%   | 5        | 3.9%    | 128   | 100.0%  |
| Stand_HR_Practices_Index_2012 HR Practices Index 2012 *                                        |          |         |          |         |       |         |
| Industry_12 Industry                                                                           | 122      | 95.3%   | 6        | 4.7%    | 128   | 100.0%  |
| Stand_HR_Practices_Index_2012 HR Practices Index 2012 *                                        |          |         |          |         |       |         |
| Business_context_12 How has your business changed in the last 2 years?                         | 98       | 76.6%   | 30       | 23.4%   | 128   | 100.0%  |
| Stand_HR_Practices_Index_2012 HR Practices Index 2012 *                                        |          |         |          |         |       |         |
| Importance_of_engagement Importance of employee engagement in your organization:               | 95       | 74.2%   | 33       | 25.8%   | 128   | 100.0%  |
| Stand_HR_Practices_Index_2012 HR Practices Index 2012 *                                        |          |         |          |         |       |         |
| Defined_engagement_strategy Do you have clearly defined employee engagement strategy in place? | 95       | 74.2%   | 33       | 25.8%   | 128   | 100.0%  |

**Table 63. Variance analysis "HR Practices Index 2012" - Size of organization (2012)**

| Report                                                          |                           |                |                |             |       |      |
|-----------------------------------------------------------------|---------------------------|----------------|----------------|-------------|-------|------|
| Stand_HR_Practices_Index_2012 HR                                |                           |                |                |             |       |      |
| Rec_Size_of_organization_12 Rec<br>Size of organization ww 2012 | Mean                      | N              | Std. Deviation |             |       |      |
| 1.00 0-249 employees                                            | -13.1923                  | 22             | 7.93898        |             |       |      |
| 2.00 250-999 employees                                          | -.7207                    | 7              | 11.71532       |             |       |      |
| 3.00 1000-2499 employees                                        | .4413                     | 6              | 20.91678       |             |       |      |
| 4.00 2500-4999 employees                                        | -4.4401                   | 8              | 16.50092       |             |       |      |
| 5.00 5000-14999 employees                                       | -3.8024                   | 19             | 13.16091       |             |       |      |
| 6.00 150000-24999 employees                                     | -.7625                    | 11             | 20.98981       |             |       |      |
| 7.00 25000- employees                                           | 9.8708                    | 45             | 19.38289       |             |       |      |
| Total                                                           | .3000                     | 118            | 18.24361       |             |       |      |
| ANOVA Table                                                     |                           |                |                |             |       |      |
|                                                                 |                           | Sum of Squares | df             | Mean Square | F     | Sig. |
| Stand_HR_Practices_Index_2012 HR                                | Between Groups (Combined) | 8646.293       | 6              | 1441.049    | 5.280 | .000 |
| Practices Index2012 *                                           | Within Groups             | 30294.728      | 111            | 272.925     |       |      |
| Rec_Size_of_organization_12 Rec                                 | Total                     | 38941.021      | 117            |             |       |      |
| Size of organization ww 2012                                    |                           |                |                |             |       |      |
| Measures of Association                                         |                           |                |                |             |       |      |
|                                                                 | Eta                       | Eta Squared    |                |             |       |      |
| Stand_HR_Practices_Index_2012 HR                                |                           |                |                |             |       |      |
| Practices Index2012 *                                           |                           |                |                |             |       |      |
| Rec_Size_of_organization_12 Rec                                 | .471                      | .222           |                |             |       |      |
| Size of organization ww 2012                                    |                           |                |                |             |       |      |

**Table 64. Variance analysis "HR Practices Index 2012" - Region (2012)**

| Stand_HR_Practices_Index_2012 HR              |         |     |                |
|-----------------------------------------------|---------|-----|----------------|
| Region_12 Region                              | Mean    | N   | Std. Deviation |
| 1.00 Central and Eastern Europe               | 1.0410  | 47  | 17.27175       |
| 2.00 UK / Ireland                             | -.8783  | 12  | 22.77354       |
| 4.00 Mediterranean                            | -4.5931 | 14  | 15.55296       |
| 5.00 Scandinavia                              | 4.9156  | 12  | 15.06244       |
| 7.00 Baltics                                  | -4.2130 | 4   | 19.23352       |
| 8.00 Commonwealth of Independent States (CIS) | 3.9582  | 10  | 20.71146       |
| 9.00 Benelux                                  | 20.3969 | 3   | 9.09822        |
| 11.00 Austria / Germany / Switzerland         | 7.5022  | 7   | 14.21196       |
| 12.00 France                                  | 19.6394 | 1   |                |
| Total                                         | .3537   | 123 | 17.89377       |

