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# Factors enhancing employee engagement post a restructuring in a South African manufacturing entity

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# Factors enhancing employee engagement post a restructuring in a South African manufacturing entity

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# ABSTRACT

Employee engagement is a construct which many researchers have agreed that it can contribute to the success of a business. The factors that influence or enhance employee engagement in an organisation are vast and can be applied to different scenarios. This study will attempt to identify factors that enhance employee engagement post a restructuring exercise in a manufacturing organisation in South Africa. This study becomes important taking into account the current economic condition in South Africa where growth is and predicted to be low into the foreseeable future. Although this study was conducted for a manufacturing organisation the results can be applied to any organisation that has or is going through a restructuring process.

In conducting the research quantitative methodology was selected, with a questionnaire used as the research instrument. The questionnaire was designed to help respondents to rank which of the factors enhance employee engagement the most. Based on the literature review in Chapter 2 the factors were grouped into six factor categories namely employee identification with organisation, rewarding work environment, conducive work environment, career development, company leadership and resources. Respondents where employees of the organisation which underwent a restructuring. After gathering the data an analysis was done and top factors where identified. The findings identified that career development and a rewarding work environment are the top factors that enhance employee engagement post a restructuring.

# DECLARATION

I, Tendani Makwarela, declare that this research report is my own work except as indicated in the acknowledgements, the text and the references. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration in the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in this or any other university.

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Tendani Makwarela

Signed at ……

On the …….. day of ……. 2017

# DEDICATION

To my husband Rendani Makwarela for being the wind beneath my wings once again. For allowing me to flourish and for your never ending love and support.  I thank you.

**ACKNOWLEDGEMENTS**

Please allow me to thank the following people for their assistance and support:

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# CHAPTER 1 - INTRODUCTION

## 1.1 PURPOSE OF RESEARCH

The purpose of this research paper is to identify factors that enhance employee engagement in a manufacturing organisation that has gone through a restructuring. The research will contribute to the understanding by the manufacturing organisation as a whole especially management, as to which factors enhance employee engagements the most post a restructuring.

## 1.2 CONTEXT OF RESEARCH

BME is a company that is just over 30 years old and is a member of the Omnia group. It is a manufacturer and distributor of mining explosives primarily on the African continent (BME a division of the Omnia group, 2016). According to the BME company profile it has in the 30 years steadily built its reputation as a market leader in the supply of explosives to the mining and quarrying industry (BME a division of the Omnia group, 2016). While it may be a challenge to operate in Africa, BME has earned a reputation of being agile in setting up plants in Africa and providing blasting expertise and quality products (BME a division of the Omnia group, 2016).

Two years ago Omnia had achieved targets that were set in its 5 year plan (Omnia Group, 2014). The completion of that 5-year plan meant the beginning of a new one. The new 5-year plan brought with it a new managing director for BME and an African mining sector that was ailing (Chamber of Mines of South Africa, 2016).
BME's business is entirely anchored on the mining industry and any changes to the mining industry directly affect BME's performance (Omnia Group, 2014). In recent times the Africa mining industry has faced multiple challenges; some of which are highlighted by the Chamber of Mines of South Africa (2016) include:

- A decrease in commodity prices and consumption,
- An increase in the mining costs of production, and
- An increased labour unrest manifesting itself in strikes

These challenges will be discussed briefly below.

*Decrease in commodity prices and consumption*

Commodity prices have seen a slump in the past 2 years or so with a notable decrease seen in 2015 as depicted in Figure 1 below (McKeena *et a*l., 2016) . This slump has ranged from gold to platinum, iron ore, coal and other precious metals (McKeena et al., 2016). Bloomberg (2015) highlights that from 2001 to 2014 China consumed 43% of the world's production of precious metals. With this increase in demand, prices for precious metals increased exponentially in this period. Therefore in order to cater for this demand producers of precious metals had invested in equipment, mines and other implements to meet demand (Shilling, 2015). However Bloomberg (2015) further states that China has seen a slowdown from 2015 in its economic growth which has resulted in a decreased take up of commodities. This slowdown was caused by decreased consumption of products manufactured in China by China's biggest clients which is the West and Europe (Bloomberg, 2015).

With the slowdown in China's economy there is an excess supply of precious metals on the market (Shilling, 2015). Mining houses are now holding enormous stock piles, which is pushing the prices down (Shilling, 2015).

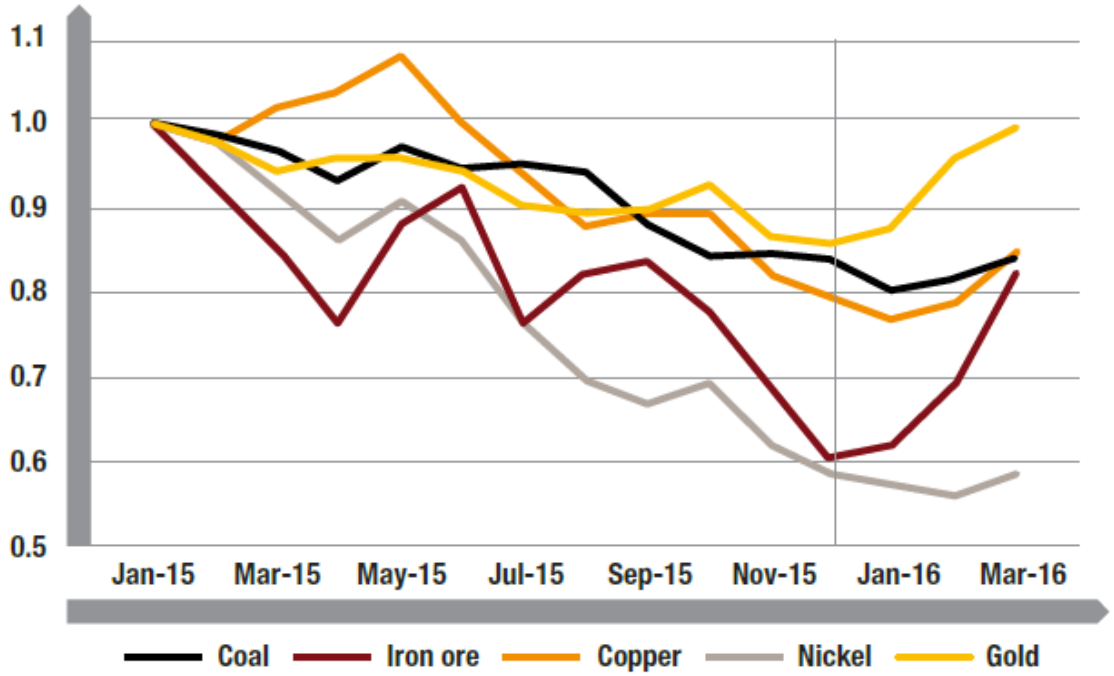



**Fig 1: Figure showing price indices of selected commodities (McKeena et al., 2016) (p.14)**

The law of supply ( derived from the principles of the law of supply and demand) can clearly be seen in this scenario: when market prices were rising, the quantities supplied increased and the quantities supplied fell when market prices fell (Ehrbar A, 2008).

McKeena et al. (2016) states that although 2016 has seen a recovery in some commodity prices it cautions that there has been so much volatility that 2015 should not be seen as the bottom of the curve and 2016 the recovery.

As sales prices decrease, mining houses seek to negotiate lower input costs and BME as a supplier of explosives has not been spared. In order to keep its share of the market, BME is also forced to cut its sales prices.

*Increase in mining costs of production*

The mining sector has been experiencing increasing costs of doing business. A significant driver of this increase is labour costs (Ernst & Young, 2013) . There have been several protests in the mining sector where mineworkers and unions are demanding an increase in wages and a minimum wage, which has significantly increased mining costs (Chamber of Mines of South Africa, 2016). Another significant factor increasing the cost of mining is electricity (Ernst & Young, 2013). South Africa experienced rolling blackouts in 2008 which have continued sporadically to current day, in addition the cost of electricity has trebled in the past 7 years (Chamber of Mines of South Africa, 2016).

In many African countries mines do not have adequate equipment or machinery at the mining site to process the precious metals they mine. This means that these metals have to be transported to other places and sometimes out of the country for further processing (Ncube, 2012). This adds to the cost of mining. In summary, mining is becoming less profitable.

*Increased labour unrest resulting in strikes*

In recent times there have been frequent labour action in the mining sector, with the most notable being the protracted platinum strike which started in August 2014 and lasted 4 months (South African History Online, 2016). Workers downed tools in protest against low wages and poor living standards(South African History Online, 2016). Bohlmann, Rimmer, Dixon, and Van Heerden (2014) found that prior to that strike, the

SA GDP growth for 2014 was projected at 2.7% by the IMF World Economic Outlook. However after the strike the GDP growth was revised downward to 1.4%. The research further states that 0.7% of that loss was due to the platinum sector strike (Bohlmann et al., 2014). Additionally, according to The South African Reserve Bank (2014) the 2012 strike at Marikana caused companies to lose revenues of approximately R21.1 billion: the companies incurred costs of around R68million a day to keep shafts open for future activity and suffered a capital investment loss of R30million per day. Strikes like these not only cause revenue loss to mining houses but to BME as well because when production stops so does blasting.

*BME's response - Rationale*

The MD sought to develop a strategy that ensured BME keeps abreast of the times, is agile and still services customers satisfactorily. To that effect a global expansion strategy was formulated which will seek to explore growth opportunities on other continents other than the African continent (Keenan, 2016).

The business rationale presented for global expansion - which is in addition to the 3 challenges mentioned above – was the cost pressures that BME was suffering as it is exposed to currency changes, increased transportation costs and high customer demands (Keenan, 2016).

Research was conducted over 4 months to determine the readiness of BME's operational model in its current form to take on the global environment. In determining this the following was taken into account (Keenan, 2016):

- Structures – It was considered whether the structure was adequate to execute a global strategy. This also involved review of job clarity and coordination within functions,
- Governance and accountabilities – Management considered how effective is the current structure in decision making and can it support global activities as well as a culture of operational excellence,
- Management mechanisms – Management considered the degree to which management provided performance and other feedback, and
- Capabilities – Management considered how capable the people, processes and technology employed at BME are.

BME was found to be lacking in some critical areas and as such, after this assessment was made a new operating model and a new operating structure
was proposed. The new structure was designed to per Keenan (2016):

- Bring greater clarity to roles to avoid duplications, thereby saving costs
- Provide a framework that that enables operational excellence
- Alignment of business units to the global strategy
- Define governance to support global requirements
- Set out the delivery model for each business unit
- Highlight systems, tools and measurement requirements required to drive global operational excellence.

*BME's response - HR implications*

In order to achieve this strategy a restructuring was deemed to be necessary. In formulating a structure current roles were identified as either extended (scope and nature had changed), unaffected (scope and nature remained the same) or redundant (role no longer required). There are also new positions in the structure. Employees who currently occupied extended and redundant positions had to reapply for roles that were similar to their current roles or apply for other extended roles or new roles. Employees' whose roles were affected were promptly served with section 189 letters. These letters notified employees of possible retrenchment based on operational requirements as required by Department of Labour Republic of South Africa (2002).

This caused discomfort and confusion which gradually grew to anger among employees. With the anger came a perceived gradual disengagement of employees from their job activities as they sought to understand the process and what this meant for their futures at BME.

## 1.3 PROBLEM STATEMENT

### *1.3.1 Main problem*

This research will seek to identify critical factors that BME as an organisation can apply to enhance employee engagement after the restructuring.

## 1.4 SIGNIFICANCE OF THE RESEARCH

The new strategic direction has been articulated by Keenan (2016) as
"BME 2.0 will be customer focused, operationally excellent global explosives company that delivers real, quantifiable value through the application of best in class technology, products and services underpinned by a relentless drive for safety and engaged employees" (p.2).
From the above quote it can be deduced that all parts of the strategy depend on a relentless drive for safety but most importantly engaged employees. The executive of BME therefore acknowledge that employees are the vehicle that will carry the new strategy to fruition.
Currently due to the restructuring engagement levels are perceived as decreasing and this poses a risk to the achievement of the new strategy.

Employee engagement is important for the success of any organisation whether going through a restructuring or not.
According to Baumruk and Gorman (2006) engaged employees are ones that:

- Promote the organisation to fellow colleagues and outside people
- Will keep working for the organisation even when they have better opportunities outside
- Put in the extra time, effort and initiative to advance the interest of the organisation.

Therefore employees that are disengaged are possibly wasting their and company's time with tasks that do not add much value, they do not demonstrate full commitment, they are not patient enough to see if things will change for the better in their organisations as such they are likely to leave and they do not trust their organisation's performance (Markos & Sridevi, 2010). The restructuring has seen employees looking for new jobs and the perception is that in general employees currently are not willing to put in extra effort and initiative into their jobs. The perception is also that employees are no longer committed to BME and as such are not considering staying around for when the restructuring is complete and things go back to normal.

