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An Investigation into the Key Factors Influencing Employee Engagement during an Economic Downturn: A Case Study of Company X in Johannesburg

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ABSTRACT

Organisations need to be prepared for the impact of downsizing, because of the effect of layoffs on the remaining employees. Because employee morale is so susceptible to restructuring, this is an important time to improve employee engagement levels and prevent further loss of the workforce. This research study seeks to highlight the importance of communication, trust, and support, during downsizing. The research method used a qualitative approach, which enabled the researcher to conduct face-to-face interviews with ten participants. The findings affirm the prevailing literature regarding the importance of appreciation, communication, fair compensation, training and development, and trust, as factors influencing employee engagement levels. The results revealed that insufficient communication was the primary cause of low employee morale during the downsizing process. Respondents also cited distrust of management and uncertainty of the company's future as leading concerns brought about by the retrenchments. Management was recommended to increase managerial support, improve communication and transparency, and show more consideration towards staff as a means of rebuilding the trust that was lost during restructuring. Due to the sensitive nature of a retrenchment process and its impact on the remaining employees, great care should be taken when embarking on any restructuring in the future.

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Introduction

Organisational downsizing is not a new concept, with many companies having survived difficult seasons through cost-cutting and retrenchments. Though downscaling is perceived to be beneficial for the longevity of the business, studies show how the negative impacts of cutbacks on employees can actually reduce productivity. One of these negative impacts is the reduced employee engagement levels among the remaining employees. Research done by the Gallup Organisation indicates that the majority of employees worldwide are not entirely engaged (Clifton, 2017:1). Improving employee engagement levels during turbulent times is more challenging, but also, more important. The purpose of this study is to explore the factors which influenced employee engagement after the recent retrenchments at Company X. The research seeks to gain a comprehensive understanding of how the retrenchments affected the remaining employees and their commitment towards the company.

Background to the study

The South African Economy is currently in a recession, with many businesses being forced to downsize. Although staff reductions may be necessary to save a struggling business, the negative effect of cutbacks on employee engagement cannot be ignored.

Employee engagement – the bond between employee and company – has been shown to have an overwhelming impact on the productivity of an organisation. Since employee engagement has been found to be extremely important to a company's sustainability, managers should be monitoring employee engagement levels for continual improvement.

In April 2017, Company X initiated a massive cost-cutting exercise in response to its decreased market share and declining profits. The primary cost savings were in the form of retrenchments. These layoffs caused uncertainty and a lack of enthusiasm among the remaining employees. Employee engagement levels reduced significantly, leading to further inefficiencies.

By being empathetic towards the employee's experience of the downscaling, Company X may inspire a renewed confidence in the company.

Problem statement

Nyasha, Martin, Pride, Justice, Piason and Edson (2014:218) suggest that the downscaling of a company has a negative impact on employee morale, and reduces the productivity of the remaining employees.

This research topic was prompted by the lack of employee engagement observed by the researcher during and after the recent retrenchments at Company X in Johannesburg. Employees exert the minimum effort in their jobs and tardiness has become more frequent. Negativity towards the company and the management team is notable, and the majority of the employees are disengaged.

Employee engagement can be improved by measuring the levels of engagement in the company, understanding the causes thereof, and making the necessary changes to improve those levels. By addressing these issues, Company X has an opportunity to improve employee engagement and productivity.

Research questions

The following questions were formulated in line with the objectives.

- What are the current levels of employee engagement at Company X?
- What are the factors influencing employee engagement at Company X?
- How did downsizing the company affect employee engagement levels?
- What recommendations can be made to improve employee engagement levels?

Significance of the study

While interest in employee engagement is growing worldwide, not much research has been performed in South Africa. This study strives to contribute to existing knowledge in the area of interest and test the theories developed in other countries. Many of the studies done on the topic of the consequences of downsizing were quantitative in nature. Although quantitative research produces a large amount of data, it provides little insight into the actual experiences of the individuals. The qualitative method preferred for this study seeks to add significant value to theory by gaining an in-depth understanding of the concept of employee engagement, particularly after an organisational restructure.

The research was done in the pursuit of making practical recommendations to the management of Company X on how to improve employee engagement and to provide possible reasons why the downsizing has been ineffective. This research will benefit employees and management by improving awareness of employee engagement, and how downsizing has affected personnel. The research may also be beneficial to other companies considering downsizing.

