Relationship between employer and employees | pel, pakistan

Every business is looking for a key that unlock their success and satisfy their employees. Employers need employees who go the extra mile and do their best work and employees need jobs that fulfil their needs and encourage them. Simply it can be said that employers need an engaged workforce. " Employee engagement can be said to be a combination of commitment to the organization and organizational citizenship (willingness to help out colleagues)" (CIPD, 2010).

The purpose of this research is to understand the role and importance of employee engagement and to identify the causes of employee disengagement at PEL in Lahore, Pakistan.

In today's competitive business environment it is very important for every business to improve productivity and sustain competitive advantage to survive in the market. Marchington (2001 cited in Bratton and Gold, 2007) state that employee engagement is a key dimension of employee relations and plays a central role in the development of higher performance system. Most organisations expect employees to perform well and follow rules and regulations of the work place engaged employees can fulfil such expectations of employers. Similarly employees have some expectations of job security, growth in future career, to be paid well and be recognised in response from an organization.

" A positive attitude held by an employee towards the organization and its value" employee engagement defined by Robinson et al (2004) cited in Markos & Sridevi (2010). An engaged employee is aware of business context and work with colleagues to improve performance within job for benefit of

the organization. PEL must work to develop and nurture engagement, which require a two-way relationship between organizational goal and employee.

Company Profile

The research will be carried out in PEL (PAK ELEKTRON LIMITED), based in Lahore, Pakistan. Pak Elektron Limited (PEL) was established in 1956 in technical collaboration with AEG of Germany and is a part of Kohinoor Industries Limited. PEL is the pioneer manufacturer of electrical goods in Pakistan with approximately 7000 employees all over the Pakistan. In October 1978, the company was taken over by Saigol Group of Companies. Since its inception, the company has always been contributing towards the advancement and development of the engineering sector in Pakistan by introducing a range of quality electrical equipment and home appliances and by producing hundreds of engineers, skilled workers and technicians through its apprenticeship schemes and training programmes. PEL export many products to other countries like Afghanistan and Bangladesh. PAK ELEKTRON LIMITED spends a considerable amount on employee training and development to improve their performance and to boost organisational productivity (Company History, 2010).

There are two main divisions in PEL Power Division and Appliances Division.

PEL's Power Division manufactures Transformers, Switchgear, Electric Motors, Energy Meters, Kiosks, Compact Stations, Shunt Capacitor Banks, etc. of highest quality and of latest international Standards. PEL is one of the major electrical equipment suppliers to Water and Power Development Authority (WAPDA), and Karachi Electrical Supply Corporation (KESC) which

are the largest Power Companies in Pakistan. In addition PEL is also supplying to major projects in the private sector.

The PEL Appliances Division was established in 1980-81 when the Company launched the first consumer product to its production range i. e. Window Type Air conditioners of 19000 BTU. PEL is also manufacturing Refrigerators, Deep freezers, Microwave Oven, Split Air Conditioners and Colour Televisions. This research was carried out in the switchgear department of power division. Approximately 1000 employees are working in this department.

Organisational Context

Pakistan has been facing both economic and political instability over last few years in parallel to the global financial crisis. PEL is a manufacturing company that contributes a major part in the manufacturing sector of Pakistan. Manufacturing industry is badly influenced by the recent flood and power shortage problem in Pakistan (Statistics Pakistan 2010). Purchasing power of the customers is also adversely influenced by inflation in Pakistan.

The direct competitors of PEL are Dawlance, Waves, LG, and Haier. The Dawlance is market leader in the refrigerator followed by PEL. But PEL is dominant in market with maximum share in window room air conditioner (WRAC) in Pakistan.

Statement of Problem:

PEL Annual and monthly production reports show production targets were not achieved in time. After discussion with a PEL HR representative it

understood that the production gap is possibly due to low level employee engagement. Some other important factors that can influence production are machinery faults, poor materials, poor logistics, unavailability of material, falling demand due to recessionary pressures and labour faults such as unskilled worker, skilled workers and low/no employee engagement.