In today's environment employee engagement has become crucial especially for the success of any organisation and its ability to compete. BME is no different. This paper

will then seek to identify what factors can assist management to increase level of employee engagement so as to achieve new strategy. The findings of this research can also be applied to other companies and industries not related to the mining or manufacturing industries. This is because the economic downturn is affecting a number of industries which is forcing these companies to change strategies or outright embark on a restructuring. Such companies could then apply the factors to improve employee engagement post a restructuring.

## 1.5 DELIMITATIONS OF THE RESEARCH

- The research will only focus on employee engagement at BME and not of the other Omnia divisions.
- The research will also only focus on employees and managers within the boundaries of South Africa even though employees outside of South Africa were also affected.

## 1.6 ASSUMPTIONS

The research makes certain assumptions which are that:

- Respondents have been affected by the restructuring resulting in low employee engagement.
- Respondents can identify and recognise factors that can positively influence their engagement post the restructuring and
- Levels of employee engagement at BME are low.

# CHAPTER 2 – LITERATURE REVIEW

## 2.1 DEFINITION OF TOPIC AND BACKGROUND

The world economy has not been performing well financially, and this has been more evident since the 2008 financial meltdown. The United Nations in their 2016 report revised down the global GDP by 0.5% to 2.4% with a prediction of the 2017 global economic growth prospects to be below pre 2008 crisis (The United Nations, 2016) . South African industries have not been spared the effects of the slowdown in economic growth with the mining sector taking strain with prices of natural resources decreasing significantly resulting in cost increases. Some companies have shut down and others like BME have chosen to rather re-position their businesses to take a different direction. Such a different route has often times taken the form of a restructuring that is brought about by the need to reorganise the company to realise the new strategy or to just survive.

A restructuring by nature, especially one done in tough economic conditions, brings with it a degree of anxiousness and uncertainty on the part of employees (Basinger, 2012). Most employees may have fears around job security, stability etc. with these and other fears there is a potential of negative impact on the work environment/productivity and ultimately employee engagement (Basinger, 2012).
This paper will articulate some factors that management can apply that will enhance employee engagement after a restructuring. This is because in order for an organisation to be successful and competitive it requires employees that are engaged who will want to or have the desire to outperform the competition (Nienaber & Martins, 2016). Additionally, the paper also explores the phenomenon of a restructuring and the impact it has on employee engagement.

## 2.2 DEFINITIONS OF EMPLOYEE ENGAGEMENT

Employee engagement is a multifaceted field with a host of definitions or variations of definitions by different authors. Three definitions of employee engagement will be discussed in this section.

### *2.2.1 Kahn's definition*

According to research published by William Kahn (1990) employee engagement was defined as the personal engagement employees experience in their job when an employee expresses himself or herself in the role, which in turn impacts how the role is fulfilled by an employee. Essentially the job becomes an expression of how the employee perceives the world or expression of how the world should be according to them. When a job is presented or given to an employee it comes with a job description which articulates the tasks and functions to be fulfilled. According to Kahn (1990) an engaged employee not only fulfils the said functions but strives to infuse himself while performing the job trying by all means to excel in it. Roberts and Davenports (2002) explain this definition by stating that an engaged employee identifies personally with their job and the job becomes an extension of themselves and their personalities.

Kahn (1990) further states that an employee brings their presence onto a job cognitively, physically and emotionally. Kular (2008) in her report described "cognitive" as how employees perceive the organisation, its systems and leadership; emotionally as how employees relate to the organisation, its goals, mission, culture, leadership etc. and physically as how much do they exert themselves when performing their jobs. It can then be said that it that the three are intertwined and feed off each other, meaning if an employee is not cognitively present in their job it will be difficult for them to be present emotionally and physically (Kular, 2008). Therefore when one or all of these constructs are missing it could result in an employee "robotically" performing their work and just fulfilling the job description (Kular, 2008).

Kahn (1990) emphasises this fact when he stated that employee engagement is the meeting of self and role without compromising the wellbeing of the other, in fact the self and the role exist harmoniously in performance of a task they are not mutually exclusive.

### *2.2.2 Saks's definition*

In defining employee engagement Saks (2006) borrowed from definition of Kahn (1990), and he defines engagement as the extent to which an employee is attentive and absorbed in their work. This definition is further enhanced by Rothbard (2001) who stated that engagement involves two important components which are attention

and absorption, with attention referring to the amount of time a person spends thinking about their role and how they will achieve it and with absorption referring to the intensity with which an employee focuses on the role in order to fulfil it and be productive.

In further defining employee engagement Saks (2006) makes an important distinction between two types of employee engagement namely job and organisational engagement. Although job engagement and organisation engagement may be seen as one construct Saks (2006) defines organisational engagement as being committed to an organisations strategies, goals, mission, vision etc. such that the employee would want to continue to be part of the organisation. (Saks, 2006) basically refers to the extent of an employee's attachment to an organisation. Organisational engagement is important post a restructuring as employees need to identify with the new strategy in order to engage and work hard to fulfil it. Job engagement is, on the other hand, described as the extent an employee is motivated by the job itself (Roberts & Davenports, 2002). Employees who are motivated by their jobs tend to work harder and more productively than others and are more likely to produce results pleasing to their organisation and to customers (Roberts & Davenports, 2002). Employees who are engaged to their jobs also feel that their skills are used productively and have a sense of accomplishment since they view the job as challenging and stimulating (Nienaber & Martins, 2016).

When employees are engaged to their jobs they perform to the best of their ability to the advantage of the organisation. In their research article on relationship between employee satisfaction, employee engagement and business outcomes Harter, Schmidt, and Hayes (2002) came to the conclusion that "employee satisfaction and engagement are related to meaningful business outcomes at a magnitude that is important to many organisations" (p.276). It is then important for management to create an environment where employees not only engage with their job but with the organisation as well because only then will the organisation get the full benefit of employee engagement.

### *2.2.3 Robinson, Perryman and Hayday's definition*

In defining employee engagement Robinson, Perryman, and Hayday (2004) built on Kahn (1990) and Saks (2006) definitions in that they acknowledge that an engaged employee is one who has a positive attitude towards the organisation and its values and works hard with other employees to improve performance for the benefit of the organisation. They go further to highlight the fact that an employee cannot be engaged by themselves but that the organisation has a responsibility to ensure that the employee's talents are nurtured, maintained and grown thus providing an engagement conducive environment (Robinson et al., 2004). This then means that employee engagement is now seen as a responsibility of not only the employee (as some definitions explored focus more on the employee and does not delve much into the role of the employer) but the employer as well, it is as they call it "a two – way relationship between employer and employee" (Robinson et al., 2004) (p. ix).

The report identifies key driver for engagement that emphasizes the role of employer in employee engagement which is that employees need to feel a sense of being valued and involved in the organisation. This driver can be achieved by a number of sub drivers as shown below (Robinson et al., 2004):




**Fig 2: Sub-drivers to achieve engagement (Robinson et al., 2004) (p.22)**

When the employer's responsibility is introduced in the employee engagement equation it brings about a psychological contract between employer and employee. An employee will fully engage in their work expecting support from the employer (by implementing the above drivers or other drivers) to remain engaged. According to

Rousseau (1990) psychological contracts outline implicit and explicit expectations of employees from their employers, the fulfilment of which may lead to high levels of employee engagement. The opposite is also true where once the contract is breached or perceived to be breached this could lead to disengagement (Rousseau, 1990).

All three definitions can be applied to the restructuring case. However the Saks (2006) definition and Robinson et al. (2004) are more appropriate in this context. The Saks (2006) definition describes the engagement that is required on an organisational down to the individual level. This would be beneficial as employees must also buy into and believe the new goals, strategies and mission of the organisation in order to ensure they engage and work hard to see the organisation succeed. Complementing that is the Robinson et al. (2004) definition that outlines what management responsibilities are in fostering employee engagement.

## 2.3 ADVANTAGES OR BENEFITS OF EMPLOYEE ENGAGEMENT

As previously discussed in the definitions sections Kahn (1990) stated that when an employee is engaged in the performance of their job there is no negotiation between the self and the job they both exist in harmony. As an employee expresses themselves in their job they perform to the best of their ability to the benefit of the organisation. There are other benefits that come with employee engagement linked to how employees behave when performing their tasks as described by Macey, Schneider, Barbera, and Young (2009). These behaviours are:

- Proactive behaviours – Employees are proactive in finding solutions and implementing those solutions for the benefit of the organisation.
- Go extra mile – they expand the knowledge they have about their job and additionally strive to implement their knowledge as their roles expand and change in line with the goals of the organisation.
- Self-learning – Employees take charge of their personal development not for themselves but in order to effectively contribute to the performance of the organisation. They expand their roles in line with what is important to the organisation thus benefiting both parties.
- Persistent employees – These employees strive to overcome obstacles and do not give up until they find a solution that will be beneficial.

- Adapt to change – These employees adapt as organisational circumstances change. Change has become inherent in the current business environment and they embrace the change as it occurs.

Further benefits than an organisation and employee enjoy as a result of high employee engagement are according to Hive HR Limited (2016):

- Employee retention,
- Improving organisational performance, and
- Improving organisational citizenship behaviour

### *2.3.1 Employee retention*

Hughes and Rog (2008) in their paper explain that when employees are engaged they tend to speak positively about the organisation they work for creating a strong positive internal brand. This in turn makes them to want to remain in the organisation and not seek employment elsewhere limiting or reducing rate of employee turnover. Additionally they would recommend other people to come and join the organisation thus attracting talent which will assist in maintaining competitive advantage (Hughes & Rog, 2008).

Balakrishnan, Masthan, and Chandra (2013) agree with this notion when they stated that employee engagement leads to a psychological commitment by the employee which is reflected in high rates of employee retention and low rates of attrition. In the study they found that the higher the level of employee engagement in an organisation the higher the levels of employee retention (Balakrishnan et al., 2013).

As stated high levels of employee retention are important in an organisation for the important reason of retaining critical or highly skilled roles (Hughes & Rog, 2008). Hughes and Rog (2008) explain that when highly skilled employees are present and engaged they are able to train new employees ensuring continuity and they are also able to guide existing employees on how to best perform their duties. These types of employees become guardians or custodians of the organisation's culture and also ensure its longevity as they are dedicated to creating value such that it lowers the risk profile of the organisation (Macey et al., 2009)

Additionally when employee retention is high it creates stability in an organisation improving morale. Low staff turnover also means even distribution of work as there will be limited to no overburdening caused by dividing of the work of departed employees among remaining employees (Balakrishnan et al., 2013). Low attrition rate also minimises costs of recruitment, training, induction, errors on the job, customer losses, loss of business opportunities, loss of productivity etc. (Balakrishnan et al., 2013).

### *2.3.2 Improving organisational performance*

According to Welbourne (2007) business today has a driving need to continue to be successful in an ever changing global environment. Success is becoming ever more elusive as it is to be achieved with even less resources, which is the reason that employees have become important in organisations achieving their successes (Welbourne, 2007). As already discussed engaged employees work harder are more loyal and more likely to go the extra mile for the organisation (Lockwood, 2007). According to a report published by Harvard Business review (2013) 71% of respondents tested agreed that employee engagement is important in achieving organisational success. 94% of the 71% also ranked number 1 high level of customer service as the most important factor in achieving organisational success. This seems to suggest that highly engaged employees create a climate that is good for customer service improving customer loyalty and ultimately the bottom line.

Gallup an American research company conducts a meta-analysis study every 2-4 years where they calculate the work-unit-level relationship between engagement and performance outcomes (Sorenson, 2013). Sorenson (2013) study found that there was a strong correlation between employee engagement and organisational performance which is consistent in different industries and different regions of the world. The specific effects of employee engagement on organisational performance are shown in figure 3 below.

