FACTORS OF EMPLOYEE ENGAGEMENT AT THE WORKPLACE. DO YEARS OF SERVICE COUNT?

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To link to this article: https://doi.org/10.11118/actaun201967061525
Received: 3. 6. 2019, Accepted: 5. 11. 2019

To cite this article: HINZMANN ROXANA, RAŠTICOVÁ MARTINA, ŠÁCHA JAKUB. 2019. Factors of Employee Engagement at the Workplace. Do Years of Service Count? Acta Universitatis Agriculturae et Silviculturae Mendelianae Brunensis, 67(6): 1525–1533.

Abstract

This article deals with employee engagement in SMEs when the employee’s years of service are taken into consideration. The aim of the paper is to show if seniority influences engagement and if there are further factors that have major impact on employee engagement. To fulfill the aim quantitative methodology was applied. It is based on the analysis of data that derives from an engagement survey that was conducted in 2017 with 70 SMEs globally that belong to the mechanical engineering industry. The sample consists of 5,078 employees that participated in the engagement survey. The survey was standardized based on the engagement model from Aon Hewitt and consisted of 74 questions. The organizational structure of the different legal entities is similar due to the common industry and types of employees who are mainly Service and Sales representatives. This also leads to a similar HR strategy and allows to compare the results. The data from the engagement survey was analyzed with IBM SPSS software that provided the regression analysis. The results indicate that the construct of employee engagement is complex and there is not only one influencing variable. However, seniority does have an impact. The engagement of recently hired employees is around 27% higher than for employees with higher seniority. Additionally, employees with a high seniority show less interest when it comes to rewards and recognition.

Keywords: employee engagement, generations at the workplace, human resources

INTRODUCTION

Demographic change and current good economic situation with low unemployment rates, make it more and more difficult for companies to attract and retain qualified employees. Well-qualified employees can choose among best employers and job offers. Large multi-national companies like Google, Microsoft and Apple are considered as modern and attractive employers who can recruit and retain employees much easier than SMEs. SMEs are often so-called hidden champions: they are successful from an economic point of view but unknown as a brand and as an employer. Google, Microsoft and Apple are well-known brands. As a company they don’t have difficulties to fill their vacancies with the best qualified candidates. On the one hand, the pool of well qualified candidates is decreasing. On the other hand, competition for this pool of employees is increasing for the majority...
of companies (Emerald Group Publishing, 2016). The demographic change is one of the biggest challenges for HR (Schwuchow and Gutmann, 2015). A solution is needed because the generational shift has a major impact on the business: positions remain vacant, key talents leave the company, older employees might feel left behind, there is no transfer of knowledge and recruitment costs rise.

One large employee group consists of employees older than 50 years that have a high seniority and have been working for the company for many years. At the same time, there are new generations entering the job market. These generations, like Generation Y, are fundamentally different than other iconic generations (Deloitte, 2009). HR is now facing two main groups of employees: older employees above the age of 50 with a high seniority and younger employees under the age of 30 with less work experience and a lower seniority. So, seniority is an aspect that plays a role for both groups of employees. According to a study on HR that was conducted by Kienbaum in 2012, the top 3 action fields for HR are leading and management competencies, recruiting and employer attractiveness. Being an attractive employer allows companies to reduce retention risk and to increase productivity. Both can be achieved by increasing employee engagement.

As a consequence of the above-mentioned situation in companies, HR needs to understand these groups and learn how to approach them when it comes to engagement. Engaging employees of different levels of seniority is an essential factor for HR to increase employer attractiveness. Without knowing differences of specific employee groups at the workplace, HR struggles with increasing employee engagement. Knowing about possible differences HR will be able to act accordingly and be more successful (Klaffke, 2014).

The presence of different groups of employees in the workplace is not new. There were always conflicting generations. In the late twenties of the last century Karl Mannheim published “The problem of generations”. This was the first approach to generation as a cohort with similar perception based on shared life experiences.

Looking at today’s workplace there are four main generations HR has to deal with: Baby Boomers, Generation X, Generation Y and Generation Z (Zemke et al., 2013). This is the first time in history of the workplace where there is four different and unique generations coming together in the workplace.