Significance of Research

This research focuses on current employee engagement in PEL. Causes of employee disengagement will be identified that can help organization to choose appropriate strategy. PEL's mission statement says " To focus on personal development of our employee to meet the future challenges". PEL is committed to employee engagement and selection of practise according to employee's needs and wants is very essential to achieve the organisational goal. An organization with an engaged workforce can perform better and employee can be engaged by different factors such as; job security, future growth, appreciation, motivation etc. This research helps PEL analyse the level of employee engagement, empowerment, satisfaction and causes of disengagement. This research will be helpful to the organization to review the current employee engagement practices and importance of effective employee engagement practices.

Research Aim and Objectives

Aim:

To identify the effectiveness of employee engagement in PEL Pakistan

Objectives:

To investigate current levels of employee engagement in PEL.

To critically evaluate the perceptions of employee engagement by different worker groups in PEL.

To recommend an improved set of practices to aid employee engagement in PEL, Pakistan.

Chapter 2: Literature Review

Employee Engagement:

Employee Engagement is defined by Corporate Leadership Council (2004) cited in Lockwood (2007, p11), " The extent to which employees commit to something or someone in their organization, how hard they work and how long they stay as a result of that commitment". Employee engagement concerns employees' beliefs about organization, leaders and working conditions. Employee engagement is not only simple job satisfaction and loyalty with employer but it is a passion and commitment with job, willingness to help colleagues and discretionary effort for success of the organization (Macey and Schneider, 2008). Rutledge (2005) also explains truly engaged employees were attracted to and inspired by, their work, committed and fascinated. Organizational success depends on engaged employees along with other resources like material, machinery, finances etc. If an organization has disengaged employees it may likely suffer because people can be a source of competitive advantage or disadvantage Catlette & Hadden, (2001).

There is no universal definition of employee engagement but according to some authors employee engagement can defined as:

According to Kahn (1990, p694) engagement means " in engagement people express themselves physically, cognitively and emotionally during role performance".

" A positive attitude held by an employee towards the organization and its value an engaged employee is aware of business context and work with colleagues to improve performance within job for benefit of the organization" Robinson et al (2004) cited in Markos & Sridevi (2010, p90).

Kroth and Boverie (2003) said engaged employees feel passionate and energised by their work. Excitement, enthusiasm and productivity come with passion. Erickson (2005) referred Kroth and Boverie employee engagement definition cited in Macey & Schneider (2008, page number) " employee engagement is a desirable condition, passion, enthusiasm, commitment, loyalty for organization, focused effort, energy and connotes involvement" this definition also supported by Katzenbach (2000), engaged employees are committed motivated, energetic, enthusiastic and enjoy problem solving. Saks and Rotman (2006) argued that commitment is different from engagement, commitment refers to a person's attitude and attachment towards the organization whereas engagement is not merely an attitude it is the degree to which an individual is attentive to their work. Employee engagement has both physical and behavioural components. If employees work under all these physical and behavioural conditions the consequences are thought to be valuable for organizational effectiveness depending upon the nature of the organization.

Importance of Engagement:

There is a psychological relationship between business performance and employee engagement (Harter et al, 2002) and it has a positive impact on both employees and on the organization (Schaufeli and Bakker, 2004). " Managing the workplace in such a way that promotes engagement, employees are said to be happier and organization benefits as a result" Harter et al. (2003) cited in Rich (2006). Along with all other factors like labour, machinery, materials and finance etc two important factors; lack of commitment and motivation can lead some organizations to poor performance (Harter et al, 2002). An organization that wants to keep valued workforce, employee engagement is critical for them. Engaged employees look for challenging work in the organization because they are in a cycle of building skills and knowledge so they are finding work according to their abilities (Csikszentmihalyi & Hunter 2003). Engaged employees think innovatively for the growth of the organization.