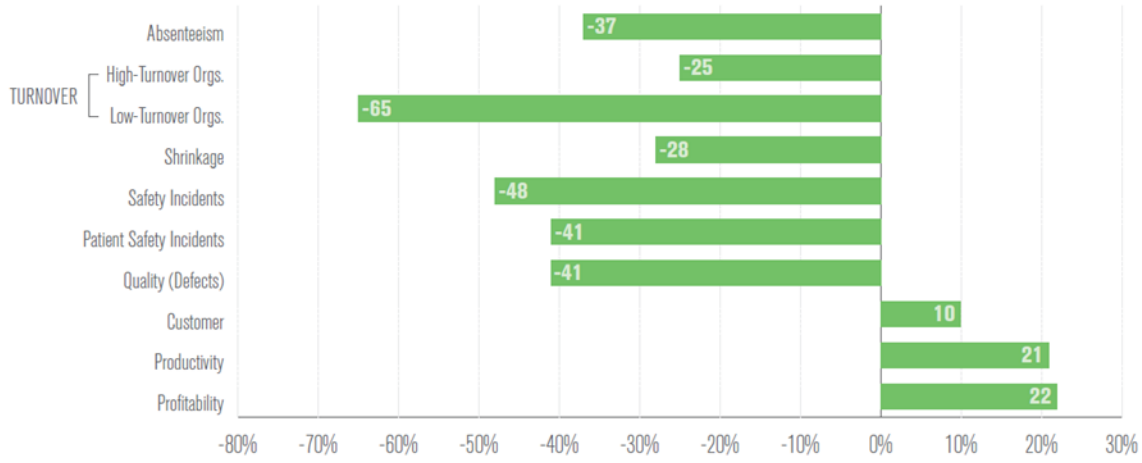



**Fig 3: Engagement's effect on key performance indicators (Sorenson, 2013) (p.1)**

The results of the research in summary shows that "Work units in the top quartile in employee engagement outperformed bottom-quartile units by 10% on customer ratings, 22% in profitability, and 21% in productivity. Work units in the top quartile also saw significantly lower turnover (25% in high-turnover organizations, 65% in low-turnover organizations), shrinkage (28%), and absenteeism (37%) and fewer safety incidents (48%), patient safety incidents (41%), and quality defects (41%)" (p.2) (Sorenson, 2013).

In the same study Gallup researchers find that earnings per share (EPS) of companies with highly engaged employees where higher that of those companies will low employee engagement this was tested on data for a period from 2008 to 2012 (Sorenson, 2013). Additionally they found that companies with higher employee engagement rate recovered faster than those with low employee engagement rate after the 2008 financial meltdown, in fact they started recovering as early as 2009 (Sorenson, 2013).

The research conducted in the book Tools for Analysis, Practice and Competitive Advantage found that in the chosen sample the top 25 companies with highly engaged employees out performed the low 25 companies with low levels of employee engagement (Macey et al., 2009). The results are as follows:

**Table 1: Impact of engagement on financial performance (Macey et al., 2009) (p.205)**

| Indicator | High engagement levels | Low engagement levels |
|---|---|---|
| ROA | 7% | -5% |
| Profitability | 7% | -4% |
| Shareholder value | 2.05 | 1.08 |

As can be seen from the above firms with highly engaged employees benefited financially with shareholder value being doubled in the high engagement firms (Macey et al., 2009).

### *2.3.3 Improving organisational citizenship behaviour*

In an environment of highly engaged people one would also find employees who display Organisational citizenship behaviour (OCB). Podsakoff, MacKenzie, Paine, and Bachrach (2000) describe OCB as behaviours that go beyond what is agreed in the contracts of employment between employer and employee. OCB is displayed when employees go above and beyond the call of duty out of their own discretion in performance of their job without expecting any form of reward (Podsakoff et al., 2000).

The paper The Relationship between Employee Engagement, Organisational Citizenship Behaviour, and Counterproductive Work Behaviour, states that employee engagement is seen as a precursor or a predictor of OCB. This is because employees who have high levels of engagement also tend to engage in productive and accountable behaviours at work (Wahyu Ariani, 2013) .

There are 5 OCB dimensions which per Zhang (2011) are:

- Altruism – being helpful,
- Courtesy – Being polite, trying to prevent conflict,
- Conscientiousness – being more attentive to detail in order to minimise errors,
- Civic virtue – being involved and showing interest in organisational matters and be ready to defend if required, and

- Sportsmanship – being tolerant of less than ideal circumstances and accepting of changes without complaining.

According to Zhang (2011) OCB is linked to low levels of absenteeism and turnover, increased productivity and high levels of customer service. A study conducted over 4 industries provided support for the hypothesis that organisational citizenship behaviours are related to enhanced performance and effectiveness of the organisation (Podsakoff et al., 2000) The study found that organisations with high OCB had higher performance quality by 19%, performance quality by 18%, higher financial ratios by approximately 25% and higher customer service indicators by about 38% (Podsakoff et al., 2000).

The benefits of employee engagement is illustrated on figure 4 below on the employee engagement value chain:

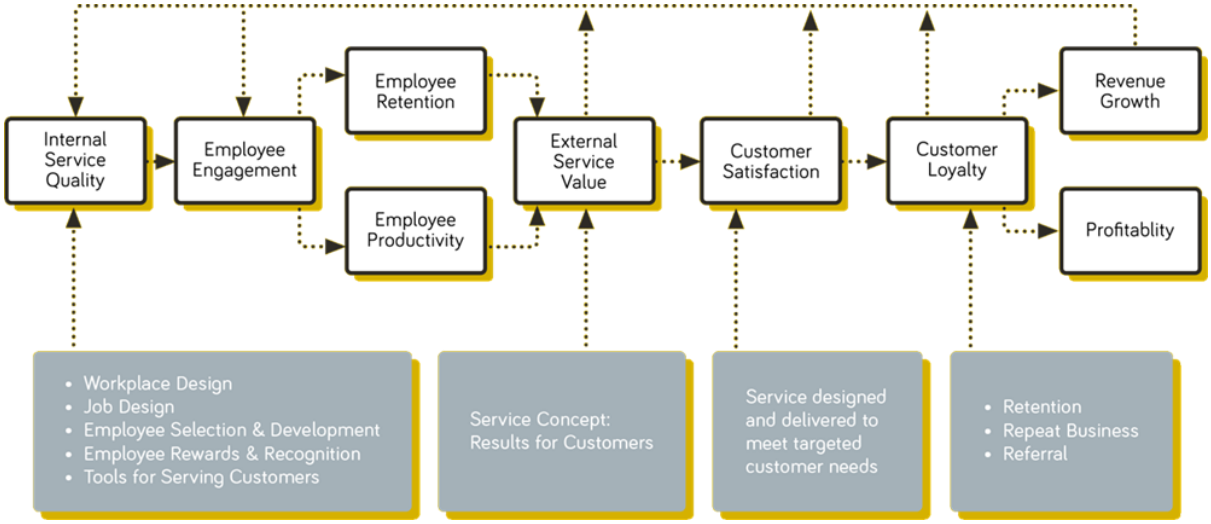



**Fig 4: Employee engagement value chain (Macey et al., 2009) (p.53)**

## 2.4 CHALLENGES OF EMPLOYEE ENGAGEMENT

### *2.4.1 Engagement as a bottomless reservoir*

Many of the studies on employee engagement focus on the employee side where the employee “gives it their all”, with passion for the benefit of the organisation. However this notion can be warped in the sense that it implies a transaction where one party gives and the other takes (Macey et al., 2009). This notion is also unbalanced and may lead to resentment on the part of the employee especially when there is no or

insufficient support offered by employer. It can also lead to a more serious problem of employee burnout. Burnout is defined as a "prolonged response to chronic emotional and interpersonal stressors on the job"(p.397) (Maslach, Schaufeli, & Leiter, 2001). Job burnout is characterised by 3 dimensions being exhaustion, cynicism and inefficacy (Maslach et al., 2001). These are defined as follows by Maslach et al. (2001):

- Exhaustion - when one takes action to distance themselves from the job emotionally and cognitively,
- Cynicism – when one is indifferent to their job i.e. they have depersonalised themselves from the job, and
- Inefficacy – Refers to the reduction in personal effectiveness and accomplishment in one's job possibly due to being exhausted and depersonalised from one's job although according to research the link not very clear.

When employers do not nurture the work environment to ensure that employees have adequate resources to be engaged burnout could occur with negative effects on the progress of organisation such as high employee turnover, reduced commitment to organisation, negative impact on colleagues resulting in disruption of job tasks (Maslach et al., 2001).

### *2.4.2 Lack employee engagement support*

Although employee engagement has in recent times been hailed as the thing that can give businesses that competitive edge, some leaders in organisations do not support it mainly due to the following factors per MacLeod and Clarke (2009):

- Lack of awareness,
- Uncertainty on how to start implementing engagement strategies,
- Unconducive management and organisational culture, and
- Underestimating benefits of engagement.

*Lack of awareness*

Some leaders do not understand the concept of employee engagement and thus they also cannot comprehend the benefits it could have for their organisation. According to a study conducted in the UK by the Endred group across different sectors, it found that

approximately 75% of leaders are aware of engagement but do not have a strategy or an action plan to implement it (Endred, 2008).

*Uncertainty on how to start to implement engagement strategies*

Some leaders who are aware and interested in the topic do not know how to go about starting to address the topic in their organisation (MacLeod & Clarke, 2009). According to the study there is a sense that there is a lack of skill on how to implement employee engagement which is further exasperated by the fact that managers do not want to relinquish the power and control they have (Endred, 2008). MacLeod and Clarke (2009) also state that some managers although aware of employee engagement think that engagement is a product they can buy off the shelf and implement. However Stewart and Gallear (2014) say that organisations have the responsibility of making sure that their leaders possess the required skills to get employees engaged. Managers need to be equipped with tools, techniques and knowledge to formulate and implement employee engagement strategies.

*Unconducive organisational culture*

Some leaders place a great emphasis on employee engagement but subordinate managers do not believe in the concept as it does not align to how things are done in the organisation. In this case the culture of the organisation stifles employee engagement thriving. According to MacLeod and Clarke (2009) the culture practices that stifle employee engagement include management reactive decision making that does not address the issue at hand on time, inconsistent management styles which can lead to perceptions of unfairness, lack of communication in the organisation, low quality of communication and poor work life balance due to long working hours. Belief in engagement and its benefits is important, aligning the culture of the organisation to high levels of employee engagement even more so. Research conducted by Hewitt Associates demonstrates that cultural alignment and engagement have a proven positive relationship with an organisations performance (Hewitt Associates, 2009). For employees to be engaged at times a culture change is required to a culture that will inspire and motivate employees to engage (Allen, 2014). However for a culture change to occur it requires time, effort and commitment starting with leadership down the ranks which can prove to be difficult for some organisations. (Allen, 2014).

*Underestimating benefits of engagement*

For the leaders who place great emphasis on employee engagement they may not understand what it is and how it should be implemented and the potential benefits that it presents.

Report by MacLeod and Clarke (2009) highlighted that some leaders see engagement as an annual survey that must be ticked off, the results of which must be handled by HR and line managers. This notion misses the very point of employee engagement completely because employee engagement needs to be interwoven into the fabric or DNA of the organisation. Having employee engagement as a tick exercise disengages the very employees that must be engaged and undermines the benefits that could be realised by implementing points garnered from the survey (Bridger, 2015). Bridger (2015) further explain that usually the point of the survey is to obtain a high response rate rather that to understand from the survey how employees are feeling, how engaged they are and what needs to be done to engage employees.

### *2.4.3 Employee engagement communication*

Communication is vital in employee engagement with great emphasis on communication abilities of management as it is one of the important drivers of employee engagement. Internal communication influences engagement and it can be a tool by which the values, strategies and goals of the organisation are communicated to all employees and also involve them, these types of practices improve levels of engagement in an organisation (Welch, 2011). Bakker, Albrecht, and Leiter (2011) reiterates this point by stating that open and effective senior management communication is seen as having a crucial role in the development of positive employee engagement.

However according to the MacLeod and Clarke (2009) study they found that employees feel that there is little communication from management in trying to ascertain what engagement means to employees. Management where thought of to be communicating but not listening to employees and in turn demonstrating that they have heard what employees are saying regarding engagement. Additionally employee engagement surveys were viewed as a top down exercise where few employees feel that they are able to communicate with management via the surveys (MacLeod & Clarke, 2009). This is a challenge in trying to increase levels of engagement because

in the best performing organisation there is a cultural, strategy and goal alignment between employees and company, these organisations achieve this alignment by using corporate communication to reinforce their commitment to employees and customers (nurturing engagement), values and strategies and this is not always easy to achieve (Gallup Consulting, 2010).

## 2.5 EMPLOYEE ENGAGEMENT MODELS

### *2.5.1 Kahn's psychological conditions*

As defined above in Kahn (1990) ethnographic study employee engagement is a multi-dimensional construct which requires that in order for an employee to be engaged they must bring their cognitive, physical and emotional self (Kahn, 1990). Kahn's theory is anchored on three psychological conditions that must be present in order for engagement to take place, which are meaningfulness, safety and availability. Together these conditions shape how employees perform their roles and their levels of engagement while doing performing their roles. In testing Kahn's theory May, Gilson, and Harter (2004) explored the determinants of the three psychological conditions of engagement and they came to the conclusion that the three psychological conditions exhibited significant positive relations with employee engagement. The conditions will be briefly described below:

*Psychological meaningfulness*

Kahn (1990) described psychological meaningfulness as the feeling one gets when they feel that they have made a difference and that their contribution was worthwhile, useful and valuable and that they personally are valuable. Gruman and Saks (2011) reiterate this point when they state that meaningfulness refers to a belief one has regarding how meaningful it is to bring oneself to the role and it is linked also to the belief that one will get reasonable incentive for the investment of self that one is making to the job. There are 3 factors that influence psychological meaningfulness as explained by May et al. (2004):

- Task characteristics – this factor speaks to whether an employee has autonomy in their job i.e. are they able to control and take ownership over decisions

relating to their jobs. Additionally, this factor also touches on whether employees feel challenged by their jobs and does the job offer variety. When both these factors are positive the job becomes psychologically meaningful

- Role characteristics – this factor states that for people to find their jobs more meaningful they must feel a sense of being valued and that they also feel that they are adding value to the organisation. Job characteristics such as status, title of job, level of influence also add to meaningfulness of a job. Roles that align an employee's sense of selfworth with the organisation create more meaningfulness, in a sense it is the jobs that allow the employees to express themselves and be creative that provide more meaning (May et al., 2004)
- Work interactions – work interactions with co-workers are more meaningful when they are rewarding and positive. Meaningful interactions make people feel valued when they involve mutual appreciation, respect, positive feedback, dignity etc.