| ANOVA Table                                                                   |                           |                |     |             |       |      |
|-------------------------------------------------------------------------------|---------------------------|----------------|-----|-------------|-------|------|
|                                                                               |                           | Sum of Squares | df  | Mean Square | F     | Sig. |
| Stand_HR_Practices_Index_2012 HR<br>Practices Index2012 * Region_12<br>Region | Between Groups (Combined) | 5007.745       | 11  | 455.250     | 1.484 | .147 |
|                                                                               | Within Groups             | 34055.053      | 111 | 306.802     |       |      |
|                                                                               | Total                     | 39062.798      | 122 |             |       |      |

| Measures of Association                                                       |      |             |
|-------------------------------------------------------------------------------|------|-------------|
|                                                                               | Eta  | Eta Squared |
| Stand_HR_Practices_Index_2012 HR<br>Practices Index2012 * Region_12<br>Region | .358 | .128        |

**Table 65. Variance analysis "HR Practices Index 2012" - Industry (2012)**

Report

Stand\_HR\_Practices\_Index\_2012 HR

| Industry_12 Industry             | Mean     | N   | Std. Deviation |
|----------------------------------|----------|-----|----------------|
| 2.00 Automotives                 | -2.5150  | 8   | 18.56194       |
| 3.00 Aviation                    | -9.9281  | 1   |                |
| 4.00 Chemical                    | -4.5574  | 1   |                |
| 5.00 Construction                | -.3572   | 1   |                |
| 6.00 Education                   | 1.9266   | 1   |                |
| 7.00 Utilities                   | -10.4014 | 3   | 18.08737       |
| 8.00 Fast Moving Consumer Goods  | 19.3267  | 9   | 14.95004       |
| 9.00 Financial Services          | -4.4709  | 8   | 19.40877       |
| 10.00 Government                 | -6.9895  | 3   | 11.99976       |
| 11.00 Hospitality                | -.6024   | 2   | 28.62619       |
| 12.00 Information Technology     | .3332    | 12  | 17.09881       |
| 13.00 Manufacturing              | -.0678   | 15  | 16.65311       |
| 14.00 Media                      | -5.3509  | 2   | 1.25416        |
| 16.00 Oil & Gas                  | -3.6885  | 6   | 18.42523       |
| 17.00 Pharma / Healthcare        | 16.8356  | 8   | 10.47358       |
| 18.00 Professional Services      | -5.0652  | 15  | 18.59425       |
| 20.00 Telecommunication          | 12.7221  | 6   | 17.64087       |
| 21.00 Transport / Logistics      | -20.8442 | 1   |                |
| 22.00 Wholesale and retail trade | -10.6618 | 5   | 15.92959       |
| 23.00 Other                      | -2.0665  | 15  | 18.77879       |
| Total                            | .4246    | 122 | 18.06516       |

ANOVA Table

|                                   | Sum of Squares | df  | Mean Square | F     | Sig. |
|-----------------------------------|----------------|-----|-------------|-------|------|
| Stand_HR_Practices_Index_2012 HR  | 8975.882       | 19  | 472.415     | 1.579 | .076 |
| Practices Index2012 * Industry_12 | 30512.478      | 102 | 299.142     |       |      |
| Industry                          | 39488.360      | 121 |             |       |      |

Measures of Association

|                                   | Eta  | Eta Squared |
|-----------------------------------|------|-------------|
| Stand_HR_Practices_Index_2012 HR  |      |             |
| Practices Index2012 * Industry_12 | .477 | .227        |
| Industry                          |      |             |

**Table 66. Variance analysis "HR Practices Index 2012" - Business context (2012)**

Report

Stand\_HR\_Practices\_Index\_2012 HR

| Business_context_12 How has your business changed in the last 2 years? | Mean    | N  | Std. Deviation |
|------------------------------------------------------------------------|---------|----|----------------|
| 1.00 Significantly worse                                               | 7.3186  | 10 | 14.74698       |
| 2.00 Somewhat worse                                                    | 1.5292  | 34 | 14.89215       |
| 3.00 Remained the same                                                 | 1.6502  | 9  | 18.91388       |
| 4.00 Somewhat better                                                   | 12.4449 | 27 | 14.53011       |
| 5.00 Significantly better                                              | 8.2934  | 18 | 18.28742       |
| Total                                                                  | 6.3809  | 98 | 16.17606       |