Literature Review

Employee engagement has been linked to company profitability, customer satisfaction, employee productivity and innovation within the company, yet, contemporary research shows a progressively disengaged workforce. Hoole and Hotz (2016:2) in support assert that recent statistics indicate that more than 80% of workers are disengaged and that South African employees are among the most disengaged employees in the world. As such, managers should constantly be looking at these levels and striving towards building a highly engaged workforce. Employee engagement is particularly important during difficult economic periods, as this could greatly influence the company's survival. This research seeks to gauge the levels of employee engagement at Company X, and to recognise that there is a relationship between these levels and the recent downsizing at the company.

Defining employee engagement

Rigg (2013:31) defines employee engagement as “a state of vigour, dedication, and absorption in one's work role, and is purported to be a critical tool for today's business success.” ArunKumar and Renugadevi (2013:52) agree that employee engagement has a positive impact on the productivity of an organisation. Moreover, employee engagement has become a priority for business leaders who now require a high performing workforce in order to survive the challenging globalized economy (Prathiba, 2016:45).

Fully engaged employees are champions for their company, feel personally connected and are willing to go the extra mile for the company, inspiring enthusiasm in others. Rigg (2013:32) explains that highly engaged employees are so engrossed in their jobs; time passes by swiftly without the employee really noticing it. Gupta (2015:51) adds that an engaged employee is someone who is completely involved in, and energetic about, their work, while Marais and Hofmeyr (2013:26) believe that an engaged workforce is the key to attaining a sustainable competitive advantage.

Conversely, disengaged employees offer the bare minimum effort to get their jobs done. They are negative in the workplace and often create a toxic environment. Harter and Adkins (2015:1) describe disengaged employees as, “sleepwalkers”, going through the motions of the workday with no concern about their productivity.

Measuring employee engagement

Inuwa (2015:289) highlights the significance of understanding, measuring, and continuously improving employee engagement in organisations today. Kwenin, Muathe and Nzulwa (2013:17) add that if companies wish to retain staff, they need to appreciate what inspires employee motivation, and ensure that the correct measures are taken to retain valuable employees.

Indicators of an actively engaged employee are: arriving early or working late; taking on extra work; upholding the company's vision and mission; mentoring new employees; developing one's own skills; speaking confidently about the company and being aware of their own level of engagement. Marais and Hofmeyr (2013:25) maintain that engaged employees will go the extra mile, over and above the contractual obligation. Prathiba (2016:52) concurs, adding that engaged employees are inspired by, and committed to achieving the company's goals.

Company X is currently in a position where many employees are seen to be disengaged. This opinion developed after the researcher observed habitual tardiness, frequent gossiping and a sense of apathy among co-workers. This research sought to substantiate these observations, and gain insight into which factors caused these low levels of enthusiasm among the employees.

The Gallup Organisation has spent decades conducting research in this field and developed a twelve question assessment to determine employee engagement levels (the Q₁₂ instrument). This analysis has enabled Gallup to distinguish between three categories: engaged, not engaged and actively disengaged employees. Bhuvanaiah and Raya (2015:93) define these levels as follows:

- Engaged employees are the most desirable employees who are reliable, innovative and committed.
- Not engaged employees contribute minimal effort and energy.
- Disengaged employees are a liability to the company as they often broadcast their discontent and cause others to be disengaged.

Table 1. The Q₁₂ Instrument of the Gallup Organisation.

| No. | Item |
|-----|--|
| 1. | Do I know what is expected of me at work? |
| 2. | Do I have the equipment and material I need to do my work right? |
| 3. | At work, do I have the opportunity to do what I do best every day? |
| 4. | In the last seven days, have I received recognition or praise for good work? |
| 5. | Does my supervisor or someone at work seem to care about me as a person? |
| 6. | Is there someone at work who encourages my development? |
| 7. | At work, do my opinions seem to count? |
| 8. | Does the mission/purpose of my company make me feel my work is important? |
| 9. | Are my co-workers committed to doing quality work? |
| 10. | Do I have a best friend at work? |
| 11. | In the last six months, have I talked to someone about my progress? |
| 12. | This last year, have I had opportunities at work to learn and grow? |

Source: Gallup (2017)

According to a 142-country study on the “State of the Global Workplace” by the Gallup Organisation in 2012, actively disengaged employees are almost twice as many as engaged employees. This demonstrates that most organisations have overlooked the importance of employee engagement, as is the case at Company X.

The causes of employee engagement

Social Exchange Theory (SET)

Ram and Prabhakar (2011:50) explain that the Social Exchange Theory (SET) occurs when employees are given rewarding and stimulating jobs, and they feel obliged to repay the company through hard work active engagement. Since employee compensation is usually based on performance, it is likely that employees will not vary their levels of engagement. So if companies provide financial and socio-economic exchange resources to employees, the expectation is that employees will be engaged, and conversely, if these resources are lacking, the employee is bound to be disengaged. The assumption of this study is that employees lack enthusiasm because they feel that they are being unfairly remunerated.