*Psychological safety*

Kahn (1990) describes psychological safety as when one is able to bring their true self to their job without fear of having career, status or self-damage. In essence it is when employees know that they will not suffer any damage by bringing their true self to work. Kahn (1990) describes a safe environment as one that is characterised by known boundaries and acceptable behaviour by employees within these set boundaries. The opposite is true where an unsafe environment is characterised by boundaries that are ambiguous and situations that are unpredictable and threatening (Kahn, 1990). It can then be concluded that an environment that is considered harmless by employees fosters employee engagement (Kahn, 1990). According to Kahn (1990) Psychological safety is influenced by among others:

- Interpersonal relationships – relationships that are open, supportive and trusting promote psychological safety. According to May et al. (2004) an employee's relationship with manager can have an impact on how safe an employee perceives the workplace enough to bring their full self to work. When that relationship is positive managers are then perceived as trustworthy, supportive, show concern for employees, encouraging etc.

- Management style – Managers who have a style where employees can try and fail without fear of severe reprisals promote psychological safety. This style involves managers who are not too controlling and employees can have a say in decisions on how to execute their jobs (May et al., 2004). Kahn (1990) sums this point up when he states that “people need to feel that their authority figures are competent enough and secure enough in their own visions to create paths along which subordinates can safely travel” (p.712).
- Organisational norms – culture is loosely defined as how things are done in an organisation. Therefore employees generally feel safer when they operate within the culture or acceptable norms of the organisation

*Psychological availability*

In order for employees to be available and engaged they need resources, be it in the form of physical, psychological, emotional resources etc.(May et al., 2004). Psychological availability looks at how much a person is willing to engage in his work taking into account the distractions one encounters in life (May et al., 2004). Some factors that influence psychological availability are per Kahn (1990):

- Physical and emotional energy – A job whether office bound or not requires some form of physical exertion. Any job requires some emotional energy to be applied. The question of whether an employee can meet the physical or emotional demands of the job can result in them either being engaged or disengaged and thus being available or not available for the job
- Insecurity – employees who have low self-confidence and are insecure about their status in the organisation can have low engagement levels as they are distracted and not fully available to do their jobs.

### *2.5.2 Burnout and engagement model*

Schaufeli and Bakker (2004) in their research titled Job demands, job resources and their relationship with burnout and engagement: a multi sample study, established a model that predicts burnout and engagement from job demands and job resources. In the model they assert that burnout is the opposite of engagement but the two constructs are related (Schaufeli & Bakker, 2004). Job burnout as defined by Cole, Walter, Bedeian, and Boyle (2012) is characterised by exhaustion, cynicism and

inefficacy and these are opposite of engagement characteristics which are energy, involvement and efficacy. Maslach et al. (2001) reiterates this when he states that job burnout is a “prolonged response to chronic emotional and interpersonal stressors on the job”(p397).

According to Maslach et al. (2001) exhaustion refers to being drained emotionally and being chronically fatigued, cynicism refers to when an employee distances themselves from the job and also being negative about the job. Being cynical in this context also involves ignoring the qualities that make the employee good and engaged to the job (Maslach et al., 2001). Inefficacy refers to when an employee is feeling incompetent and are overwhelmed by a sense of not being able to accomplish anything, this usually happens when the job is demanding (Maslach et al., 2001). It may therefore be difficult to feel competent in one’s job when one is also feeling indifferent and exhausted.
Rothman and Joubert (2007) in their research state that job burnout can lead to physical illness, high staff turnover, absenteeism, low morale, job dissatisfaction leading to deterioration in quality of service provided to customers.

Employee engagement as the opposite construct of job burnout has been defined in the definitions section above. However, Leiter and Bakker (2010) further define engagement as having three dimensions namely vigour, absorption and dedication. They assert that engaged employees have high energy levels and are enthusiastically involved in their jobs (vigour), employees are motivated such they strive towards a challenging goal with the aim to succeed (dedication) and employees are intensely involved in their work (absorption) (Leiter & Bakker, 2010).

Vigour definition is further expanded upon as also involving mental resilience and being willing to invest time and energy in one’s work, dedication is further characterised by a “sense of significance, enthusiasm, inspiration, pride and challenge” (p. 295) and absorption is further expanded to being engrossed on one’s job that they start to experience “flow” (Schaufeli & Bakker, 2004). According to Csikszentmihalyi (1990) flow experienced in absorption is characterised by not being disturbed by external events, that person’s feelings and senses are focused on same goal and there is integration of thoughts and complete control of ones senses.

In the research conducted by Rothman and Joubert (2007) they found that burnout consist of exhaustion and cynicism and is negatively related to engagement constructs of vigour and dedication. To further affirm and prove Schaufeli and Bakker (2004) theory, Demerouti, Mostert, and Bakker (2010) in their study on South African employees working in the construction industry found that cynicism and dedication where at opposite ends on the attitude dimension, and exhaustion and vigour are at opposite ends of the energy dimension confirming the opposite association between burnout constructs and engagement constructs.

### *2.5.3 Job Demands Resources Model of burnout*

The Job Demand Resources model of burnout (JDR model) developed by Demerouti, Bakker, Nachreiner, and Scaufeli (2001) identified 2 working conditions that exist in each organisation which are job resources and job demands. These conditions exists irrespective of the risk factors associated with any occupation, meaning the model can be applied to almost any organisational setting or risk regardless of the specific demands and resources prevalent (Bakker, Demerouti, & Euwema, 2005).

The model states that job demands are related to exhaustion which is a component of burnout and coupled with a lack of job resources it could lead to a state of disengagement (Demerouti et al., 2001) the opposite of this statement being true that job resources are related to engagement. The research also states that only in instances where job demands are high (exhaustion) and job resources are low (disengagement) does the burnout syndrome occur (Demerouti et al., 2001). This means that stress and burnout will occur irrespective of the type of job particularly when certain job demands are high and job resources are low (Bakker et al., 2005).

Several studies have been done subsequent to the release of this model in order to prove that job demands lead to burnout while job resources lead to engagement. A 2004 study found that the claim made by the JDR model is true where they stated that the job demands and job resources initiate 2 different processes namely burnout and engagement (Bakker, Demerouti, & Verbeke, 2004).

According to Crawford, LePine, and Rich (2010) job demands are defined as the activities that must be done in a working environment that are either physical, social

or organisational and the require that an employee exerts sustained mental effort. This means that inherent in job demands are certain psychological and physiological costs such as exhaustion (Crawford et al., 2010). Examples of job demands include a substantial workload, time work pressure, emotional exhaustion, lack of abilities to fulfil required tasks and even lack of support from organisation (Crawford et al., 2010).

Job resources are then defined as the activities of a job or a working environment that reduce job demands to the appropriate psychological costs (Crawford et al., 2010). Job resources help in fostering and achieving work goals and stimulating personal development. Examples of resources include employees' ability to control own job, supervisor support, support for employee development, task variety, feedback, work social support, etc. (Crawford et al., 2010).

According to Nienaber and Martins (2016) job resources encourage engagement in relation to vigour, dedication and absorption.

Inherent in the JDR model is the assumption that resources will buffer impact of job demands on burnout, however little research has been done to prove the buffering effect of job resources on job demands (Bakker et al., 2005). Crawford et al. (2010) further assert that where a relationship between job demands and resources has been established in research it is only by chance rather than being hypothesised. Researchers do however acknowledge that different job resources can buffer different job demands depending on the role that job demands and resources play in the organisation and organisational characteristics (Bakker et al., 2005).
Crawford et al. (2010) conducted research which sought to link job demands and job resources to employee engagement and burnout. In the research they argue that failure to differentiate between the types of demand in the existing JDR model hides a relationship with engagement that exist. The conclusions of their research finds the assertions as made by the original JDR model that:

- Job demands has a positive relationship with burnout
- Job resources has a negative relationship with burnout and a positive relationship with engagement

However they suggest that the current JDR model needs to be refined to split job demands into hindrances and challenges in order to properly establish relationship with engagement. When this split is done the results are that job demands classified as challenges have a positive relationship with engagement. The opposite was found to be true for job demands classified as hindrances in that they have a negative relationship with engagement as they have negative impact on organisational outcomes.

After consideration of the various models the most appropriate models that can be applied in this research paper are Kahn (1990) model and the JDR model. Kahn's model is appropriate because it details the psychological state of mind that an employee needs to have in order to engage. Post a restructuring the right psychological condition would be beneficial. To add to Kahn's model, there might be tremendous demands presented to employees as a result of the restructuring, therefore it is imperative that the appropriate resources are provided by the organisation to employee to enable them to alleviate the stress brought about by the restructuring.

## 2.6 FACTORS ENHANCING EMPLOYEE ENGAGEMENT

Table 2 below details factors that enhance employee engagement derived from literature review.

**Table 2: Factors enhancing employee engagement**

| FACTOR CATEGORY | FACTOR | REFERENCE |
|---|---|---|
| EMPLOYEE IDENTIFICATION WITH ORGANISATION | Employees know and understand the goals of the organisation | (Roberts & Davenports, 2002) |
| | Employees personal goals are aligned to goals of organisation | (Roberts & Davenports, 2002) (Harvard Business review, 2013; Kahn, 1990) |
| | Employees take pride in quality of work produced by organisation | (Kahn, 1990; Roberts & Davenports, 2002) |
| | Employees involved in decision making pertaining to their work | (Roberts & Davenports, 2002) |
| | Company sharing its success with employees | (Roberts & Davenports, 2002) |

| | | | |
|---|---|---|---|
| REWARDING WORK ENVIRONMENT | | Appropriate financial rewards | (Anitha, 2013; Bindu, 2012; Demerouti et al., 2001; Roberts & Davenports, 2002; Robinson et al., 2004) |
| | | Fun positive work environment | (Roberts & Davenports, 2002) |
| | | Employees receiving recognition and appreciation for work performed (whether financial or non-financial) | (Fagley & Adler, 2012; Marrs & Menzel, 2016; Robinson et al., 2004) |
| | | Employees granted decision making authority in order to do job well | (Kahn, 1990; Roberts & Davenports, 2002; Robinson et al., 2004) |
| CONDUCIVE WORK ENVIRONMENT | | Adequate and appropriate supervisor / line manager support and motivation towards staff | (Anitha, 2013; Bindu, 2012; Roberts & Davenports, 2002) |
| | | Relevant and consistent communication from organisation | (Marrs & Menzel, 2016) |
| | | Co-worker support | (Anitha, 2013; Bindu, 2012) |
| | | Ability of employee to participate in ensuring their job's security | (Bindu, 2012; Robinson et al., 2004) |
| | | Ability of employees to voice concerns without fear of reprisals | (Kahn, 1990; Robinson et al., 2004) |
| | | Employer demonstrates concern about employee health, safety and well being | (Anitha, 2013; Kahn, 1990; Robinson et al., 2004) |
| | | General open and supportive work environment | (Kahn, 1990; Roberts & Davenports, 2002) |
| | | Organisation offers equal opportunities to employees | (Robinson et al., 2004) |
| | | Organisation treats all employees fairly | (Robinson et al., 2004) |
| CAREER DEVELOPMENT | | Implementation of individual training and development plans | (Roberts & Davenports, 2002) (Anitha, 2013; Robinson et al., 2004) |
| | | Frequent and appropriate performance feedback and appraisals | (Robinson et al., 2004) |
| | | Employees understand career path | (Marrs & Menzel, 2016) |
| | | Existence and offer of relevant opportunities to learn and develop job required skills | (Roberts & Davenports, 2002) |
| | | Adequate supervisory support in managing careers and achieving goals | (Marrs & Menzel, 2016; Roberts & Davenports, 2002) |
| | | Employees are free to invent new ways of performing work tasks adding to development | (Kahn, 1990; Marrs & Menzel, 2016; Roberts & Davenports, 2002; Robinson et al., 2004) |

| | | |
|---|---|---|
| | Tasks performed on a day to day basis are challenging and interesting | (Kahn, 1990; Marrs & Menzel, 2016) |
| COMPANY LEADERSHIP | Employee confidence in leadership of company | (Marrs & Menzel, 2016) |
| | Frequent communication from leadership regarding what is happening in the organisation | (Anitha, 2013; Harvard Business review, 2013; Marrs & Menzel, 2016) |
| | Ability of leadership to articulate the strategy and vision of company | (Harvard Business review, 2013; Marrs & Menzel, 2016) |
| | Demonstration by the leadership that they are committed to the organisation | (Anitha, 2013; Marrs & Menzel, 2016) |
| RESOURCES | Existence of adequate tools, equipment, technology etc. that will enable employees to perform their jobs | (Demerouti et al., 2001; Marrs & Menzel, 2016) |
| | Adequate staff to perform required tasks | (Marrs & Menzel, 2016) |
| | Organisation ability to allocate right resources (financial, human etc.) to the right places in the organisation | (Demerouti et al., 2001; Marrs & Menzel, 2016) |