The stereotypes of Generation Y draw a negative picture with attributes like lazy, disloyal and not career-oriented. There is a popular negative mythology of Generation Y but only with limited evidence (Ruthus, 2014). The study “millennials at work reshaping the workforce” conducted by PwC in 2011 reveals that members of the Generation Y like to cooperate with other generations at the workplace, nevertheless 38% of them think that older generations bear little relation to younger generations. 50% state that their Managers don’t understand the way they use new technologies. Big corporations are the most attractive employers for Generation Y (Kienbaum, 2015).

The Baby Boomers are the oldest generation at the workplace with the highest seniority. This generation is characterized by functionalism – work is a duty and not a way of self-fulfillment (Dahlmanns, 2014). Furthermore, they are described as highly socially competent, team-minded and assertive – which resulted from a broad competition due to the high number of individuals being part of this generation (ibid.).

Empirical studies have shown that employees have less age specific prejudices against others, if they interact frequently with them and are able to see things from their perspective (Hess, 2006).

Implications for HR are needed (Dahlmanns, 2014; Parment, 2009) on how to deal with generational shifts and employees of different generations and different levels of seniority. HR needs to understand, if different approaches regarding employee engagement are needed. Dealing with and understanding generational shifts has an overall effect on the whole business, not only on HR. “Organizations need highly performing individuals in order to meet their goals, to deliver the products and services they are specialized in, and finally to achieve competitive advantage” (Sonntag/Frese, 2002, p. 4). “A clearer understanding of the attitudes and motives of older workers can help to guide the management practices and organizational policy aimed at meeting the needs of an aging workforce” (Barnes-Farrell/Matthews, 2007, p. 140).

Nowadays business leaders and HR Managers are aware of the importance of positive employee engagement. Listening to employees and meeting their requirements is not a selfless approach for the company but follows a clear strategy of increasing the productivity and influencing the business outcome in a positive way. Companies can’t afford not to present themselves as caring employers that offer much more than just a monthly salary. Knowing and understanding about the correlation between positive employee engagement and increased organizational performance, the concept of employee engagement becomes more and more important (Albrecht et al., 2015). It was first introduced and mentioned by Kahn (1990) who distinguished between personal engagement and disengagement.

Understanding the importance of employee engagement is the first step but the second – and more complex – step for companies is to identify and increase it. There are various definitions for employee engagement that can be summarized as “[…] a positive, fulfilling, work-related state of
mind that is characterized by vigor, dedication, and absorption" (Schaufeli et al., 2002, p. 74). However, there are various models that describe engagement and as pointed out by Sharma and Kaur (2014) there is no overall agreement on what exactly engagement is, since the definition depends on the author. According to Ferguson (2007) there is interest in employee engagement and confusion at the same time. To give an overview on the different models and corresponding definitions, Sharma and Kaur (2014) created a list that starts with Kahn in 1990 and ends with the model from Aon Hewitt in 2012.

The concept that will be used for this work is the Aon Hewitt Employee Engagement Model. So, this study is a contribution to the model from Aon Hewitt that describes the different factors that influence employee engagement. Besides these engagement drivers the model includes engagement outcomes and business outcomes. According to this model, employee engagement is a combination of several variables and leads to specific business outcomes, like higher productivity, increased customer satisfaction and sales growth.

The Aon Hewitt engagement model describes engagement as a construct of six items: brand leadership, performance, company practices, basics and work with three observable facets: say, stay, strive. Employees are fully engaged if they show all aspects of these three facets so they are the outcomes of engagement. “Say” refers to speaking positively to colleagues and customers about the company. “Stay” describes the desire of the employee to be part of the company and belonging to it. “Strive” translates into motivation and extra effort that the employee is willing to put into his job.

Based on literature review and research provided in this area, one main finding is that there is no model of engagement that is linked to the employees age, nor to the seniority. It is hard to believe that the model of employee engagement is supposed to cover all employees – neglecting their age and years of service. As described above there is a tendency within companies to understand that the demographic change is having a negative impact on the business and that there are conflicting generations with different needs and expectations at the workplace. Nevertheless, there is no research that links employee engagement to seniority.