Engaged employees perform better than others they think about organizational not personal goals. Employee outcomes, financial performance and organizational success predicted by employee engagement (Saks and Rotman, 2006). There is a link between employee engagement and profitability engagement leads to employee retention that leads to customer satisfaction, a satisfied customer use products again and again that boost organizational profitability. There is also a physical relationship between engaged employees and the organization, engaged employees express themselves physically in their roles (Kahn 1990).

Engaged employees build an emotional relationship with the organization: emotions play a vital role in one's performance; emotions energize an employee psychologically for an appropriate action (Rich 2006). They put their emotional commitment at work that enables them to make or deliver better services that can constitute as a competitive advantage (Katzenbach, 2000). Their attitudes reflect care for organization's customer thereby it improves customers satisfaction.

Key Drivers of Employee Engagement:

Along with the definition of employee engagement many authors define several key drivers of employee engagement. Research shows that there is a relationship between organizational strategy and employee's job, employee understanding that how important is his work for the success of the organization is the most important driver of employee engagement Lockwood (2007). Some of factors that not only aid employee engagement but also provide means for measuring current level of employee engagement in an organization such as organizational culture, leadership and communication.

In the past, many researchers worked on employee engagement and contributed their ideas in form of models and explained factors that influence employee engagement in the workplace. There are two most important factors that drove employee engagement explained by Hosford (2007) cited in West (2008); awareness about operational and organizational goal, policies and procedures. Other is their participation to drive these goals depending on their knowledge. McCoy (2007) criticised these factors as it is difficult to communicate organizational goals, policies and procedures

throughout the organization to foster employee engagement. Gallup (2009), contributed to employee engagement by providing a set of 12 questions that drive engagement (1) expectations at work (2) availability of material and equipments (3) opportunity to do what an employee do best every day (4) any recognition or praise for good work (5) care from supervisor (6) encouragement for development (7) participation in decision making (8) importance of an employee's work for organizational mission (9) co-workers commitment (10) friendly environment at work (11) discussion about employee's progress (12) opportunities to learn and grow. Little & Little (2006) also referred to these factors.

Robinson (2004) describe following characteristics of employee engagement

- Involvement of employees in decision making
- Value for employees' ideas and their contribution
- Opportunities of growth for employees and job security
- Organization's concern about employees' heath and well being

Following are some important factors that can influence employee engagement in an organization.

Organizational Commitment:

Organizational commitment has a significant importance in the study of employee engagement. Organizational commitment is an individual's psychological attachment to an organization and desire to remain part of it (Encyclopaedia, 2006).

Meyer et al (2002) defined three component model of commitment; affective commitment, continuance commitment and normative commitment.

Affective Commitment means positive emotional attachment of an employee with the organization. William (2004) also agreed to Meyer and Allen (1991) commitment concept and defined three types of commitment affective, continuous, and normative commitment. Affective commitment refers to employees' perceptions of their emotional and psychological attachment to with the organization. Continuance commitment means employee is committed to the organization because he doesn't want to leave organization. In Normative commitment an employee remains commits because of his feelings of obligation (Meyer et al, 2002). If an employee can find opportunities for growth and job security he would be more committed (Robinson, 2004).

Organizational commitment is directly linked with employee engagement few benefits to employee engagement by organizational commitment are demonstrated here: organizational commitment increase job satisfaction (Vandenberg and Lance, 1992), it decreases employee turnover, decrease intension to search for other employers and decrease absenteeism (Cohen, 1991), Balfour and Wechsler (1996) also said that organizational commitment decrease employee intension to leave the organization.