## 2.7 LITERATURE REVIEW OF ORGANISATIONAL RESTRUCTURE

### *2.7.1 Different restructuring strategies*

According Jun Zhao, Stubbart, and Stubbart (2011) there are several strategies that can bring about a restructuring which can change corporate focus. The first strategy is diversifying which is when a company increases or widens the scope of the company's portfolio in order to decrease risk of over dependency on one line or limited lines of business. This strategy is said to increase profits than other strategy forms which are specialised because of higher market coverage (Jun Zhao et al., 2011). The second strategy is down–scoping which the opposite of diversification is. This strategy entails cutting down or selling off of portfolios in order to focus on the core business. This strategy is said by Jun Zhao et al. (2011) to usually be applied in instances where there has been poor organisational performance. The third strategy is core expansion where a corporation expands by increasing the magnitude of related business in the in the corporate portfolio.

In order to achieve any of these restructuring strategies a type of restructuring called operational restructuring is applied because in order to increase or decrease the

proportion of the business some changes have to be made operationally (Lin, Lee, & Gibbs, 2008). This type of restructuring is defined as a restructuring that involves making decisions about the size of the workforce, skills required by the workforce, locations, functions, business operations, management and business structure, organisational functions etc. basically it is a restructuring that is planned and controlled by management which either materially changes the scope of the business enterprise or the manner in which the business is conducted (Lin et al., 2008). Sinha (2015) agrees with the above definition but terms it as organisational restructuring. He defines it as a conscious effort by management to restructuring policies, programmes, products, processed, people etc. in order to achieve certain policies, strategies, programmes (Sinha, 2015). An organisational restructuring can involve changing many aspects of the organisation as sown in the below figure:

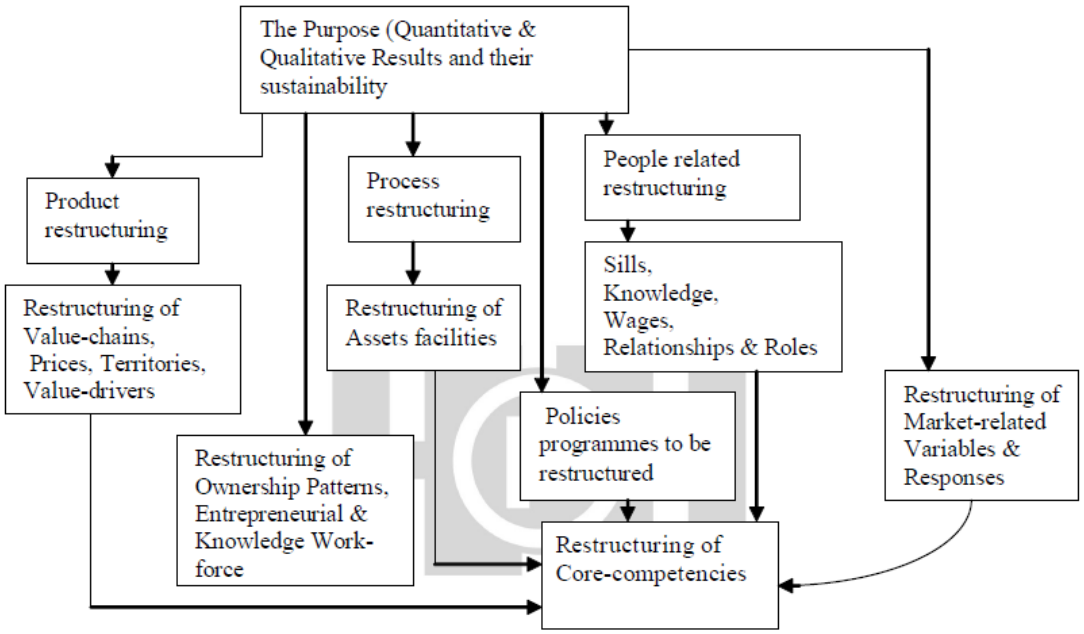



**Fig 5: Aspects of the organisation that can change as a result of a restructuring (Sinha, 2015) (p.2)**

However, Goodbole (2013) has a differing view of what constitutes a restructuring. He asserts that a definition of corporate restructuring has three components which are:

- A change in the business capacity or portfolio that is carried out in an inorganic manner or,

- A change in the capital structure of the company that is outside of normal course of business or,
- A change in ownership or control of a company

This definition according to Goodbole (2013) disqualifies or precludes the following from being termed a restructuring:

- Initial creation of a corporate structure – At this stage there is nothing to restructure as yet.
- Change in the internal command structure of the company – it is simply a change in relationships between employees, managers, top managers and their various functions
- Change in business processes – Because it is a radical redesign of business processes to achieve speed, cost reduction, higher performance etc.
- Downsizing – it is merely a cut down on manpower, costs and/or capital expenditure

He asserts that some examples of a restructuring are mergers, consolidations, acquisitions, demergers, carve outs, joint ventures, capital reduction, share buy backs, delisting of company (Goodbole, 2013).

### *2.7.2 Reasons for a restructuring*

There are internal and external reasons for a restructuring. Sinha (2015) explains that there are several reasons for a restructuring one of which could be growth. For a company to prosper it needs to grow organically or inorganically. Due to different demands the size of an organisation needs to be such that it is able to carry out the operations as required by the economic climate. Another reason is technology because the need to stay ahead of the competition in a fast paced technology environment can necessitate a restructuring. Failure to heed or take note of technological changes and reacting to them could result in organisational suicide. Additionally government regulations could force a company to restructuring in order to ensure that they are able to operate within the ambit of a particular country.

Sometimes political /economic stability or instability due to power change could necessitate a restructuring.

Lin et al. (2008) gives more reasons for a restructuring. Management often site improved efficiency, cost control and change in business as reasons for embarking on a restructuring. Bowman and Singh (1993) agree with this reasoning as they state in their journal that one of the primary reasons for organisational restructuring is to improve efficiency and effectiveness of management teams and organisation at large by changing the organisational structure. Lin et al. (2008) further explain that poor operational performance, financial distress and recessions can push management to take decision to restructure with the aim of improving its fortunes. These sentiments are also echoed by Bowman and Singh (1993) who stated that organisations restructure due to purported productivity enhancements and cost control. Dixon-Ogbechi, Haran, Aiyeku, and Jarutirasarn (2012) sites creating a better organisation that is fit and able to cater for future and present needs, creating an organisation that can cope and is able to change in a dynamic environment as other reasons for restructuring.

### *2.7.3 Benefits of a restructuring*

The most important benefit that can come out of a restructuring process is for the restructuring to achieve what it set out to do. Although there may be different reasons for restructuring majority if not all of the reasons ultimately impact the bottom line thus improving performance of the performance of the business. This assertion is supported by Bowman, Singh, Useem, and Bhadury (1999) who state that the common driver for a restructuring has been that it will improve company performance.

Bowman et al. (1999) state that the intermediate effects of restructuring can include increased strategic focused, greater economies scope, stronger control of multiple business units, greater employee satisfaction, increased efficiencies and better communication. In this study which examined three types of restructurings being financial, portfolio and organisational restructurings, it found that on average restructurings improved performance of the entity as shown in table 3 below.

**Table 3: Average impact of restructuring on company performance (Bowman et al., 1999) (p.36)**

| Type of Restructuring | Mean Percentage Performance Improvement | Median Percent Performance | Percent Positive Means | Number of Studies | Average Sample Size |
|---|---|---|---|---|---|
| Portfolio | 5.6 | 2.9 | 86* | 21 | 154 |
| Financial | 37.5 | 24.5 | 86* | 27 | 35 |
| Organizational | −0.21 | 0.1 | 50 | 4 | 207 |

From the above table it is evident that financial restructurings have the most positive returns followed by portfolio restructurings while organisational restructuring shows the least impact on performance (Bowman et al., 1999). This is supported by the positive means column which shows the amount of case studies that returned a positive impact on restructuring. As can be seen 86% of cases studies in portfolio and financial restructurings returned positive means while organisational restructuring returned 50%.

In the operational restructuring charges and post restructuring performance study conducted by Atiase, Platt, and Tse (2004) they agreed with the notion that the earnings of firms that restructuring recover in the short term to the same levels they were three or four years before the restructuring. In a longer period post the restructuring the earnings exceed the earnings for the industry and firms that match the said organisation (Atiase et al., 2004).

### *2.7.3 Challenges presented by a restructuring*

Restructures can present a host of challenges for an organisation, which must be addressed as they can contribute to failure of the restructuring. Sinha (2015) gives several challenges or problems that are presented by a restructuring. When a restructuring is announced in a business it gives employees a sense of uncertainty regarding security of their jobs because they may feel that their work is not assured. This could have a negative impact on their productivity. Retention of best employees

could prove to be a challenge, due to doubts over job security the best employees could be lost to the business as they seek new jobs.

It is important to note that there could be stiff opposition from unions opposing the restructuring. This is because unions would like to prevent loss of jobs and pay changes. Sometimes after a restructuring divisions are closed and control is diluted or shared with other management creating stress for executives. This may lead to failure of the restructuring.

Lastly often restructurings are embarked on with the aim being creation of value, however at times organisations actually do the opposite in that they destroy value with a restructuring. This is because sudden changes in the organisation could create gaps in the organisation making certain capacity idle and promoting inefficiency and wastage of resources.

### *2.7.5 Impact of restructuring on employee engagement*

According to the corporate restructuring study conducted by Marais and Hofmeyer (2013) the study discovered that corporate restructuring negatively affects institutional trust which in turn impacts unfavourably on employee engagement. The study further shows that due to a restructuring a company's level of employee engagement could be far lower than the South African and global standards(Marais & Hofmeyer, 2013).

It is therefore imperative that a company that has undergone a restructuring resumes normality as soon as possible while simultaneously implementing a new strategy. Realising the importance of reactivating high engagement levels among employees soon after a restructuring will be beneficial for the business in achieving its new drive (Marais & Hofmeyer, 2013).

During a restructuring employees are forced to deal with uncertainty about the future of their jobs, what the new organisation will look, how it will function, how the leadership will change, what the motives of their fellow workers are etc. The more employees ask these and other questions and the more the less information they gather the more likely they are to disengage from the organisation (Basinger, 2012).

Sometimes a restructuring may result in some employees losing their jobs and some employees retaining their jobs. Employees who lose their jobs may suffer from "layoff

survivor sickness" which is characterised by anger, depression, fatigue etc. (Basinger, 2012). Management may also assume that employees that are left over may be grateful to have a job however, Basinger (2012) assert that this may actually cause worse reactions which impacts employee engagement negatively. This may be due to increased workload and guilt over having a job.

## 2.8 RESEARCH QUESTION

From the literature review it can be seen that employee engagement is an important ingredient to the success of an organisation, which manifests itself in a host of different factors. However should an organisation choose to embark on a restructuring for whatever reason it is important to take into account the challenges presented by a restructuring also noting that restructuring has the potential to achieve its objective of improving the business. When an organisation decides to embark on a restructuring it is important to take cognisance of the fact that the process can impact levels of employee engagement in a negative way, which is then important for management to identify ways to enhance or improve levels of employee engagement. This leads to the question this research is addressing which is:

- Of the factors identified above, what are the factors enhancing employee engagement post a restructuring from an employees' perspective?

This question will be answered using data gathered from a questionnaire. The methodology will be discussed in chapter 3

## 2.9 CONCLUSION

From the above it can be seen that engagement is a construct that can be beneficial for an organisation is applied correctly. The factors that drive engagement need to be analysed and the ones more applicable to the restructuring scenario must be implemented in order take advantage of this phenomenon. The research below will seek to identify which of the factors identified above are more beneficial to apply in an organisation that has just gone through a restructuring.