ANOVA Table

|                                                                              | Sum of Squares | df | Mean Square | F     | Sig. |
|------------------------------------------------------------------------------|----------------|----|-------------|-------|------|
| Stand_HR_Practices_Index_2012 HR Between Groups (Combined)                   | 2069.218       | 4  | 517.304     | 2.064 | .092 |
| Practices Index2012 * Within Groups                                          | 23312.285      | 93 | 250.670     |       |      |
| Business_context_12 How has your business changed in the last 2 years? Total | 25381.503      | 97 |             |       |      |

Measures of Association

|                                                                        | Eta  | Eta Squared |
|------------------------------------------------------------------------|------|-------------|
| Stand_HR_Practices_Index_2012 HR Practices Index2012 *                 |      |             |
| Business_context_12 How has your business changed in the last 2 years? | .286 | .082        |

**Table 67. Variance analysis "HR Practices Index 2012" - Importance of Engagement (2012)**

| Report                                                                                    |                |             |                |       |      |
|-------------------------------------------------------------------------------------------|----------------|-------------|----------------|-------|------|
| Stand_HR_Practices_Index_2012 HR                                                          |                |             |                |       |      |
| Importance_of_engagement<br>Importance of employee engagement<br>in your organization:    | Mean           | N           | Std. Deviation |       |      |
| 1.00 Top priority                                                                         | 9.5838         | 28          | 15.90023       |       |      |
| 2.00 Growing priority / very important                                                    | 9.6676         | 48          | 15.96486       |       |      |
| 3.00 Somewhat important                                                                   | -2.3408        | 18          | 11.11577       |       |      |
| 4.00 Not important                                                                        | -2.4004        | 1           |                |       |      |
| Total                                                                                     | 7.2406         | 95          | 15.67206       |       |      |
| ANOVA Table                                                                               |                |             |                |       |      |
|                                                                                           | Sum of Squares | df          | Mean Square    | F     | Sig. |
| Stand_HR_Practices_Index_2012 HR Between Groups (Combined)                                | 2181.880       | 3           | 727.293        | 3.166 | .028 |
| Practices Index2012 * Within Groups                                                       | 20905.796      | 91          | 229.734        |       |      |
| Importance_of_engagement Importance of employee engagement<br>in your organization: Total | 23087.676      | 94          |                |       |      |
| Measures of Association                                                                   |                |             |                |       |      |
|                                                                                           | Eta            | Eta Squared |                |       |      |
| Stand_HR_Practices_Index_2012 HR Practices Index2012 *                                    |                |             |                |       |      |
| Importance_of_engagement Importance of employee engagement<br>in your organization:       | .307           | .095        |                |       |      |

**Table 68. Variance analysis "HR Practices Index 2012" - Engagement Strategy (2012)**

| Report                                                                                         |         |    |                |
|------------------------------------------------------------------------------------------------|---------|----|----------------|
| Stand_HR_Practices_Index_2012 HR                                                               |         |    |                |
| Defined_engagement_strategy Do you have clearly defined employee engagement strategy in place? | Mean    | N  | Std. Deviation |
| 1.00 Yes, clearly defined and connected to business results                                    | 19.6503 | 29 | 14.09642       |
| 2.00 Yes, clearly defined but not connected to business results                                | 8.8714  | 11 | 16.58948       |
| 3.00 Yes, somewhat defined but could be improved                                               | 3.4260  | 24 | 12.11548       |
| 4.00 Not yet defined, but planning to                                                          | -.9532  | 18 | 10.61297       |
| 5.00 No                                                                                        | -3.4349 | 13 | 12.73548       |
| Total                                                                                          | 7.2406  | 95 | 15.67206       |

| ANOVA Table                                            |                           |                |    |             |        |      |
|--------------------------------------------------------|---------------------------|----------------|----|-------------|--------|------|
|                                                        |                           | Sum of Squares | df | Mean Square | F      | Sig. |
| Stand_HR_Practices_Index_2012 HR Practices Index2012 * | Between Groups (Combined) | 7534.550       | 4  | 1883.637    | 10.900 | .000 |
|                                                        | Within Groups             | 15553.126      | 90 | 172.813     |        |      |
|                                                        | Total                     | 23087.676      | 94 |             |        |      |

| Measures of Association                                                                        |      |             |
|------------------------------------------------------------------------------------------------|------|-------------|
|                                                                                                | Eta  | Eta Squared |
| Stand_HR_Practices_Index_2012 HR Practices Index2012 *                                         |      |             |
| Defined_engagement_strategy Do you have clearly defined employee engagement strategy in place? | .571 | .326        |