So, the aim of this work is to fill this gap and to answer the question if seniority influences employee engagement. Furthermore, the goal is to analyze if there are further factors that have major impact on employee engagement. The outcome will be essential to the field of HR because based on this recommendation for action on how to increase employee engagement can be made.

### MATERIALS AND METHODS

The data derives from a standardized survey that was conducted in 2017 with more than 5,078 employees globally. 20% of the employees that were invited to participate in the survey are located in Asia (600 employees in China, 200 in Thailand, 150 in Japan and 50 in Singapore). Almost the same number of employees are located in Europe (650 in Germany, 150 in The Netherlands, 100 in the UK, 50 in France, 40 in Spain, 20 in Russia, 18 in Poland and 15 in Czech Republic). The majority of employees is located in the US (2,560). Additionally, 400 employees from Mexico, 55 from Brazil and 20 employees from Canada participated. These employees are employed by 70 SMEs which belong to the mechanical engineering industry. Since most positions are linked to Sales and Service, require a technical background and are highly specialized, it is a challenge for HR to recruit new employees. This survey was conducted to identify the overall level of employee engagement and to understand the key areas of job satisfaction as well as areas of improvement.

Each employee answered 74 questions. Each question is allocated to different categories: brand, career opportunities, collaboration, division leadership, engagement, inclusion, manager, managing performance, people focus, quality, rewards and recognition, senior leadership, work environment and work processes & resources.

I: Questions that were analyzed

<table>
<thead>
<tr>
<th>Question</th>
<th>Text</th>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>q9</td>
<td>Given the opportunity, I tell others great things about working</td>
<td>engagement – say</td>
</tr>
<tr>
<td>q5</td>
<td>It would take a lot to get me to leave the company</td>
<td>engagement – stay</td>
</tr>
<tr>
<td>q6</td>
<td>I would, without hesitation, recommend the company to a friend</td>
<td>engagement – stay</td>
</tr>
<tr>
<td>q8</td>
<td>seeking employment</td>
<td>engagement – say</td>
</tr>
<tr>
<td>q7</td>
<td>I rarely think about leaving the company to work somewhere else</td>
<td>engagement – stay</td>
</tr>
<tr>
<td>q10</td>
<td>The company inspires me to do my best work every day</td>
<td>engagement – strive</td>
</tr>
<tr>
<td>q10</td>
<td>The company motivates me to contribute more than is normally required to complete my work</td>
<td>engagement – strive</td>
</tr>
</tbody>
</table>

Source: Own elaboration based on survey of employees
These categories were chosen to reflect the Aon Hewitt Employee engagement model that is taken as a basis. The questions and categories of the engagement survey refer to each of these items. In terms of this model the initial aim of the study was formulated – which is to analyze if the level of employee engagement is influenced based on the years of service. The second step consisted in a deeper analysis to identify additional factors that play a role in influencing the engagement when the years of service are taken into consideration.

Since the first approach consists in identifying differences between the engagement of employees of different levels of seniority, only those seven questions were reviewed that were linked to the category engagement. That allowed to focus on the level of engagement for these specific groups.

Each employee rated every question and statement based on a six-point scale. The dimension/index score is calculated by taking a count of all favorable responses (5 = Agree or 6 = Strongly Agree) for all items aligned to the dimension and dividing that by all of the responses for all items within the dimension. In this case the overall dimension “engagement” and the related questions were reviewed. Only those questions were considered where a minimum of 10 responses were given.

Aon Hewitt uses the term “dimension” to describe a grouping of items that are asked about a similar topic, such as: Brand, Career Opportunities, Collaboration, Leadership, Engagement, Inclusion, Manager, Managing Performance, People Focus, Quality, Rewards & Recognition, Work Environment and Work Processes & Resources. The focus in this case was on the category “engagement”.