# CHAPTER 3 – RESEARCH METHODOLOGY

According to Rajasekar, Philominathan, and Chinnathambi (2013) research methodology is a science of articulating how the research is to be carried out, essentially research methodology is a systematic way of solving a problem. The main aim of research methodology is to give the research a work plan (Rajasekar et al., 2013).

This chapter will show how this particular research has be carried out.

## 3.1 RESEARCH METHODOLOGY/PARADIGM

Khothari (2004) states there are two types of research methodologies namely qualitative and quantitative. Quantitative methodology which is the chosen methodology for this research involves the collection and generation of numerical data that can be subjected to rigorous quantitative mathematical analysis in a formal manner (Khothari, 2004).

According to Bryman (2012) this methodology has the following advantages:

- Results are often conclusive
- Study can be replicated by another person using same data which points to the validity and reliability of results produced
- There is a constant reference point for measurement
- It can precisely predict degree of relationship between variables

Mujis (2010) states that the quantitative method falls short in these areas:

- It does not explore problem in depth, it is rather shallow therefore better at providing breath of the problem
- It is not well suited for hypothesis testing
- There are limits on how many variables can be looked at in a quantitative study
- Best only when used in looking at causality cases

This paradigm is appropriate for this study because it has been used successfully in the past to determine factors that drive employee engagement. Researchers that have used this in the past include (Roberts & Davenports, 2002), (Robinson et al., 2004),

(Bindu, 2012) etc. these are the same authors whose work has been used in determining factors that enhance employee engagement in this report

## 3.2 RESEARCH DESIGN

Research design is the overall strategy that one employs to integrate the different components of the study in a logical way in order to address the research problem (De Vaus, 2006). The function of research design is to ensure that the evidence that is obtained from the research answers the questions asked of the study and eliminate any ambiguity (De Vaus, 2006).

Saunders and Lewis (2012) state that in determining research design one needs to decide on research approach, study and strategy.

Research approach is made up of induction and deduction. Induction refers to the approach where theory is developed after analysing data collected. Deduction refer to testing of a theoretical proposition by using strategy specifically for the purpose of its testing. This approach explains causal relationships, enables facts to be established and data analysis of collected data.

For this study the deductive approach is appropriate as it enables the researcher to gather data that will establish the causal relationship between engagement factors and enhanced engagement levels after a restructuring.

Saunders and Lewis (2012) further explain that there several types of research studies some of which are:

- Exploratory studies – these studies are about discovering information, seeking new insights and assessing topics in a new light
- Descriptive studies – these studies attempt to describe accurately persons, events or situations, usually involving questionnaires, surveys, sampling, interviews etc.
- Explanatory studies – These studies involve research focused on “studying a situation or problem in order to explain relationships between the variables” (p. 113). Methods applied include case studies, observations, statistical surveys, attitude surveys etc.

For this study the explanatory study is appropriate as the study conducted an attitude survey and additionally explained the relationship between employee engagement factors and enhanced levels of employee engagement post a restructuring.

Saunders and Lewis (2012) give several differing strategies that can be employed in research such as experiment, survey, case study, action research, grounded theory, ethnography etc. For this study the survey strategy has been selected. The strategy involves a structured collection of data from a sizable population in the form of a questionnaire. This strategy is appropriate for this study and a survey was sent out to determine the extent or influence the factors have on employee engagement post a restructuring.

## 3.3 POPULATION AND SAMPLE

### *3.3.1 Population*

Population for this study is defined as all employees of BME as they were affected directly or indirectly by the restructuring hence the perceived low engagement levels in the organisation.

### *3.3.2 Sample and sampling method*

The sample frame for this study are the employees who were directly impacted by the restructuring. The number of employees is 102.

The sample is that which represents 60% of the sample frame. It is important to note that employees who left the organisation will be included in the sample with their consent. These employees are included as they were impacted by the restructuring to the extent that they left the organisation during or after the process, which is one of the challenges mentioned in the literature review.

The table below indicates the profile of respondents in the sample and the number of each profile of respondents.

**Table 4: Profile of respondents**

| Respondent profile | Number to be sampled |
|---|---|
| Employees | 46 |
| Managers | 15 |
| TOTAL | 61 |

## 3.4 RESEARCH INSTRUMENT

The research instrument that was used was a questionnaire. The questionnaire was designed in such a way that respondents are able to indicate on a scale the factors they perceive to enhance employee engagement. The instrument has been attached in appendix 1. The factors detailed in the instrument have been derived from literature reviewed in Chapter 2. This literature is as written by (Kahn, 1990), (Roberts & Davenports, 2002), (Robinson et al., 2004), (Bindu, 2012), (Demerouti et al., 2001) etc. The factors have been shown to enhance employee engagement and thus are appropriate to be included in the questionnaire in order to determine which of those factors enhance employee engagement post a restructuring. Once these factors have been determined then the research question would have been answered.

## 3.5 PROCEDURE FOR DATA COLLECTION

Respondents were sent the questionnaire using Qualtrics which especially catered for respondents who have left the company and those at remotes sites. Qualtrics is also reliable in that the risk of results manipulation is reduced.

## 3.6 DATA ANALYSIS AND INTERPRETATION

Data that will be gathered will be analysed and interpreted utilising multiple linear regression model. Regression analysis is a method of using variables in prediction (Gallo, 2015). One variable is marked as the dependent variable while the others are the independent variables. The independent variables are then used to predict the dependent variable (Gallo, 2015). Some of the advantages of using regression analysis is that (Hall, 2017)

- It can be used as a reliable predictor of the future provided data input into the system is reliable
- It can provide a scientific and technical angle to decisions made in business because it makes sense of a large amount of data
- It is simple to use and interpret and works for a variety of problems

Data gathered using Qualtrics programme was converted into dummy variables using the programme. The questions where grouped under relevant factor. Each respondent's answer was then averaged in order to arrive at an overall factor dummy variable.

## 3.7 LIMITATIONS OF THE STUDY

- The study assumes levels of engagement are low by virtue of the restructuring.
- The study does not measure levels of engagement
- The study assumes that levels of engagement at entities outside of South Africa are perceived as acceptable
- The study assumes that management acknowledge that the levels of engagement are low as a result of the restructuring.

## 3.8 VALIDITY AND RELIABILITY

### *3.8.1 Validity*

"Validity is defined as the extent to which a concept is accurately measured in a quantitative study" (Heale, 2015)(p.1). (Heale, 2015) state that there are three types of internal validity being:

- Content validity - it looks at whether the instrument used covers all the content that it should with regards to the variable. The questionnaire designed covers all the factors enhancing employee engagement as identified in the literature review
- Construct validity – it looks at whether one can draw interpretations from the results of the analysis. The results of the questionnaire after being analysed will offer answers as to which factors enhance employee engagement based on perceptions of the respondents.
- Criterion validity – A criterion is the extent to which an outcome is related to a measure. The outcome which is enhanced employee engagement is related to the factors that enhance employee engagement.

External validity refers to generalisation and the ability of the research to be extrapolated across persons, situations, industries etc. (Heale, 2015). The factors that enhance employee engagement used in this have been obtained from other previous

studies showing that that the results of this study can also be applied and extrapolated to other settings.

### *3.8.2 Reliability*

Reliability is the degree to which the research instrument can produce accurate, consistent and stable results (Laerd, 2012). There are various ways to test reliability which are Pearman's correlation, ANOVA, independent and dependent t-tests, Spearman's correlation, Cronbach alpha etc. (Laerd, 2012).

In this study Cronbach alpha will be used to test for reliability of the instrument. Cronbach alpha is a measure of internal consistency in an attempt to determine how closely related items in a group are (Institute For Digital Research and Education, 2017). A score of 0.80 and above suggests a high internal consistency. Laerd (2012) asserts that this reliability test can be used to determine the reliability in attitudinal tests which are often in the form of scales, therefore it is appropriate to test reliability in this study. The study conducted by Bindu (2012) used in this study to identify drivers of employee engagement, used a similar approach to determine the reliability of the instrument. When tested the Cronbach alpha exceeded 0.70 which was considered reliable. In addition, in their study on determinants of employee engagement and their impact on employee performance Anitha (2013) also used in this study achieved a Cronbach alpha of 0.975 showing that the research instrument was highly reliable.

# CHAPTER 4: PRESENTATION OF RESULTS

The following chapter discusses results gathered from the questionnaire on factors enhancing employee engagement post a restructuring. The presentation of results will be tabled under the following headings descriptive statistics, testing for accuracy, testing for reliability and regression analysis.

## 4.1 DESCRIPTIVE STATISTICS

**Table 5: Descriptive statistics**

| *Rewarding work environment* | | *Conducive work environment* | | *Career development* | | *Company leadership* | | *Resources* | |
|---|---|---|---|---|---|---|---|---|---|
| Mean | 3,11 | Mean | 3,21 | Mean | 3,09 | Mean | 3,34 | Mean | 3,36 |
| Standard Error | 0,09 | Standard Error | 0,08 | Standard Error | 0,07 | Standard Error | 0,10 | Standard Error | 0,08 |
| Median | 3,25 | Median | 3,33 | Median | 3,14 | Median | 3,50 | Median | 3,67 |
| Standard Deviation | 0,70 | Standard Deviation | 0,62 | Standard Deviation | 0,56 | Standard Deviation | 0,74 | Standard Deviation | 0,65 |
| Kurtosis | 0,67 | Kurtosis | 1,10 | Kurtosis | 1,04 | Kurtosis | 0,57 | Kurtosis | -0,11 |
| Skewness | -1,11 | Skewness | -1,14 | Skewness | -0,92 | Skewness | -1,13 | Skewness | -0,91 |
| Range | 2,75 | Range | 2,89 | Range | 2,71 | Range | 2,75 | Range | 2,33 |
| Minimum | 1,25 | Minimum | 1,11 | Minimum | 1,29 | Minimum | 1,25 | Minimum | 1,67 |
| Maximum | 4,00 | Maximum | 4,00 | Maximum | 4,00 | Maximum | 4,00 | Maximum | 4,00 |

### *4.1.1 Test for centrality*

Centrality can be tested by various methods such as means and averages, medians and mode (Gregory, 2016). Different types of data require the use of different tests of centrality. Data in a Likert scale is usually ordinal data as it indicates order or rank only and such data's centrality is measured using medians (Gregory, 2016). Medians are the score where 50% of sample lies both above and below. Considering the medians of the factors 50% of the sample data lies on average above and below the 3 mark.

### *4.1.2 Test for spread*

Testing for spread can be performed using the standard deviation (SD), which measures how far away data is from the mean within which 66% of the population would be expected to lie in a normal distribution (John Lee, 2016). The SD has been measured above using the median. Niles (2017) explains that when the data is congregated around the mean then, the bell shape of the curve is steep and the standard deviation or dispersion is small. The opposite applies. Looking at the data the standard deviations are high meaning that the data is dispersed farther from the median and the bell curve is flatter.

### *4.1.3 Testing for shape and fit*

When testing for shape one looks at the skewness of the data and the kurtosis of the data. Shape is usually normally distributed. If not normally distributed it is either positively or negatively skewed. Positive skewness is shown by data that has a long tail to the right and negative skewness is shown by data that has a long tail to the left (John Lee, 2016). It is standard that data with a skewness of 0 has a perfect distribution and in practice it is accepted that data with a skewness outside the range of +/- 1 are skewed. Considering the skewness results for the factors in table 4 above it indicates that the data is skewed as majority of the factors have skew factors near or above +/- 1. This is also attested to by the standard deviation which shows skewness by it being flat.

In further testing for shape data kurtosis can be considered. According to Gregory (2016) a perfect normal distribution has a kurtosis score of 0 and data with a kurtosis of >0 has a taller peak and data with a kurtosis of <0 has a flatter peak. Considering the results in table 4 above employee identification with organisation and resources factors have flatter peaks with scores of -0,04 and -0,11 respectively , while rewarding work environment, conducive work environment, career development and company leadership all have taller peaks due to scores of 0,67, 1,10, 1,04 and 0,57 respectively.

### *4.1.4 Correlation test*

**Table 6: Correlation statistics**

| | *Conducive work environment* | *Company leadership* | *Rewarding work environment* | *Employee identification with organisation* | *Career development* | *Resources* |
|---|---|---|---|---|---|---|
| **Conducive work environment** | 1,00 | | | | | |
| **Company leadership** | 0,79 | 1,00 | | | | |
| **Rewarding work environment** | 0,79 | 0,73 | 1,00 | | | |
| **Employee identification with organisation** | 0,54 | 0,42 | 0,57 | 1,00 | | |
| **Career development** | 0,81 | 0,72 | 0,66 | 0,49 | 1,00 | |
| **Resources** | 0,79 | 0,72 | 0,66 | 0,49 | 0,76 | 1,00 |

When analysing data it is important to determine whether there are associations between variables. Association essentially means that one variable behaves in a certain manner which is related to pattern of data in another variable/s (Gregory, 2016). Gregory (2016) further states that to establish association of ordinal data linear association must be established. Linear association and the strength of the association is measured using correlation coefficient. According to Minitab (2016) an absolute value of 1 indicates a perfect linear relationship and a value of 0 or

close to 0 shows no linear relationship at all. The sizes of correlations and their interpretations are shown in table below.