Organizational Culture:

Organizational culture has a significant influence on employee engagement. It is a concept that explains values, attitudes, beliefs and experiences of an organization (WiseGEEK, 2011). Every organization consists of formal and informal dimensions, it is simply impossible to understand organizational working without understanding its informal characteristics. Organizational culture is critical to any organization which distinguish individual of one

organization to the other organization (Hofstede, 1997). Most of the organizations believe that managers have the power in the organization/employee relationship but that is not true always. Employee engagement is the key to capture the employee's mind, hearts, intensions and attitudes (Fleming and Asplund, 2007). The culture of a group/ organization is defined by Schein (1993) cited in Shafritz and Ott (2001) as a pattern of shared basic assumptions that a group learned to solve internal problems and problem of external adaption after validation that assumptions taught to new members. Martin (1992) defines that there are three different perspectives of organizational culture: (1) Integration perspective mean employees share a common set of values and basic assumptions that facilitate them to understand organizational environment. (2) Differentiation perspective explains that organization consist of different subcultures based on power and areas of interest. (3) In fragmentation view organization is a web of individuals which are interconnected loosely (Martin, 1992). One of the employee engagement key drivers is organizational environment if there is a friendly environment in organization employees would be more engaged. Secondly healthy relationship with other colleagues and managers also facilitate employee engagement. Organizational culture provides an environment for employee engagement and it helps in strengthen the employee commitment.

Organizational Leadership:

Effective leadership motivates employees to stay with the organization become responsible and engaged. Leadership is defined by Stodgill (1950) cited from Huczynski and Buchanan (2001), " The process of influencing the

activities of an organised group in its efforts towards goal setting and goal achievement"

Organizational culture directed by the leadership style. Leadership means to guide, to influence, course, action or opinion. Goleman (2000) explained the emotional aspect of leadership that leaders motivate, inspire, guide and persuade employees to achieve organizational goal. Burnes (2004) said management is about today and leadership is about future. An important factor that influences employee engagement is employee and leader relationship (Lockwood, 2007).

Organizational Communication:
An effective organization knew how to communicate its goals and objectives to its workforce (Hoffman and Tschinda, 2007). If leaders want to effectively lead a group they should have efficient thinking and communication. Organizational communication can maximise employee engagement along with organizational commitment and organizational leadership. If an organization is communicating organizational goals and objective clearly and successfully that can improve employer and employee relation which leads to better engagement (Lockwood, 2007). Effective organizational communication can create engaged employees that can improve organizational performance by providing better services and creating loyal customers (Blanchad and Bowels, 1998).

These characteristics support the Kahn's (1990) and Maslach et al.'s (2001) psychological condition of employee engagement in the workplace as

discussed before. All these characteristics include physical and psychological attachment with the job and with the organization.

Engagement Models:

In the literature there is a dearth of research on engagement (Saks and Rotman, 2006). However research work done by Leter (1997) and Maslach (1999) provided in-depth analysis of engagement. There are two main streams of research that provide models of engagement first one is Kahn's (1990) meanfulness, safety and availability theory and second Maslach et al's (2001) six areas of work life (Saks and Rotman, 2006).

According to Kahn (1990) there are three psychological conditions which relate to engagement or disengagement in the workplace; meaningfulness, safety and availability. He argues that an employee in the workplace thinks of these three factors (1) how meaningful is to perform at this level? (2) Is it safe to do so? (3) Am I available for this job? He found more engaged employee when conditions were psychologically meaningful, safe and workers were psychologically available. May et al (2004) empirically tested Kahn's (1990) and found that engagement is significantly related to meaningfulness, safety and availability.

According to Maslach et al (2001) six areas of work lead to burnout and engagement at workplace; workload, feelings of choice and control, rewards and recognition, community and social support, perceived fairness, meaningful and valued work. He argued that job engagement is associated with sustainable workload, feeling of choice and control enables employee to think openly, reward and recognition motivate employees, supportive and

friendly work environment help to enjoy the job, equality at work, employee understand value of its work to the organizational success. May, Gilson & Harter's (2004) research also support Maslach et al's (2001) meaningful and valued work is associated with engagement.

Both models discussed here are explaining the psychological conditions that are required for engagement but both models are not explaining how an individual will react depending upon his level of engagement (Saks and Rotman, 2006). Social Exchange Theory (SET) can explain employee engagement theoretically in a better way.