To be included in the calculation, an individual respondent must answer at least 1 Say, 1 Stay, and 1 Strive item. If the average rating for a respondent equals or exceeds 4.5, that individual is assessed as “engaged”. The engagement score is then calculated by taking the total number of respondents who are “engaged" divided by the total number of respondents who meet the criteria to be included in the calculation (have answered at least 1 Say, 1 Stay, and 1 Strive item):

\[
\text{Percent (\%)} = \frac{\text{# Respondents who are engaged (\geq 4.5 across the 6 items)}}{\text{# Respondents who answered at least 1 Say, 1 Stay, and 1 Strive item}}. \tag{1}
\]

The overall engagement is split up in “engaged” and “not engaged” with the sub-levels “highly engaged”, “moderately engaged”, “passive” and “actively disengaged”. The goal for each company is to reduce the number of actively disengaged employees and to work on the passive employees to get these to the level of “moderately engaged". The ideal situation for the company would consist in having only engaged employees with a high amount of “highly engaged" employees. These are the key employees and the organization needs to develop new ideas and to be successful.

A descriptive approach was used to get a first overview of data. The first step was to filter the results of the employee survey by years of service. According to the structure of data and due to confidentiality reasons, three different groups of years of service were provided: under 2 years, 2–10 years and more than 11 years. A total of 810 employees with a seniority less than 2 years completed the survey. The participation rate for these employees was 82%. For those employees that have been with the company for more than 11 years, the participation rate was slightly higher (83%): 1,974 employees completed the survey. For

1: Aon Hewitt Engagement Model

Source: Aon Hewitt, 2015
II: Independent variables

<table>
<thead>
<tr>
<th>Question</th>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>I am proud to be part of the company</td>
<td>Brand</td>
</tr>
<tr>
<td>I know what career opportunities are available to me at the company</td>
<td>Career Opportunities</td>
</tr>
<tr>
<td>My coworkers respect my thoughts and feelings</td>
<td>Collaboration</td>
</tr>
<tr>
<td>The leadership of your division or business is appropriately visible and accessible to employees</td>
<td>Division Leadership</td>
</tr>
<tr>
<td>We have a work environment that is open and accepts individual differences</td>
<td>Inclusion</td>
</tr>
<tr>
<td>My manager provides the support I need to succeed</td>
<td>Manager</td>
</tr>
<tr>
<td>I believe my last performance review accurately reflects my job performance</td>
<td>Managing Performance</td>
</tr>
<tr>
<td>I am treated like a valued member of this organization</td>
<td>People Focus</td>
</tr>
<tr>
<td>The quality of the products/services is not compromised/sacrificed to meet deadlines</td>
<td>Quality</td>
</tr>
<tr>
<td>Rewards and recognition are fair and transparent</td>
<td>Rewards &amp; Recognition</td>
</tr>
<tr>
<td>The Senior leadership is appropriately visible and accessible to employees</td>
<td>Senior Leadership</td>
</tr>
<tr>
<td>The balance between my work and personal commitments is right for me</td>
<td>Work Environment</td>
</tr>
<tr>
<td>The work processes we have in place (e.g., setting goals and priorities, planning projects, and quality checks) allow me to be as productive as possible</td>
<td>Work Processes &amp; Resources</td>
</tr>
</tbody>
</table>

Source: Engagement survey with employees

the middle group (seniority between 2 to 10 years) the participation rate was the highest with 87%.

After the descriptive analysis and understanding the level of engaged employees within the three groups of seniority, the second step consisted in a detailed regression analysis with IBM SPSS software that allowed to understand the factors that influence the engagement. The first approach was to describe and identify. The next step, the regression analysis, helped to understand these findings. As dependent variable “engagement” was chosen because the goal was to understand what it depends on for different groups of employees. As independent variables one question from each category was chosen to cover all categories. In a further step “length of service” as additional variable was added to the regression model. This allowed to analyze and answer the main question of this work, if seniority counts when it comes to employee engagement.

RESULTS

Already the results from the descriptive approach reflect that there are differences on engagement based on the employee's seniority. The highest engagement scores are among those employees that were recently hired (less than 6 months). Especially question number 9 that relates to the dimension “Say” was rated with 4.91 which is almost “agree” (5) on the six-point scale. This is the highest value for all employees. The lowest values can be found in the middle group, so for those employees that joined the company 6 to 15 years ago. In this group the lowest score was found with 4.01 which is “slightly agree” (4) on the six-point scale for question number 8. This question refers to the dimension “stay” and indicates the employee's desire to leave the company. So, for this group of employees the retention risk is the highest. According to these results the retention risk is the lowest for the group with the shortest length of service (< 2 years).