**Table 7: Correlation guidelines (Gregory, 2016) (p.108)**

| Correlation[a] | Rough Commonly-Held Guidelines |
|---|---|
| ≥ .80 | Very big, strong evidence of association |
| .50 - .80 | Large correlation, good evidence of association |
| .30 - .49 | Moderate correlations |
| .20 - .29 | Many researchers do attribute some evidence of association in the .2 ranges, but this is debatable and you should investigate carefully. |
| < .20 | Small, probably no real evidence of association although researcher often assign some meaning to correlations in the .10-.19 range. |

Considering the results of correlation of the factors above there is a mixture of moderate, large correlations and very big correlations. This shows that the factors are on average giving evidence of good associations amongst each other and that there are some good linear relationships.

In addition, when looking at correlation it is important to also consider multicollinearity. Multicollinearity is when the independent variables are correlated, this means that one independent variable can be used as a predictor of another independent variable (Obi, 2014). When the independent variables are correlated they can have an impact on the result of the regression in that the standard errors of the regression coefficient estimators are inflated(Obi, 2014). According to John Lee (2016) multicollinearity is present when the correlation between the independent variables are 0,90 and above. Although there are some high correlations in our data it can be accepted that Multicollinearity is not present as the correlations between the independent variables are below 0,90.

## 4.2 TESTING FOR RELIABILITY

In order to test reliability of multi item scale a statistic called the Cronbach alpha must be used. According to Mohsen and Reg (2011) the Cronbach alpha tests internal consistency in that all items in the test measure the same concept. The Cronbach alpha is between 0 and 1, a statistic near 1 shows reliability while a score near to 0 shows low reliability although there are many variables that can be considered to

dispute this (Mohsen & Reg, 2011). The calculated Cronbach alpha for the data is 0,957 which is near 1 showing that the data is reliable and all factors are measuring the same items which is employee engagement.

## 4.3 TESTING FOR ACCURACY

Accuracy can be tested using confidence interval, standard error, P-value and statistical power. Accuracy testing is important as it can highlight a chance that a statistic can find a certain effect that is incorrect or an effect which does not represent the true nature of the entire population (Gregory, 2016). In assessing the error present in the data used for this report it seems that the size of inaccuracy is small as the standard error does not rise beyond 0,10 on table 4 and does not rise beyond 0,23 in the regression analysis. Per Gregory (2016) a bigger standard error may indicate higher levels of inaccuracy.

In further assessing accuracy P-value statistic should be considered. A P-value measures our statistic against random chance that the data will prove the null hypothesis as true. A lower P-value shows that the chance of proving the null hypothesis true is slim. Gregory (2016) asserts that if the P-value is lower than 0,10 the null hypothesis can be rejected, however if it is more than 0,10 then the null hypothesis cannot be rejected it must be considered. When considering our data the null hypothesis would be that the factors do not enhance employee engagement post a restructuring. Out of the six factors one factor which is employee identification with organisation present a high P-value of 0,60. This means that for this factor there is only a 40% chance that this factor enhances employee engagement post a restructuring, however majority of the factors still have very low P-values.

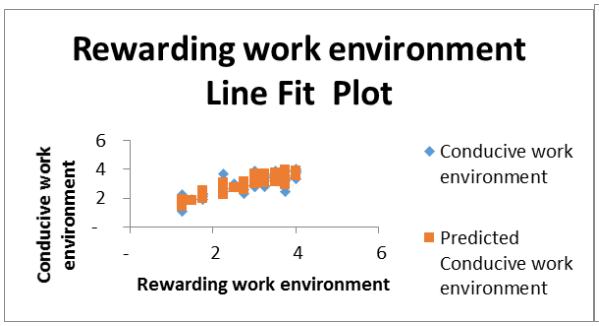
## 4.4 REGRESSION ANALYSIS

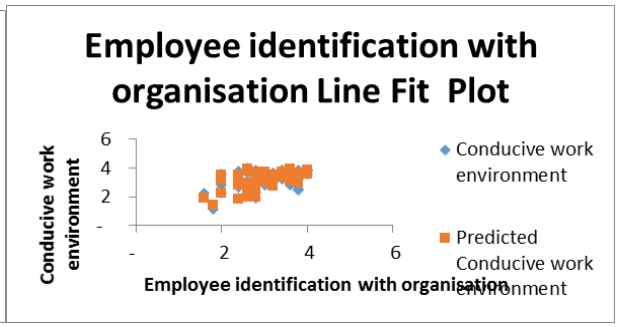
In order to perform a regression analysis an independent and dependent variable must be chosen. For the purposes of the analysis the dependent variable is chosen to be conducive work environment and the other five factors are the independent variables. The result of the regression analysis is presented in the below table 8:

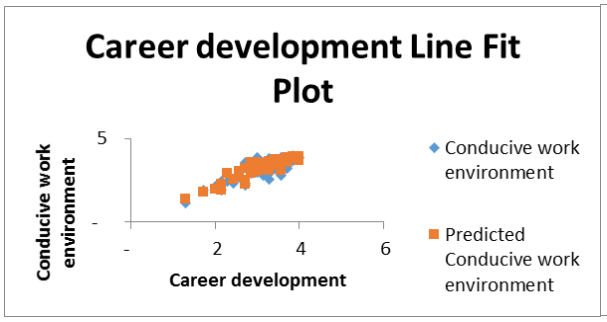
**Table 8: Regression analysis statistics**

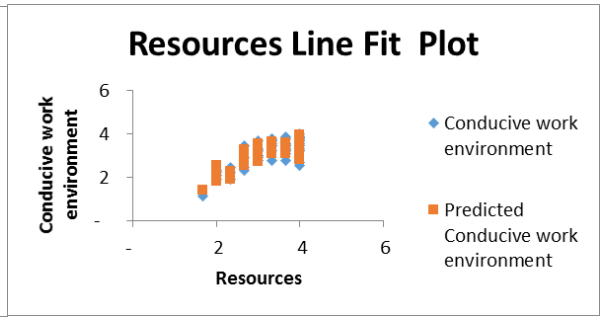
| | *Coefficients* | *Standard Error* | *t Stat* | *P-value* | *Lower 95%* | *Upper 95%* |
|---|---|---|---|---|---|---|
| Intercept | 0,04 | 0,23 | 0,17 | 0,87 | -0,42 | 0,50 |
| Company leadership | 0,16 | 0,08 | 1,92 | 0,06 | -0,01 | 0,32 |
| Rewarding work environment | 0,26 | 0,08 | 3,16 | 0,00 | 0,10 | 0,43 |
| Employee identification with organisation | 0,04 | 0,08 | 0,52 | 0,60 | -0,11 | 0,19 |
| Career development | 0,35 | 0,11 | 3,28 | 0,00 | 0,14 | 0,57 |
| Resources | 0,18 | 0,09 | 1,94 | 0,06 | -0,01 | 0,37 |

In regression it is important to explain the variance of the dependent variable. However it is impossible to explain the variance perfectly due to specification error, measurement error and context (Gregory, 2016). Therefore one needs to be able to achieve the best fit as possible of the data points to the regression line thus explaining variance in the dependent variable, and minimise the error where the model cannot explain the variance in the dependent variable (Gregory, 2016). In assessing the fit to the regression line it is important to note that the slope of the regression line is important whether it is downward or upward slopping, this shows a strong relationship between the independent and dependent variable. Looking at the below fit graphs there seems to be an upward trend in the data. This possibly show that the independent variables have an impact on or are able to influence the dependent variable.



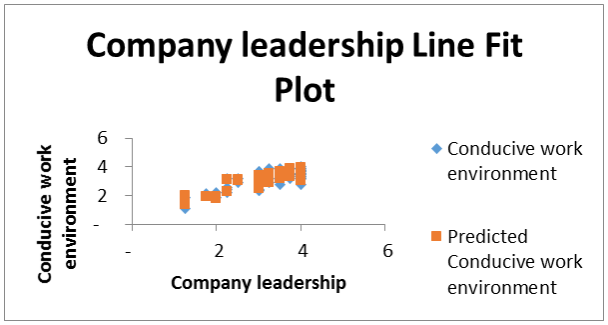



**Fig 6: Graphs showing fit of data**

In further assessing fit it is important to determine the impact of residuals. Residuals are important as they decide whether a regression is a good fit or not, because each residual represents an error therefore the more closer they are to the regression line the better the fit (Gregory, 2016). Residuals can either be good or bad. Good residuals are form an even spread especially from left to right (homoscedasticity) while the bad residuals have an unequal distribution around the linear line (heteroscedasticity).




**Fig 7: Graphs showing residual plots**

The residuals look like they are homoscedastic as they are of equal height from left to right along the plot. This means that the chance of error or data missing the regression line is low. This shows that the regression line fits the data.

In further determining how well the fit of data to the regression line is, one can consider the R-squared. According to Princeton University Library. (2007) the R-squared of the regression is the fraction of the variation in the dependent variable that is predicted by the independent variables. Essentially how well the independent variables van predict changes in the dependent variables. Frost (2013) state that the R-squared is between 0 and 1%. 0% shows that the model explains none of the variability and 1 shows that the model explains the variability (Frost, 2013).
Results showing R-squared are shown below:

**Table 9: R-squared results**

| *Regression Statistics* | |
|---|---|
| Multiple R | 0,90 |
| R Square | 0,82 |
| Adjusted R Square | 0,80 |
| Standard Error | 0,28 |
| Observations | 61,00 |

Considering the results of the regression analysis below the R-squared and adjusted R-squared are closer to 1 at 0,82 and 0,80 respectively. This means that the independent variables can explain 82% of the dependent variable variance, additionally the independent variable can explain 80% of the dependent variable once some weak predictor variables have been removed.

# CHAPTER 5 DISCUSSION OF THE RESULTS

The following chapter will present the results of the analysis performed in the previous chapter. The chapter will concentrate on the results of the correlation and regression analysis and whether these results provide factors that enhance employee engagement.

## 5.1 FACTORS ENHANCING EMPLOYEE ENGAGEMENT POST A RESTRUCTURING – RESULTS

As noted above in correlation analysis the factors are giving moderate to high associations with each other. Conducive work environment has been chosen as the dependent variable and the other variables as the independent variables. Reason for selecting conducive work environment was that the factors speak to Kahn (1990) psychological conditions for employee engagement namely safety, meaningfulness and availability.

When assessing the correlation to conducive work environment from the independent variables it can be seen that company leadership, a rewarding work environment, career development and resources availability have a positive correlation with a conducive work environment. This means that as the independent variables increase or improve so does a conducive work environment which enhances employee engagement. Employee identification with organisation will not be considered as it has a lower correlation to conducive work environment of 0,54.

Further in order to assess the significance the selected independent variables have on the dependent variable we must assess their p-values. Employee identification with organisation is again excluded by the high p-value. When evaluating the p –values of the left over variables it is clear that although company leadership and resources still have low p-values a rewarding work environment and career development have the biggest significance or impact on the dependent variable because of the p-values of 0,00. This means that we can emphatically reject the null hypothesis that these particular factors do not enhance employee engagement. In applying to this research

this means that a change in either a rewarding work environment or career development no matter how minimal will have an impact on a conducive work environment and ultimately employee engagement. As stated above the correlation between the two independent variables - a rewarding work environment and career development - with the independent variable is positive, this means that any positive change in a rewarding work environment and career development will have a significant positive impact on conducive work environment and ultimately employee engagement.

After determining significance it is important to determine the coefficient of the regression. The coefficient explains how much the dependent variable is expected to increase when that independent variable increases by one, holding all the other independent variables constant (Princeton University Library., 2007). Assessing the results of data gathered it can be seen that an increase in conducive work environment of one unit is caused by an increase of 0,35 in career development and 0,26 in rewarding work environment. This again shows that the two factors have a significant impact on conducive work environment as a small increase of 0,35 in career development causes an increase of 1 unit in conducive work environment and ultimately employee engagement.

Literature agrees with the results of the research. Robinson et al. (2004) in their paper stated that employee engagement is the responsibility of both employer and employee. They essentially state that the employer must create an environment that is conducive for employee engagement. This conducive environment is created by factors which have at their centre the fact that in order for the employee to be engaged they need to feel valued (Robinson et al., 2004). This is usually achieved by an open and supportive work environment. In order to feel valued some factors need to be present per Robinson et al. (2004).

These factors are supported or predicted by factors found under career development and rewarding work environment. From a career development perspective the existence and offer of relevant opportunities to learn and develop job required skills, adequate supervisory support in managing careers and achieving goals, frequent and appropriate performance feedback and appraisals and the fact that employees are

free to invent new ways of performing tasks which adds to their development speak to creating a conducive work environment by having an open and supportive work environment.

In addition when employees are able to invent own ways of working it lends itself to a fun positive work environment and which also contributes employee stimulation due to performing tasks on a daily basis that are challenging and interesting. Employees that are stimulated engage better with other employees could be willing to support co-workers so that they are also stimulated, which further adds to an engaging atmosphere in the organisation.

When employees have a voice in how they perform their job it also contributes to a conducive work environment in that it offers employees an opportunity to participate in ensuring their job's security. This is because only an engaged employee can work hard in ensuring that they still hold that job.

A factor that is important in enhancing employee engagement is when employees receive recognition and appreciation for work performed whether financially or non-financially. When employees receive recognition it enhances communication from the organisation to the workers. Also it shows that there is adequate and appropriate supervisor support and motivation to staff. When staff is motivated it lends to a conducive work environment which lends to higher levels of employee engagement.
The influence that career development and a rewarding work environment have on engagement is graphically shown below.

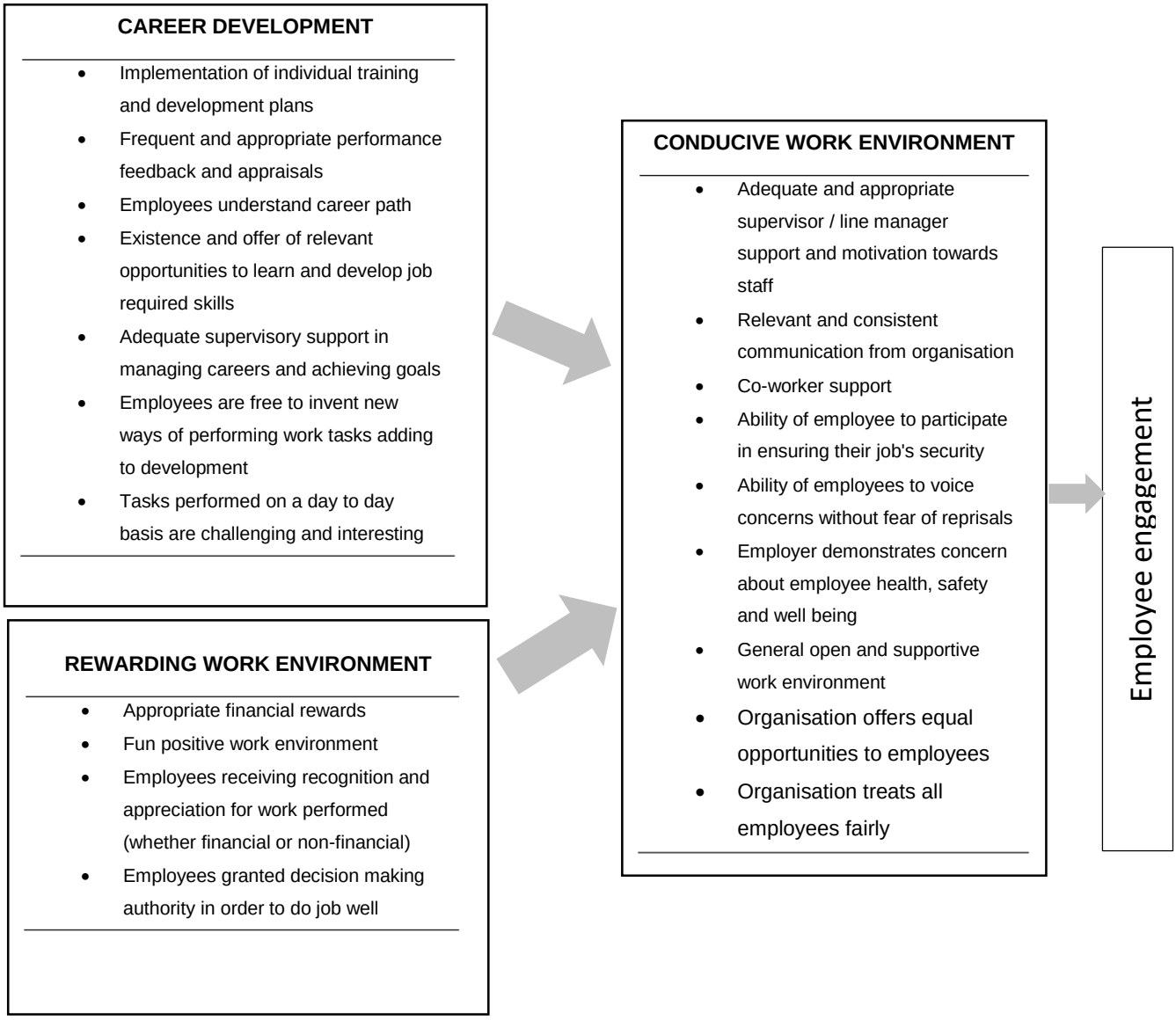



**Fig 8: Graph showing how independent factors influence employee engagement**

## 5.2 CONCLUSION

From the above analysis it can be seen that a rewarding work environment and career development can be applied to enhance employee engagement post a restructuring. There are several sub factors that must be analysed in terms of the needs of the organisation and applied accordingly.

# CHAPTER 6 CONCLUSIONS AND RECOMMENDATIONS

This chapter shall give a summary and conclusion of the study and also provide recommendations based on the findings. In addition suggestions will be made for further research into this subject.

## 6.1 CONCLUSIONS OF THE STUDY

In this research it was found that although there were initially five independent variables that seemed to have the potential to enhance employee engagement based on literature, only two proved prominent in being factors that enhance employee engagement post a restructuring. These factors have been identified as: a rewarding work environment and career development. In accordance with the literature a rewarding work environment that rewards employees for work done enhances employee engagement. This could be even more important after a restructuring as people's feelings and faith in the organisation may be down, and rewards in any form is appreciated. Additionally career development also can enhance employee engagement post a restructuring because when the organisation shows employee that it is willing to grow, develop and invest in them it could create a sense of belonging to the organisation and prompt higher levels of engagement.

These two factors in themselves can give rise to psychological contracts on both the employer and employee sides. With the first factor employers provide an environment that is rewarding and in turn employees engage and work hard at their jobs to the benefit of the organisation. With the second factor the employer invests in the career of the employee and in turn with the acquired skills employee is more engaged as they apply the skills acquired.

## 6.2 RECOMMENDATIONS

It is recommended that the organisation assess the levels of employee engagement prevailing in the current environment. This will assist in being able to gauge the factors that need to be applied and the extent to which they must be applied.

It is also recommended that BME assess their career development policies and procedures to ensure that they are able to deliver to ensure that employee engagement is achieved. The organisation needs to ensure that its career development initiatives allow for adequate training and development, appropriate and frequent feedback and employees are afforded proper opportunities for career growth. In order to succeed in this the organisation needs to ensure that adequate supervisory support is afforded not only to ensure that employees reach their goals but also to help employees understand their career path. If career development plan for the organisation takes into account these factors there are higher chances of creating an environment that is conducive for employee engagement.

It is recommended that in creating a work environment that is rewarding managers could be encouraged or taken on a course of letting go and allowing employees to make decisions in matters that affect their jobs. When employees feels that they are in control of their jobs they are likely to make decisions that are favourable not only to themselves but also for the organisation. As discussed earlier a central factor to employee engagement is for employees to feel valued. In order to do this managers could strive in conjunction with employees to create a fun positive work environment but must importantly they must make sure that employees receive recognition and appreciation for work performed. Another way to show employee appreciation is to ensure that they are given appropriate financial rewards either at bonus or increase times. If the organisation can apply some of these recommendations it can create an environment that is conducive for employee engagement.

## 6.3 SUGGESTIONS FOR FURTHER RESEARCH

For future research it is suggested that a study be conducted that measures the impact of a restructuring on employee engagement which can only be conducted on a company that is conducting a restructuring. It is expected that a restructuring would have eroded a measure of employee engagement per the literature as cited in this study. The study would be essential as this study on BME assumes that levels of employee engagement are low. Once the results have been gathered then the factors as discovered in this study could be applied to enhance levels of employee engagement.

## 6.4 CONCLUSION

Implementing these two factors in order to enhance employee engagement would be beneficial for BME. However, the findings of this research could also be applied to other organisations that are or have undergone a restructuring.

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# APPENDIX A – INTRODUCTORY LETTER

**FACTORS ENHANCING EMPLOYEE ENGAGEMENT POST A RESTRUCTURE IN A SOUTH AFRICAN MANUFACTURING ORGANISATION**

Dear Colleague

I am conducting research on the above topic for the purposes of contributing to best practices in this particular area of study. This is being done as part of the course requirements for the degree of Masters in Business Administration for which I am registered at the Wits Business School.

Employee Engagement is one of the crucial business issues facing South Africa as well as the rest of the world particularly post a restructuring as it can be used to create competitive advantage over competitors if implemented properly. Engagement is concerned with the employee's willingness to commit themselves in their role in an organisation and encourages them to go above the call of duty and are creative with strong interpersonal relationships within the organisation. This study will determine the perceived factors that enhance employee engagement post a restructuring.

Please complete the questionnaire by no later than the 15 March 2017.

I wish to thank you for your willingness to complete this survey.

Results of the study will be communicated via email.

Should you have any queries of concerns regarding the completion of this survey, please do not hesitate to contact me.

Kind Regards

Tendani Makwarela
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Research Supervisor: Mr Christoph Maier

# APPENDIX B – QUESTIONNAIRE

**FACTORS ENHANCING EMPLOYEE ENGAGEMENT QUESTIONNAIRE**

The following set of statements relate to factors that theoretically enhance employee engagement. You are required to indicate what you think is the most important factor that will enhance employee engagement specifically relating it to the restructure the organisation just experienced. Please read the questions carefully and decide on whether a factor is important or not

| 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|
| Not at all important | Somewhat important | Important | Very important | Extremely important |

| FACTOR CATEGORY EMPLOYEE IDENTIFICATION WITH ORGANISATION | RESPONSE |
|---|---|
| 1 Employees know and understand the goals of the organisation | |
| 2 Employees personal goals are aligned to goals of organisation | |
| 3 Employees take pride in quality of work produced by organisation | |
| 4 Employees involved in decision making pertaining to their work | |
| 5 Company sharing its success with employees | |

| FACTOR CATEGORY REWARDING WORK ENVIRONMENT | RESPONSE |
|---|---|
| 6 Appropriate financial rewards | |
| 7 Fun positive work environment | |
| 8 Employees receiving recognition and appreciation for work performed (whether financial or non financial) | |
| 9 Employees granted decision making authority in order to do job well | |

| FACTOR CATEGORY CONDUCIVE WORK ENVIRONMENT | RESPONSE |
|---|---|
| 10 Adequate and appropriate supervisor / line manager support and motivation towards staff | |
| 11 Relevant and consistent communication from organisation | |
| 12 Co worker support | |
| 13 Ability of employee to participate in ensuring their job's security | |
| 14 Ability of employees to voice concerns without fear of reprisals | |
| 15 Employer demonstrates concern about employee health, safety and well being | |
| 16 General open and supportive work environment | |
| 17 Organisation offers equal opportunities to employees | |
| 18 Organisation treats all employees fairly | |

| FACTOR CATEGORY CAREER DEVELOPMENT | RESPONSE |
|---|---|
| 19 Implementation of individual training and development plans | |
| 20 Frequent and appropriate performance feedback and appraisals | |
| 21 Employees understand career path | |
| 22 Existence and offer of relevant opportunities to learn and develop job required skills | |
| 23 Adequate supervisory support in managing careers and achieving goals | |
| 24 Employees are free to invent new ways of performing work tasks adding to development | |
| 25 Tasks performed on a day to day basis are challenging and interesting | |

| FACTOR CATEGORY COMPANY LEADERSHIP | RESPONSE |
|---|---|
| 26 Employee confidence in leadership of company | |
| 27 Frequent communication from leadership regarding what is happening in the organisation | |
| 28 Ability of leadership to articulate the strategy and vision of company | |
| 29 Demonstration by the leadership that they are committed to the organisation | |

| FACTOR CATEGORY RESOURCES | RESPONSE |
|---|---|
| 30 Existence of adequate tools, equipment, technology etc. that will enable employees to perform their jobs | |
| 31 Adequate staff to perform required tasks | |
| 32 Organisation ability to allocate right resources (financial, human etc.) to the right places in the organisation | |

| FACTUAL DATA | RESPONSE |
|---|---|
| 33 What is your gender? | |
| 34 What is your age group? | |
| 35 What is your current job grade or level of work? | |
| 36 How long have you been with bme | |
| 37 How long have you been in the current role? | |