SET argues that obligations are generated when two parties are reciprocally linked which each other. A relationship between two parties can be strong trusting, loyal and mutual commitment over time as long as they abide by certain rules of exchange (Cropanzano and Mictchell, 2005). Rules of exchange mean give and take, if an employee getting something from an organization in return he will try to benefit the organization. Robinson et al (2004) refers to social exchange theory as description of employee engagement is a two-way relationship between employee and employer.

Chapter 3: Research Methodology

Introduction

An investigation has been conducted after literature review in chapter two regarding employee engagement and motivation with the help of theories. At this point for the selection of appropriate research method a clear understanding of research philosophy and methodology is essential so that trustworthy results of research objectives can be find out.

Continuum of ontological assumptions

Objective 2

Objective 1

Reality as a concrete structure

Reality as a concrete process

Reality as a contextual realm of symbolic discourse structure

Reality as a social constructivism

Reality as a projection of human imagination

POSITIVIST REALIST INTERPRETIVIST

Source: Morgan and Smircich, (1980) cited in Longwe, (2010)

Research Philosophy

Importance and significance of research philosophy and methods would be different for different researchers who are carrying out their research on the same industry but with different perspective. For example, if a researcher is concerned with requirement of resources for manufacturing process, will adopt a totally different philosophy and method for research, from a researcher who conducted a research to find out feelings and attitudes of employees towards managers Saunders et al. (2007). Use of research philosophy may be significant with reference to the research methodology. It helps the researcher to be specific and refine the research. Understanding of research philosophy enables researcher to choose the right methodology

and leave the inappropriate at the early stage of the research Easterby-Smith et al. (2002). According to Saunders et al (2007) there are three different ways of thinking about the research: (i) Positivism (ii) Interpretivism and (iii) Realism.

Positivism

Research undertaken by this approach will be on quantifiable observations and results in statistical analysis. Positivism approach in social sciences used biology and physics Nwokah et al. (2009). Doing a research on human beings without considering their social context is impossible, researchers bring their own values and interest in research results in positivism approach, measuring the complex phenomena in a single measure is misleading Hussey (1997).

Interpretivism

Some researchers argued that Interpretivism is highly appreciated in business management particularly in the field of human resource management, marketing and organizational behaviour (Saunders et al. 2007). Interpretivism is known as anti-positivism because it takes the view that scientific methods are inappropriate for the study of society (Abbott 2010).

Realism

Realism says that reality is totally independent of the researcher's mind. According to this philosophy existence of an object that senses of researches shows is real and independent of his mind (Saunders et al 2007). Realism has some aspects of positivism in it as it develops knowledge with scientific approach. There are two types of realism ' Direct Realism' and ' Critical

Realism'. Direct realism means that things should be considered as they appear. Critical realism says that what we experience are sensations, images of the real world not actual things (Saunders et al 2007).

Selection of Research Philosophy:

All the approaches have been used in majority of management researches depending upon the nature of research. First objective is investigation about current level of employee engagement. Level can be measured (positivism) but perhaps causes of (low) level of engagement are rooted in interpretivism. Both philosophies cannot be adopted so the position adopted will be realism. This is highly dependent and influenced by social process that exist inside the organization. Organizational culture and leadership play an important role in improving employee engagement. Second research objective is related to perceptions of employees which makes it social construct which can be determined by what employees say it is. This objective refers to an interpretivist approach. According to the aim and objectives of this research realism is likely to be used in this research. The research is based on understanding perceptions rather than any statistical analysis also according to aim and objectives philosophical position of this research work is that of realism.

Research Strategy

There are several strategies available for doing a research but this researcher adopts a case study (of PEL) strategy. Case study strategy involves observations, empirical results and multiple sources of evidences (Robson 2002). Case study can also include interviews, questionnaires, observations and documentary analysis (secondary data). This strategy

usually used in explanatory and exploratory research. An advantage of using case study strategy is to use multiple sources of data collection that is useful for triangulation (Saunders et al. 2007). Case study strategy enables researcher to challenge existing theories and provide source of new research questions.