Manager support

Harter and Adkins (2015:2) report their findings that managers account for up to 70% of employee engagement variances. Studies done by the Gallup Organisation reveal that 50% of workers have left their job at some point in their career to get away from their manager (Harter & Adkins, 2015:2).

Bhuvanaiah and Raya (2015:95) found that managerial activities such as proper feedback and support increased employee engagement and reduced the negative effects of job demands.

The aim of this study is to examine the extent to which managerial support impacts on employee commitment. The assumption is that the employees at Company X experienced a lack of managerial support, which led to a lower degree of loyalty.

Job characteristics

Jobs which have the core job characteristics of skill variation, job identity, job significance, autonomy, and feedback have been positively related to employee engagement (Ram & Prabhakar, 2011:50). Research has shown that most employees are looking for a sense of purpose in their jobs. Bhuvanaiah and Raya (2015:95) found that job characteristics such as workload, job uncertainty and work-related stress caused physical and emotional strain on employees, and this led to lower engagement levels. This study asserts that increased workload and job uncertainty are major factors experienced by downsizing survivors at Company X.

Recognition and reward

Rath and Clifton (2015:17) claim that individuals, who receive regular recognition and praise, increase their productivity, increase their engagement levels, and are more likely to stay with the company. Yet their findings show that praise is lacking in most organisations, calling it the “recognition gap”. They claim that this is part of the reason why so many employees are disengaged these days. Kwenin et al. (2013:13) found that when a company’s reward system is satisfactory, it does not only lead to equity, it also increases retention. Hoole and Hotz (2016:12) suggest that when reward programs are personalised, they could be more valuable in inspiring employee engagement.

Smith and Macko (2014:60) submit that improving and maintaining employee enthusiasm is a difficult task in an ever-changing business environment.

This task is even more challenging during an economic downturn when it is not possible to offer monetary rewards. During these times, the focus must shift to other drivers of employee engagement such as appreciation. Bhuvanaiah and Raya (2015:95) argue that most people favour psychological contentment over financial incentive when it comes to work roles.

Every employee would like to feel that their efforts have been recognised by management. Even a small reward creates a sense of appreciation. This study proposes regular recognition and non-monetary rewards as a means of improving employee loyalty at Company X.

Length of service

Sorenson and Garman (2013:1) believe that for many employees the first six months at a new job are the best and that they are more likely to be engaged during this period than any other period. They suggest this could be due to the employee having high expectations of learning and growing in the new company.

Appreciation

Ram and Prabhakar (2011:55) note that a key driver of employee engagement is a sense of feeling appreciated. Being acknowledged for a job well done goes a long way towards feeling valued and having the desire to be loyal and engaged. Geldenhuys, Laba and Venter (2014:4) agree stating that employees are more likely to be engaged if their employers make them feel valued and appreciated. Kwenin et al. (2013:14) highlight the importance of appreciation, explaining that by thanking employees for a job well done, the employer encourages more such behaviour.

The assumption of this study is that employees do not feel valued, and this has caused low levels of engagement at Company X.

Trust

According to Gupta (2015:46), the ethical standards of a company will influence engagement levels, and employees need to feel that the core values for which their companies stand are unequivocal. Markey (2014:2) believe that it is difficult for employees to be truly engaged if they don’t trust their bosses.

Nyasha et al. (2014:224) found that mistrust was the main challenge confronted during and after downsizing. Marais and Hofmeyr (2013:10) found that the level of trust between managers and employees decreased as a result of downscaling. This framework is useful in understanding why the level of trust declined at Company X after the downsizing.

Other factors

ArunKumar and Renugadevi (2013:52) suggest that factors such as working environment, organisational culture, leadership style, confidence, and even company status have an influence on employee engagement. Aspects such as age, position held in the company, education level and income, have also been found to play a role in employee engagement. Smith and Macko (2014:60) believe that employees are more likely to be engaged if they feel that their leaders are also engaged. Suharti and Suliyanto (2012:132) add that a robust leadership style increases employee loyalty.

The study seeks to examine how these factors affected employee morale at Company X.

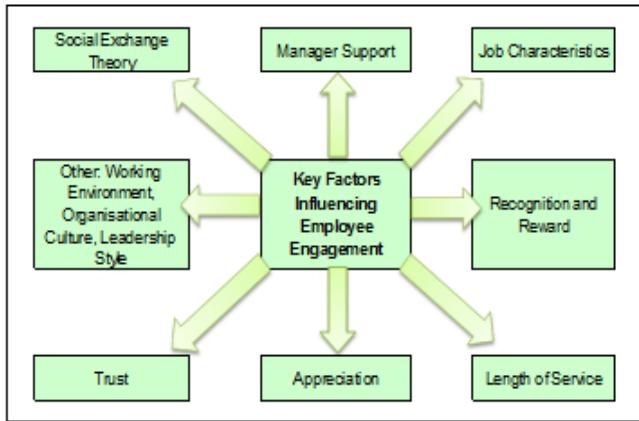


Figure 1. Key factors influencing employee engagement.

Source: Developed by the researcher and based on the literature review

Downsizing as a factor influencing employee engagement

Nyasha et al. (2014:218) postulate that in today's tough business environment, companies often have no choice but to downsize in order to gain a competitive edge. They further state that while downsizing has been the preferred approach to survive economic downturns, one cannot overlook the negative impact of such downsizing on employee morale, absenteeism, distrust, and employee turnover. Their study showed that contradictory to popular belief, survivors of layoffs were not relieved and grateful. Instead, there was decreased productivity, higher absenteeism and a low morale among the survivors. Ngirande, Terera and Mutodi (2014:151) found that even though the remaining employees were happy with the downsizing process as a whole, they no longer felt committed to the company and stayed on only for personal financial reasons. While companies downsize in order to survive, it is the remaining employees who will determine the company's continued existence. As such, these employees need to be treated with due consideration and care.

Ways to improve employee engagement

The challenging thing about engagement is that it is not a momentary state, and it is developed over time. The following are possible ways in which to improve and sustain employee engagement.

Communication

ArunKumar and Renugadevi (2013:57) highlight how imperative effective employee communication is to the success of a business. Harter and Adkins (2015:2) encourage communication as the key to improving employee engagement. They propose that if managers have regular meetings with their employees, those employees are three times more likely to be engaged. The communication must not be limited to only meetings; a regular interaction of face-to-face, telephonic and electronic communication should take place daily.

Harter and Adkins (2015:3) maintain that excellent managers are able to motivate employees through building real connections with them, realising that each employee is unique. In addition, Harter and Adkins (2015:4) also noted that good managers regularly discuss responsibilities and progress with their employees.

Marais and Hofmeyr (2013:25) posit that employees see communication as an important part of reorganising a company, and managers should develop good communication channels and maintain transparency throughout this process. Honest and open communication from management makes employees feel that they are worthy of receiving any news

regarding their company. Management should share the happenings and events with employees, even when the news is not good. This creates a greater awareness of issues which the company may be facing and allows staff to work together as a team to resolve these problems. When communication from management is insufficient, employees may rely on the grapevine gossip for information. This study argues that the lack of communication at Company X played a major role in the declining employee engagement levels.

Performance management

Employees whose managers are effective at performance management are more likely to be productive and resourceful (Harter & Adkins, 2015:3). Hoole and Hotz (2016:1) found that performance management was a significant predictor of employee engagement. They define performance management as "constructive and honest feedback on performance". These sessions not only create growth opportunities but also hold employees accountable for job outputs. Guest (2014:152) states that management should make a concerted effort to encourage self-efficacy using performance feedback, guidance and coaching as these are clear antecedents of employee engagement. Performance management is important as it allows employees an opportunity to discuss obstacles which they may be facing, as well as receiving feedback regarding their work performance. By highlighting any shortcomings, both parties can work together towards resolving these. This study ascertained whether the absence of performance management at Company X affected employee morale.

Praise

Harter and Adkins (2015:4) believe that building employees' strengths is a more effective method of increasing productivity than concentrating on weaknesses. They add that when the emphasis is on one's strengths, employees are more productive, more engaged and more likely to stay with the company. Prathiba (2016:46) submit that employees who work in an environment where their contribution is recognised and applauded are more engaged.

Personal development

According to Nyasha et al. (2014:223) managers should support employees as much as possible in gaining new knowledge and skills, and providing the tools necessary to be effective in their roles. This is particularly important if employees have been placed in new roles due to an organisational restructure. Guest (2014:152) submits that companies need to invest in human capital and skill enhancement as this not only builds confidence in the employees, it also creates a sense of reciprocation by inspiring employees to give something back to their organisation. In addition, beneficial training programs may lead to improved employee retention (Munish & Agarwal, 2017:3). When employers invest in long-term career and personal development of their employees, these employees will feel that they are valued and appreciated. This research will determine whether the lack of personal development provided at Company X influenced the low employee engagement levels.

Other ways to improve employee engagement

Harter (2015:5) submits that employees are the most likely to be engaged and stay with their company if they feel that their managers understand them and give them an opportunity to do what they do best every day.

Nyasha et.(2014:218) found that employee engagement levels among survivors increased when management provided

them with emotional support and honest communication. The list of techniques on how to improve employee engagement is extensive, therefore management should continually be working on new and different ways to improve employee engagement levels.

Bhuvanaiah and Raya (2015:95) maintain that it is not impossible to achieve high levels of employee engagement when management is sincere in providing employees with the right opportunities. And according to Prathiba (2016:53) companies who are successful in engaging their workforce, become great places to work by building trust and increasing employee pride and enjoyment.

Research Methodology

Exploratory research serves to narrow the scope of the investigation. Where the focus may initially be broad, it becomes progressively narrower as the research progresses (Saunders, Lewis & Thornhill 2009:140). The research design of this study was exploratory owing to the unfamiliarity of the subject of employee engagement during an economic downturn, and the flexibility offered in exploratory research.

A number of factors were taken into consideration when choosing the research design for this study including existing knowledge, time constraints, and resources available. The researcher recognised that exploratory research would be the best approach to answer the research questions and objectives.

In this research, the qualitative method was used to explore the key factors influencing employee engagement during an economic downturn. By gathering rich and detailed data this case study has expanded the understanding of the actual experiences of the employees of Company X during and after the recent downsizing. Qualitative research also suited this study due to the low number of individuals in the target population.

The research approach applicable to qualitative research is the inductive approach. According to Saunders et al. (2009:126), the purpose of an inductive approach is to gain a better understanding of the phenomenon by analysing and understanding the data collected. This analysed data may be used to form a theory.

This study adopted the inductive approach. The sample population were interviewed to determine their experiences during the recent retrenchments at their organisation. The interview questions measured the current employee engagement levels of the interviewees and explored possible factors influencing employee engagement.

A case study was chosen for this research in order to achieve an in-depth understanding of how downsizing has affected employee engagement levels at Company X.

The target population for this study consisted of the 42 remaining employees of Company X in Johannesburg, and the sample involved 10 of these employees.

In order to be unbiased, the sample consisted of both males and females of various ages, with various service durations, and consisted of both managers and non-managers.

A semi-structured interview was used to obtain rich data for the purpose of this research. The goal was to find patterns in the data.

Ten interviews were conducted in person and were not time-consuming. Confidentiality was assured before and after each interview. The interview schedule was grouped into four sections. The questionnaire started with a demographics section, followed by sixteen questions which

measured the level of engagement of the participant, determined the factors influencing employee engagement, and discovered the effect of the recent downsizing on the employees.

Pilot study

The intent of a pilot test, according to Saunders et al. (2009:394), is to improve the questionnaire and ensure there are no problems administering it. The trial run will give insight into the clarity of the interview questions and will determine how long it takes to complete an interview. It may also point out any ambiguous or uncomfortable questions.

In this research, a pilot study was carried out on two conveniently selected respondents in order to test the interview questions validity, accuracy, and time for completion. Suggestions were made on how to improve the structure and clarity of the questions. The questions were amended according to the feedback received.

Administration of interviews

Saunders et al. (2009:337) submit that in order for an interview to be successful, relevant themes and suitable questions should be devised.

The interview questionnaire in the research was carefully conceptualised with the research questions in mind.

The researcher conducted the interviews face-to-face. The average time taken for each interview was thirty minutes. Answers were written down by the researcher and no audio-recording was utilised. The reason for not using a recording device was to set the interviewees at ease so that they would be more responsive. According to Saunders et al. (2009:341), other disadvantages of recording interviews include possible technical problems with the device and the time required to transcribe the audio.

Creswell (2014:185) explains that qualitative research tends to be collected at the site where the participants experience the issue under study. As such the interviews were conducted at Company X.

Data analysis

The data gathered from the interview questions were analysed using thematic analysis to search for key themes and recurring patterns. Clark and Braun (2013:3) define thematic analysis as a method for classifying and studying patterns in qualitative data. They explain that thematic analysis has six phases namely: getting to know the data, coding the data, looking for patterns or themes, re-checking the themes, naming the themes and finally, the write up.

Trustworthiness of the study

To ensure transferability in this research study, the interview questions were developed based on existing literature and customised to suit the circumstances of the present study. These questions are not company specific and are therefore transferable to companies in similar positions. In order to achieve dependability in this research study, potential misinterpretations of questions were minimised by performing a pilot study of the interview questions. Also, a sound research process was followed. To optimise the credibility of this study, the participants were chosen based on their ability to produce valid conclusions, and their direct responses were not misrepresented.

Limitations of the study

Saunders et al. (2009:538) submit that most research studies have their limitations. These limitations may be the size of the sample, the summarised nature of the research or the restricted number of locations researched. During this research, a number of limitations were met. The first

limitation was time constraints. The researcher had a limited amount of time to spend doing the research due to completion deadlines. The second limitation was the sample size used to collect the data. Only ten employees were interviewed for this study. Perhaps a larger sample may have provided a more significant result. The third limitation was that there was resistance to answering certain questions with candour, due to the uncertainties that exist in the environment. This limitation occurred despite the participants being assured of confidentiality and anonymity. The delimitation of this research was that the interviews were carried out in only one company who had recently experienced downsizing, as opposed to many companies across South Africa or worldwide.

Elimination of bias

For the purpose of this research, the participants in the research, as well as the researcher, have been identified as potential sources of bias. Owing to the fact that the researcher is currently employed in the organisation where the research was conducted, the researcher may hold prejudice and assumptions which may influence the findings. In order to reduce the level of bias, the interview questionnaire was designed in such a way as to minimise any possible bias. Careful consideration was given to the wording of the questions to make them clear and understandable so that participants are encouraged to answer as honestly as possible.

Ethical considerations

Saunders et al. (2009:193) explain that during the data collection stage, an array of ethical issues needs to be considered. These include general issues and matters related specifically to the data collection method chosen.

Ensuring participants have given informed consent

Participants were fully informed of the details of this research, and it was made clear to them that their involvement was absolutely voluntary.

Ensuring no harm comes to participants

The participants were not harmed or hindered in any way during the study. Interviews were conducted in a secure environment, and participants were assured that their answers would not be disclosed to any other person at Company X, as this could potentially jeopardise their position within the company.

Ensuring confidentiality and anonymity

To ensure confidentiality means that the information gathered from participants will not be revealed to the public, or to any employee of Company X. In this research, all data was treated with confidentiality and the participants will remain anonymous. A covering letter was administered during each interview to assure participants that their responses are treated with the utmost confidentiality and anonymity. Confidentiality and anonymity have been respected at all times during this research. Participants have been reassured that their interviews will not be used in any way outside of this study and that their names will not appear in this research, thereby ensuring anonymity.

Ensuring that permission is obtained

A letter of permission was obtained from the director of Company X in order to conduct this research.

Results

Seven of the ten interviewees were female, and three were male. Participants ranged in ages from 26 years old to 47 years old, with an average age of 37 years. The average length of service was 3.5 years. The longest service period

was 7.6 years, and the shortest service period was 1.5 years. Five of the respondents were in management roles, while the remaining five were not. The selection of participants is representative of the demographics of all the employees at Company X.

Current employee engagement levels

The first research question sought to determine the current levels of employee engagement at Company X. From the point of view of the researcher, these levels were exceedingly low. The researcher's opinion was developed by observing low levels of commitment, tardiness, disinterest, incessant gossip and high turnover intentions over several months after the downsizing was executed. After organising, reading, analysing and coding the interview transcripts, the following six themes were identified:

Theme 1. Manager-employee relationships

Theme 2. Management shortcomings

Theme 3. Negative effects resulting from the retrenchments

Theme 4. Feelings experienced during retrenchments

Theme 5. Uncertainty of the future

Theme 6. Means to overcome low morale

Theme 1. Manager employee relationships

Unfortunately, the interviews revealed that many of the relationships between employees and managers were flawed. It was found that a sense of appreciation, reasonable compensation, and training and development, were the main factors affecting their relationships. This is underpinned by the absence of communication and transparency throughout the organisation. Respondents felt that they gave more to the company than the company gave them. In terms of the Social Exchange Theory, this would explain the low engagement levels. Dissimilarly, three participants felt that their salaries were fair; however, all three agreed that they were upset about not receiving increases or bonuses over the last two years.

Theme 2. Management shortcomings

The findings highlighted some areas where management fell short. Many of the feelings expressed by the interviewees mentioned distrust towards management. Without exception, every interviewee stated that there was a lack of communication from management, especially with regards to what they felt were important matters. Another key theme that arose was unfair treatment and favouritism towards certain employees. The findings revealed that 100% of the respondents did not feel that they could trust the management team of the company. Much of the distrust at Company X was connected to the recent retrenchments. This aspect will need to be addressed should they wish to increase employee engagement levels, and succeed in turning the company around.

Theme 3. Negative effects resulting from the retrenchments

The findings indicate that the layoff survivors experienced considerable uncertainty and even confusion regarding the retrenchment process. This led to a great deal of negativity towards the company.

Theme 4. Increased workload

A factor arising from the retrenchments at Company X was the increased workload among the remaining employees in the company. The findings show a feeling of disgruntlement among the interviewees regarding the additional work. Even though the question was not asked by the interviewer, respondents of the present study were forthcoming about their plans to leave the company. It is

apparent from the interviews that the turnover intentions are linked to the recent retrenchments. Respondents are seeking alternate employment mostly out of fear of further restructuring. The interviews revealed that the retrenchments caused stress and anxiety on a large scale. The respondents felt saddened by the downsizing process with many acknowledging that they developed negative feelings towards management as a result of this. A large number of respondents were concerned that there would be further retrenchments. This fear and uncertainty heightened the anxiety among the survivors.

Theme 5. Uncertainty of the future

Respondents expressed feelings of tension related to the future of the company. Most interviewees revealed that they would prefer to be informed of future happenings, whether it is good or bad.

Theme 6. Means to overcome

Communication

The final question in the interview asked the respondents to provide suggestions to management on how to improve employee engagement levels. The need for more communication and transparency was recorded in every single interview.

Transparency

Many of the participants felt that by being more transparent, management could improve the company morale.

Team effort

Although collaboration was missing during the retrenchment process at Company X, some of the respondents said that they would have liked to have been given a chance to discuss and brainstorm alternative solutions to the financial problems facing the company.

Consideration

From reviewing the transcripts it became clear that there is a feeling among the employees that management did not have much concern for its employees. This attitude developed as a result of the retrenchments. The negative effects of the retrenchments at Company X were widespread. Management did not seem to recognise how seriously the employees were affected.

Conclusions and Recommendations

Overall, the findings of this research study were largely in line with the studies depicted in the literature review.

The findings from the primary research provide detailed insights into the factors influencing employee engagement and are presented below as per the research questions.

Key findings concerning the current levels of engagement at Company X

The outcome of the study revealed that 40% of the participants were actively disengaged. This is considerably higher than the global average of 24% disengaged employees, as calculated by the Gallup Organisation. The average engagement level among the ten interviewees was calculated at 44%. This is well below the 50% minimum required for being considered “engaged”, as determined by the researcher for the present study. Furthermore, not one of the respondents achieved a result high enough to classify them as being “highly engaged”. The findings confirm that the current levels of engagement at Company X are unfavourable, and much work needs to be done to improve these levels. These results were anticipated at the onset of the investigation due to observations made by the researcher before the interviews took place. Interestingly, the analysis showed that managers were more likely to be disengaged than non-managers. This

could be reasonably linked to the additional burden of being in a managerial role whilst undergoing a restructure.

Key findings concerning the factors which influence employee engagement at Company X

It was determined through this qualitative study that most participants did not feel that there was sufficient communication between employees and management at Company X. This lack of communication was most notable following the company’s recent downsizing. The absence of effective communication triggered a distinct uncertainty among the remaining employees. Many issues were raised amid concerns of further restructuring. Unfortunately, these matters were not adequately addressed by management, which resulted in continuous grapevine communication among employees regarding the unknown future of the business. The absence of trust was shown as a root cause of the low engagement levels at Company X.

The findings of this study also revealed that most of the respondents felt undervalued and underpaid. Many were upset that their salaries had not changed despite additional work being allocated to them. When interpreting this factor using the Social Exchange Theory, it can be argued that unsatisfactory remuneration was a key factor affecting low engagement levels. Inequality and prejudice emerged as a leading factor influencing engagement levels at Company X. Many of the participants in the present research were dismayed by the unfair treatment of certain staff members. Evidence from this research showed that the majority of employees sought training and development in order to progress professionally. However, the company did not provide this. The information was relayed with a feeling of acrimony with many interviewees saying that they had to improve and develop themselves without the company’s assistance.

Key findings regarding the extent to which the downsizing has influenced employee engagement levels at Company X

The findings from this study revealed that the surviving employees were adversely affected by the retrenchments. Workload increase and fear of further cutbacks were major factors affecting the staff. The lack of confidence in management also caused some employees to consider leaving the company. The downsizing suppressed employee morale and had an unfavourable effect on engagement levels.

Recommendations

On the basis of the research done in this study, a number of recommendations are provided below.

Measuring employee engagement levels regularly

The findings demonstrate that employee engagement levels at Company X are below par and need to be restored. In order to raise engagement levels, management first needs to acknowledge that there is a problem. The recommendation is, therefore, to have bi-annual reviews with every staff member to ascertain their level of engagement. Should an employee have a low score, it must be determined which factors are involved in the low results and these should be discussed between the employee, their manager, and the human resources manager. This discussion will provide the employee with a platform to be heard and will provide an opportunity to address and resolve issues before engagement levels diminish further and the employee decides to leave the company. These proposed evaluations could be done internally, using survey type questionnaires followed up with one-on-one conversations. This way it would not cost the

company any additional money. Both management and employees would benefit from these assessments.

Increased managerial support

Based on the organisational inadequacies found in the present study, the researcher suggests enhanced managerial encouragement. This includes working on building better working relationships with employees. The current management style of most managers at Company X is authoritarian. However, this will need to change for employee engagement levels to rise. Perhaps managers need to be sent on leadership courses to learn how to gain true respect from their staff. Values such as appreciating the staff and caring about their needs need to be instilled in the management team of Company X. By providing emotional support and effective communication, managers can increase employee engagement levels (Nyasha *et al.*, 2014: 218). The Human Resources Department could also propose ways of recognising and rewarding employees who have surpassed the call of duty. The rewards do not necessarily need to be monetary, given the current economic restraints. Compensation could be in the form of time off from work, a small gift voucher, an email from the Chairman recognising work well done, or even a better parking bay.

Post-retrenchment counselling

Although the layoffs occurred some time ago, it is clear from the evidence gathered that most employees are still affected by the retrenchments. As such, the employees of Company X will benefit from counselling sessions provided by the Human Resources Department.

Improved communication and transparency

The most prevalent recommendation from this research is that of improved communication. Harter and Adkins (2015:2) found that employees who had regular meetings with their managers were three times more likely to be engaged. Accompanying communication should be honesty. In the words of Nyasha *et al.* (2014:218), managing employee commitment after downsizing would not be so difficult if management recognised that the remaining employees require emotional support and that they deserve continuous and honest communication. Openness would also aid in reducing employee gossip and rumours.

Consideration of staff

From the interviews, it became clear that the employees did not feel that they were taken into consideration during the downsizing. This had a major negative effect on all employees in one way or another. Management needs to show the staff that they value their input and are committed to solving the problems facing the company as a united team, rather than a select group of people.

Rebuilding trust

Once the above suggestions have been affected, the management of Company X can begin to rebuild the trust which was lost during the downsizing. Regaining trust will lead to increased levels of engagement according to Gupta (2015:46) and Markey (2014:2). Trust can be restored by proving to employees that management is true to their words and accountable for their actions. Re-establishing confidence in management will take time, but with the right approach, it is possible. All of the above recommendations would assist in raising employee engagement levels and will deter staff from wanting to leave the company.

Conclusions from the study

According to the opinions of the respondents, and the findings of this research, the employee engagement levels at

Company X are exceedingly low. Minimal appreciation, no training, and a lack of fair compensation led to these low levels of engagement. Distrust of management was exposed as a dominant factor influencing employee engagement at Company X. A lack of communication was also found to be a major challenge facing the management of Company X. All respondents in this study cited improved communication as a possible means of restoring some of the difficulties experienced post-downsizing. The falling levels of employee engagement were augmented by the occurrence of the retrenchments. The research shows that employees wanted to be included when it came to decisions regarding the future of the company. However, due to being continually excluded, nervousness and apprehension grew among the employees. The uncertainty resulted in many employees seeking alternate employment.

Recommendations on how to solve the issues at Company X were given during the interviews. These suggestions related mostly to a need for communication and honesty. Should management heed the proposals and succeed in increasing levels of employee engagement, it is the company who will ultimately benefit from these increased levels. The employee engagement levels of Company X have been found to be below average and several factors influencing these levels were established. The findings have revealed that the lack of effective communication during, and especially after, the recent retrenchments at Company X gave rise to serious and negative consequences for employee morale.

In relation to this study, when conducting future research, a number of aspects could be addressed. Future studies could adopt the mixed method of data collection in order to collect a wider range of responses, while still collecting rich data. Future investigations could target multiple industries within South Africa, where this study looked at only one company in Johannesburg. By addressing a larger population, the researcher would be able to compare the different levels of employee engagement coupled with their antecedents and consequences; per industry and geographic area. Although many companies have experienced unsuccessful restructuring as a result of low employee morale post the retrenchment process, most companies do not provide encouragement and support to their most valuable employees during this time. This in itself justifies future research in the field of interest.

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