The overall engagement scores for the different groups of seniority reflect that engagement is the highest (68%), when employees recently join the company. Within the first two years of employment engagement is the highest and decreases by 10% with increased seniority. This is not only the case for engagement but also for other categories that were reflected in the survey.

The dimension results for each category make clear that the longer the employee works for the company, the lower are the results. However, when we think of the employee life cycle and compare recently hired with those that have a high seniority, the biggest drop happens for the categories career opportunities (-16%), Leadership (-16%) and Management (-14%). So, the employee considers his manager and the upper Management levels less favorable the longer he remains within the company.

An interesting finding from the descriptive analysis is that there is one dimension that does not drop with increased seniority but stays more or less on the same level: collaboration.

So, the overall result from the descriptive analysis is that there are differences regarding employee engagement when the employee's years of service is taken into consideration. From there, the regression analysis enabled to identify factors that contribute to these differences and influence the engagement.

The first outcome from the regression analysis is that the factor that has the strongest positive impact on the employee’s engagement is the category “brand”. This applies to all employees no matter
what seniority. Increasing the variable “brand” by one unit causes an increase of 0.419 units on average on the overall engagement level. The variable with the next strongest impact is the “division leadership”. This variable causes an increase of 0.127 units on average on the engagement level.
The third strongest impact (0.088 units on average) on the engagement is created by the factor “work processes and resources”.

These top three findings do not vary depending on the years of service. Nevertheless, we were able to identify factors that have an impact on the engagement and differ by seniority at the same time. For the group with seniority < 2 years we found out that the engagement is in general on average 0.271 units higher than for the other two groups. Furthermore, the variable “managing performance” does not affect the engagement of those employees within this group (< 2 years) as much as for the other two groups. So, the performance management doesn’t play such an important role for employees that are new to the organization. Finally, we identified that the influence from the variable “rewards & recognition” is about 0.043 units lower for those employees in the group with the highest seniority. Nevertheless, in this group the variable “people focus” has a stronger positive impact on the engagement than for employees with a lower seniority.

**DISCUSSION AND CONCLUSION**

The above results give a first understanding of the fact that seniority does have an impact on employee engagement and differs for different groups of employees in the company. The engagement of recently hired employees is around 27% higher than for employees that have been working with the company for more than 2 years. So, a first conclusion for HR is to find a way that helps retaining the engagement level throughout the employee life cycle. Understanding the reasons behind the decrease of engagement allows to retain the initial high engagement level of new hires. A further analysis would be needed to understand the reasons behind this. This could be done with specific interviews with employees, which would be a possible next research step.

The influence of seniority of employee motivation was also researched by e.g. Hitka and Balážová (2014). They identified that employees with a lower seniority have a stronger preference for salary and further financial rewards as motivational factors. Our study confirms that groups of employees with a high seniority show less interest when it comes to rewards and recognition. Thus, pay increases, bonuses and other monetary awards don’t have such a strong effect on engagement for
this group of employees. The higher the years of service, the minor is the effect on engagement that comes from monetary rewards. Same applies for the factor people focus. Creating a positive work environment and HR initiatives on wellbeing have a less strong positive effect on the engagement of employees with a seniority higher than 11 years.

The results also indicate that the construct of employee engagement is complex and there is not only one influencing variable. For business leaders and HR this means that a multilateral approach is needed and that there is no one-fits-all solution. The employee’s seniority obviously plays a role but it is not the only factor to be considered. All findings can be used in practice and be translated into HR strategies and concrete actions to increase engagement at the workplace.

Nonetheless, there are limitations of this study. The sample which consisted of 5,078 engagement surveys is of good quality and valid but it is not possible to represent all employees in SMEs globally. The findings can’t be generalized for all countries either because regional and cultural impacts weren’t taken into consideration. This is a potential direction for future research which could focus not only on seniority but on gender and age when it comes to engagement.

REFERENCES


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