Research Methods

Research is a systematic method of finding solutions to problems. Following three methods will be used to achieve the results according to the research objectives:

- Secondary Data Analysis

- Self-Administered Postal Questionnaire for Workers

- Telephonic Structured Interviews with Executives

Secondary Data Analysis

These data can be analysed both qualitatively and quantitatively. According to Ghauri and Gronhaug, (2005) cited in Saunders et al., (2007) secondary data are very useful and it provides saving in time, less expensive and it can be of higher quality data than could be obtain by oneself (Stewart and Kamins, 1993), it is helpful in triangulation, it can be useful to compare research results. There are disadvantages in that secondary data may differ from research objectives of this research; it may be too old; it may be unobtainable. There may be fewer resources available (Saunders et al 2007). Sometimes it is very difficult to find secondary data related to research work.

Self-Administered Postal Questionnaire for Workers

Questionnaires can be used in case study research strategy in order to collect primary data (Saunders et al. 2007). Questionnaires are more objective then interviews. It is relatively a quick, easy and cost saving way to collect information using questionnaires; information can be collected from a large group of peoples at the same time (Kirakowski, 2000). The most important thing in questionnaires is design of questions because reliability, validity and response of participants totally depend on that. Questionnaires normally require fewer skills to administer than semi-structured interviews or in-depth interviews (Jankowicz, 2005). There are few disadvantages of questionnaires it tells only user's reaction as user perceives situation, questionnaires usually designed to fit certain situations thus it cannot tell what is right or wrong in the organization (Kirakowski, 2000), there is a possibility that a one person complete all questionnaires which would not answer research objectives effectively.

758 workers are working in switchgear department at PEL in 7 different workshops i. e. Quality Control, Maintenance, Health and Safety, Paint, Design, MV Equipment Workshop and LV Equipment Workshop. Simple random sampling has been used to select the samples. In random sampling few important issues can be a problem such as how long is the employee working with organization, what are personal issues of workers and management, a new employee may not be aware of organizational engagement practices.

N = Total population = 758

N = Sample size = 190

n/N = 190/758 (y sample size is 190?)

A pilot research Questionnaires will be sent to 20 workers so that result of those questionnaires can be compared against the research objectives. Improvements will be made after pilot test if required any. Final questionnaires will be sent via e-mail to person who is coordinating with researcher from PEL he will print out all questionnaires for researcher's time saving purpose. These questions are specially designed for workers who are important entity of this research, questions would be closed. So that workers can easily answer that without hesitating and without wasting anytime.

Telephonic Semi-Structured Interviews with Executives
In this research third method for data collection is telephonic semi-structured interview with executives so that they can discuss every aspect of employee engagement related to asked questions. Semi-structured interviews are non-standardised interviews and are often referred to as qualitative research interviews (King, 2004). 24 executives are working in Switchgear Department at PEL. One executive from each section of Switchgear Department will be interviewed telephonically who has minimum one year experience in PEL. There is a flexibility in semi-structured interviews that researcher can ask more questions or omit some questions in particular interviews. No need to encourage interviewee because they can ask questions from interviewer. Semi-structured interviews not only provide answer to research questions, but the reasons for answers. Individual interviewee can discuss sensitive issues easily and freely depending on how

sensitive the issue is. There are also some disadvantages of semi-structured interviews such as it is difficult to collate more, difficult to control interviewee it can bring a lot of unnecessary information and it can be time consuming (Saunders et al, 2007). It might be difficult to evaluate nonverbal behaviour of interviewee. Response from interviewee may be very quick and interviewer has to be very quick to record all discussion.

Triangulation
Combination of different methods to collect primary data effectively can be said triangulation (Bryman, 2004). Use of more than one method to understand one phenomenon broadly and more clearly (Veal 2005). Three different methods have been used for the effectiveness of triangulation, validation and reliability of data in research secondary data from the organization, questionnaires from worker and semi-structured interviews from executives.

Validation and Reliability of Data: