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## Influence of Effective Communication and Compensation Management on Employees' Engagement in Some Selected Financial Institutions in Lagos State, Nigeria

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### **Abstract:**

*This study investigated the influence of effective communication and compensation management on employees' engagement in some selected financial institutions in Lagos State, Nigeria. Employee Engagement is an important business approach for organisational success because high level of employee engagement in both private and public sector improve employees' performance and organisational productivity. The survey research design method was adopted for the study and a total of 150 respondents were selected using random sampling techniques. Data were collected through the use of Gallup Q12 Employee Engagement Scale developed by Gallup (2013), effective communication scale adopted from the Institute for Employment Studies (IES) in Dilys, Sarah, and Sue, (2003) and Employee Satisfaction Scale in Crossley, Bennett, Jex, & Burnfield, (2007) to measure compensation management. The data collected were analyzed using statistical packages for social sciences (SPSS) which include descriptive analysis of demographic information using pie chart and simple percentage. Linear regression analysis and Pearson correlation were used to test the three hypotheses that were generated for the study at 0.01 alpha levels of significance. The study concluded that effective communication and compensation management have significant positive effect on employees' engagement. Moreover, the findings also revealed that employees' engagement is significantly related to organisational performance. Based on the findings of this study, it was recommended that organisations should increase employee engagement by going beyond downward communication and making sure that people are not just treated as employees; instead they should be treated as valued employees.*

**Keywords:** *Effective communication, compensation management, employee engagement, organisational productivity*

### **1. Introduction**

Today, organisations in Nigeria are witnessing unpredictable change in terms of the diverse nature of work, the diverse traits of the workforce and the global economic crisis. In response to these, employers in Nigeria are concerned about keeping employees engaged in whatsoever way possible. Motivating employees under these ash economic crises being faced in Nigeria while considering that once the economy of the country improves best and dedicated employees may leave for other opportunities around them, this has created a new challenge for organisations called "Employee Engagement". Employee Engagement is an important business approach for organisational success because high level of employee engagement in both private and public sector improve employees' performance and organisational productivity. Employee engagement is an investment that organisations should venture into to foster future organisational productivity. An engaged employee is a satisfied one and this would lead to improved employee performance and increased organisational productivity. Gibson (2006), defined employee engagement as a heightened emotional connection that an employee feels for his or her organisation, that influences him or her to exert greater discretionary effort to his or her work. Gallup (2008), described employee engagement as the extent to which employees are psychologically connected to something or someone in the organisation. High levels of employee engagement are associated with high levels of organisational performance (Soladati, 2007). A lack of employee engagement can lead to disloyalty and organisational failure (Khan, 2007). Employee engagement can be considered as the extent which employees put the discretionary effort into their work in the form extra time, brain power and energy. Employee engagement is closely linked to employee turnover, customer satisfaction, loyalty, productivity, safety and profitability criteria (Harter, Schmidt and Hayes, 2002). Hewitt Associate (2004), defined employee engagement as those who say, speak-positively about the organisation. Stay is the desire to be an effective member and strive to continue to perform beyond minimal requirements for the organisation. Engaged employees are not just committed but passionate about their work. Engaged employees are more profitable, productive, focused, have fun and less likely to leave the company because they are engaged (Gallup, 2013).

Every organisation needs to put into consideration the factors that would lead to an employee been fully engaged with his/her work. Effective communication and good compensation management plans are two important variables in making an employee been fully engaged and this is why this study is focused on this direction. According to Sanchez (2007), employee engagement is defined as an outcome of how employees perceive their work, the recognition and rewards they receive, the communication ethos of the organisation and leadership of their organisations.

Communication makes a positive difference in employees being engaged. High-engaged employees receive communication from their supervisors and senior management far more frequently than low engaged employees (Watson, 2006). An organisation where the channels of communication are not effectively utilized is dead and will gradually lose its best employees to other competitors in the labour market because effective communication is the back bone of any organisation that wants to grow either locally or globally. Effective communication makes employees get along with organisational goals and objectives. Therefore, an employee that is interested in the goals and objectives of an organisation will be fully engaged and aware of the organisation immediate needs.

In Nigeria, to be in competition in this unprecedented economic condition, organisations needs to provide good compensation management plans (financial and non-financial) to its employees to keep them fully engaged. A good compensation management plan supports an organisation strategic objectives and drives employee engagement. Good compensation plan is a strong factor to be considered by Human Resource Managers in order to keep employees happy and ready to work. Waggoner (2013), postulated that smart business leaders know that happy workers are productive workers and ultimately benefit their companies.

Compensation management can powerfully influence employee engagement and commitment. Some compensation components encourage commitment to employers, while others motivate engagement in the job (Corporate Leadership Council, 2004). Reward system also plays a vital role in employee engagement, which depends on staff feeling that they are fairly rewarded for their skills, knowledge and contribution (Bhattacharya and Mukherjee, 2009).

Today, financial institutions are functioning in a highly contentious environment; it is appropriate to note that they need to differentiate themselves from each other. They need to have employees who are fervent about their work and are eager to take their organisation to greater heights. Regardless of all actions been made by organisations to effectively engage their employees into their future plans, some organisations are still facing the problem of engaging their employees. The goal of this study was therefore intended to contribute to existing literatures on the effect of effective communication and compensation management on employees' engagement and the outcome of engaging employees on employee retention and organisational productivity.

### *1.1. Objectives of the Study*

- To determine the influence of effective communication on employees' engagement.
- To examine whether compensation management plan have an influence on employees' engagement.
- To establish whether there is relationship between employees' engagement and organisational productivity.

### *1.2. Research Hypotheses*

- Hypothesis 1: Effective communication has no positive significant effect on employees' engagement.
- Hypothesis 2: Compensation management has no positive significant effect on employees' engagement.
- Hypothesis 3: There is no significant relationship between employees' engagement and organisational performance.

## **2. Review of Related Literature**

### *2.1. Conceptual Framework*

The conceptual framework of this study is based on the survey of existing studies on variables under study, which elaborate the influence and relationship of the independent variables (Effective Communication and Compensation Management) and the dependent variable (Employee Engagement) and also the mediating variable (Organisational Productivity).

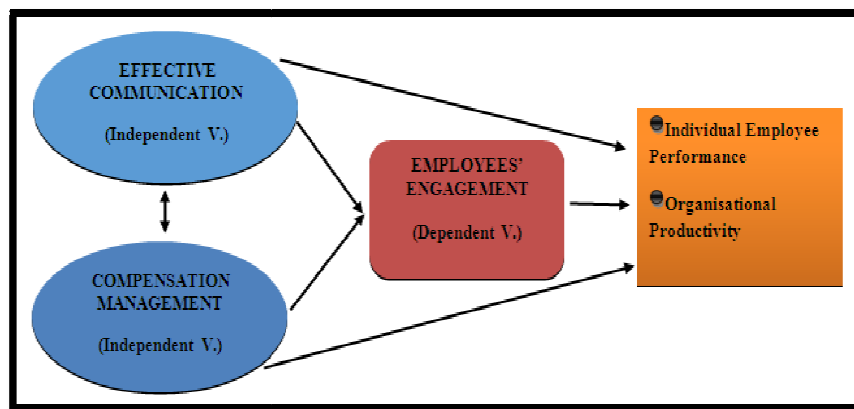


Figure 1

Source: Researcher's own construction adapted from Sameera Shafi, Samina Zaigham, Hassan Raza Ahmed, Hifza Saeed, Sheraz Jahangir, Zia Ullah, (2013). "Relationship of communication, Mentoring and Socialization with Employee Engagement" *European Journal of business and Social Sciences*, vol. 2, no. 3, pp 17-36, June 2013

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### 2.1.1. Employee Engagement

Kahn (1990) defined employee engagement as the harnessing of organisation members' selves to their work roles; in engagement, people employ and express themselves physically, cognitively, and emotionally during role performances. The cognitive aspect of employee engagement concerns employees' beliefs about the organisation, its leaders and working conditions. The emotional aspect concerns how employees feel about each of those three factors and whether they have positive or negative attitudes toward the organisation and its leaders. The physical aspect of employee engagement concerns the physical energies exerted by individuals to accomplish their roles.

Most often employee engagement has been defined as emotional and intellectual commitment of employees to their organisation (Baumruk 2004, Richman 2006 and Shaw 2005) or the amount of discretionary effort exhibited by employees in their job (Frank, Finnegan and Taylor, 2004). Although it is acknowledged and accepted that employee engagement is a multi-faceted construct, as previously suggested by Kahn (1990), Truss, Soane, Edwards, Wisdom, Croll, and Burnett, (2006), defined employee engagement simply as passion for work, a psychological state which is seen to encompass the three dimensions of engagement discussed by Kahn (1990), as employee who express themselves physically, cognitively, and emotionally during role performances. The existence of different definitions makes the state of knowledge of employee engagement difficult to determine as each study examined employee engagement under a different protocol.

Sugheir, Coco, and Kaupin (2011), observed that with the emergence of employee engagement as an important concept, employee engagement is a key to improving performance. Markos and Sridevi (2010), discovered that employers in the current generation do realize that by focusing on employee engagement they can induce better efficiency and productivity among the workforce. Engaged employees consistently demonstrate three general behaviours which improve organisational performance which are say, stay and strive. Say focuses on how the employee advocates for the organisation to co-workers, and refers potential employees and customers. Stay talks about how an employee has an intense desire to be a member of the organisation despite opportunities to work elsewhere while strive throws light on how the employee exerts extra time, effort and initiative to contribute to the success of the business (Baumruk & Gorman, 2006).

An engaged employee is someone who is well compensated and has his/her interests aligned with the organisation (Gill, 2012). Such an employee seeks opportunities for development and recognition. Furthermore, an engaged employee believes in the effectiveness of management and expects open and clear communication at all levels of the organisation. A consensus seems to be emerging regarding the dimensions/constructs associated with employee engagement. A synthesis of the information accrued in the literature along with a confirmatory factor analysis of the instrumentation used in this study revealed that dimensions associated with employee engagement could fall into one of the following five categories: 1) alignment with the organisation, 2) management effectiveness, 3) salary and compensation, 4) communication, and 5) opportunity for development and recognition (Gill, 2012).

### 2.1.2. Effective Communication as Driver for Employees' Engagement

Effective communication is a key driver of employee engagement (Baumruk and Gorman, 2006; Hoover, 2005; Woodruffe, 2006; Yates, 2006). Hoover (2005), added that successful communication process retains the employees and preserves their engagement even in difficult times and for sure the organisation will persist strong. Engagement will reach an extra level if the employee has the right to participate in the decision process and shares his feelings and opinions with the colleagues and teamwork through effective channels of communication: telephone, live interaction, mails, letters, internet, and so on. Baumruk and Gorman (2006), described communication as particular force that enhances

engagement. Watson (2006) said that organisations that respect the norms of communication and applies it effectively will produce higher levels of engagement than others.

According to Yates (2006), effective communication practice drive employee engagement, commitment, retention, and productivity, which in turn translate into enhanced business performance that generates superior financial returns. It is an established fact that concise and honest communication is an important tool for enhancing employee engagement. Communication inside or outside the organisation play an important role in ensuring employee engagement (Lockwood, 2007). Poorly done and ambiguous communication in nature can lead to dissatisfaction of employees, distrust and employee turnover. An organisation that is silent can experience the worst outcomes as it forces employees to speculate, listen to the grapevine and turn to the media for information about their company (Hoover, 2005).

### 2.1.3. Compensation Management as Driver for Employees' Engagement

Compensation management is an indispensable attribute of employee engagement that motivates an employee to achieve more. Compensation involves both financial and non-financial rewards. Compensation consists of financial elements like pay, bonuses and benefits but may also include non-financial elements such as on-site day care, employee assistance programs, subsidized cafeterias, travel discounts, company picnics and so on. A study by Saks and Rotman (2006) revealed that recognition and rewards are significant antecedents of employee engagement. When employees receive rewards and recognition from their organisation, they will feel obliged to respond with higher levels of engagement (Saks and Rotman, 2006). Kahn (1990) reported that people vary in their engagement as a function of their perceptions of the benefits they receive from a role.

According to Rose (2003), in order to get employees engaged, their satisfaction with pay is significant while considering the impact of HRM practices on employee engagement. Compensation should take into account both pay variability for the specific job position across the industry and the individual performance, only then it will be an apt factor which can lead to engagement (Saral, 2004). Pay alone cannot be considered as the sole aspect for engaging employees rather employees must believe their package is market-related in order to get the highest level of employee engagement (Markova & Ford, 2011). Reward is most impressively delivered through a combination of pay, bonuses and other financial rewards and also through non-financial rewards like extra holiday, voucher schemes and so on (Caruth, & Handlogten, 2001). Corporate Leadership Council, (2004) postulate that incentive pay, also known as pay-for-performance, can directly influence employees' productivity and thus their engagement to their organisation (as workers learn to trust that they will be rewarded for good performance).

## *2.2. Theoretical Framework*

The underlying theories are designed for the purpose this study to gain an overview into the scope of this research work.

### 2.2.1. Kahn Theory of Employee Engagement

The most influential studies of engagement were carried out by Kahn (1990). According to his theory, people occupy roles at work and this role depends on their task. People also bring themselves into or remove themselves from particular task behaviours or performances. Goffman (1961a) in his book, "The Presentation of Self in Everyday Life" pointed out that people's attachment to and detachment from their roles varies. This attachment and detachment were the starting point for Kahn's work towards defining the "self-in- role" of people. Kahn (1990) stated that the attachment and detachment of people are people's calibration of self-in-role. He termed these calibrations of self in role as personal engagement and personal disengagement, which means behaviour by which people bring in or leave out their personal selves during work role performances. This pursuit of understanding of "self in- role" processes and the roles people occupy at work led Kahn in coining the term "engagement". And thus, embarked on the usage of the term "Engagement" in academic literature. Further, the term "Employee engagement" became an overnight sensation in the business consulting world after the popularity of the book "First Break All the Rules - What the World's Greatest Managers Do Differently" by Buckingham & Coffman, 1999 (Shuck & Wollard, 2010).

### 2.2.2. Social Exchange Theory (SET)

A stronger theoretical rationale for explaining employee engagement can be found in social exchange theory (SET). This was the model developed by Saks (2006). Social exchange theory argues that relationships at work evolve over time into trusting, loyal, and mutual commitments as long as all parties involved abide by reciprocity or repayment rules. For example, when employees receive particular resources from their organization (e.g., a decent salary, recognition, and opportunities of development) they feel obliged to respond in kind and "repay" the organisation. Following this lead, Saks (2006) argues that one way for individuals to repay their organisation is through engagement. In other words, employees will engage themselves to varying degrees and in response to the resources they receive from their organisation. According to Kahn's (1990) definition of engagement, employees feel obliged to bring themselves more deeply into their role performances as repayment for the resources they receive from their organisation. Alternatively, when the organisation fails to provide these resources, individuals are more likely to withdraw and disengage themselves from their roles, which eventually might result in burnout (Schaufeli, 2006).

### 3. Methodology

This study adopted a survey research design to determine the influence of effective communication and career management on employee engagement using some selected financial institutions in Lagos West Senatorial District, Lagos State, Nigeria as case study which comprise of 10 local government areas. The reason for conducting the study in Lagos State is based on its status and its diverse nature as the commercial and industrial location of Nigeria. It is an urban settlement which have been structured into 20 local government areas as well as 57 local development councils with estimated population of over 21 million. The purposive sampling technique was adopted in selecting ten (10) financial institutions and random sampling technique was used to select fifteen (15) respondents from each financial institution making a total of one hundred and fifty (150) respondents who had spent at least one year in the organisation. The organisations were not mentioned in this study for the purpose of anonymity as requested by the respondents.

The study population cut across respondents with different socio-demographic backgrounds such as gender, age, marital status, educational background, and years of experience to provide a platform for balanced views of all the respondents. A number of questionnaires were reviewed which was of assistance in designing of the questions for the study. Data were collected through the use of Gallup Q12 Employee Engagement Scale developed by Gallup (2013), effective communication scale was adopted from the Institute for Employment Studies (IES) in Dilys, Sarah, and Sue, (2003) and Employee Satisfaction Scale in Crossley, Bennett, Jex, & Burnfield, (2007) to measure compensation management. For the pilot study of these scales, reliability tests were performed to assess the internal consistency of each measure. Cronbach's Alpha coefficients were reported as follows: 0.86 for Gallup Q12 Employee Engagement Scale, 0.89 for Effective Communication Scale, 0.78 for Compensation Management Scale.

All questions were close ended using a five-point Likert scale which ranged from 5 = 'strongly agree' to 1 = 'strongly disagree'. It consisted of two sections. Section A consist of demographic information of the respondents. Section B consist of information from respondents on employee engagement scale, effective communication scale and compensation management scale. Data collected from the questionnaire were analyzed and interpreted accordingly with the use of descriptive and inferential statistical techniques to test both the independent and dependents variables such as simple pie chart and frequency distribution. Four hypotheses were tested using regression analysis for hypotheses one and two and Pearson correlation was used to test hypotheses three and four postulated for this study. All the hypotheses are examined at 0.01 alpha levels of significance.

### 4. Data Presentation and Analyses and Discussion of Findings

This section deals with the presentation and analysis of data collected from the respondents through the research instrument. All the items in the questionnaire were analysed using Statistical Package for Social Sciences (SPSS) version 23.

#### 4.1. Section A: Demographic Distribution of Respondents (n= 150)

##### 4.1.1. Gender of Respondents

The study found out the gender of the respondents involved in this study. Pie Chart 1 below shows the result of the responses.

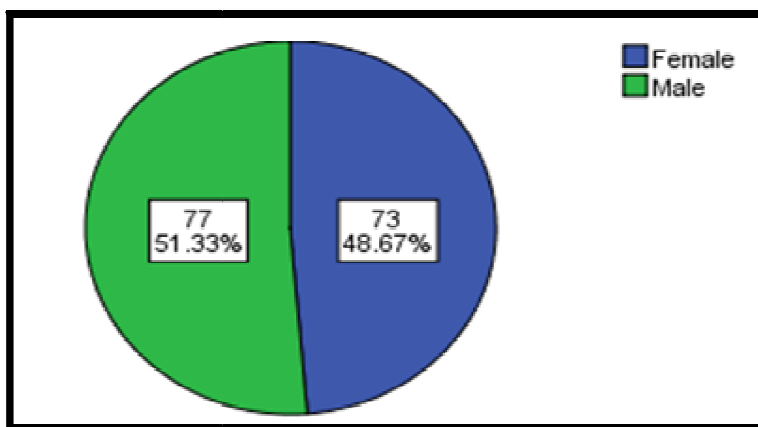


Figure 2: Distribution of Respondents by Gender  
Source: Field Survey, 2018

Data shown on Figure 2 above shows the distribution of respondent's gender. Male respondents were 51.33% and female respondents were 48.67%. This shows that there are more male workers than female workers in financial institutions in Lagos West Senatorial District and both males and female employees of the selected organisations participated in the study without gender discrimination.

#### 4.1.2. Age of Respondents

The study established the age range of respondents involved in this study. Pie Chart 2 below shows the responses of the respondents.

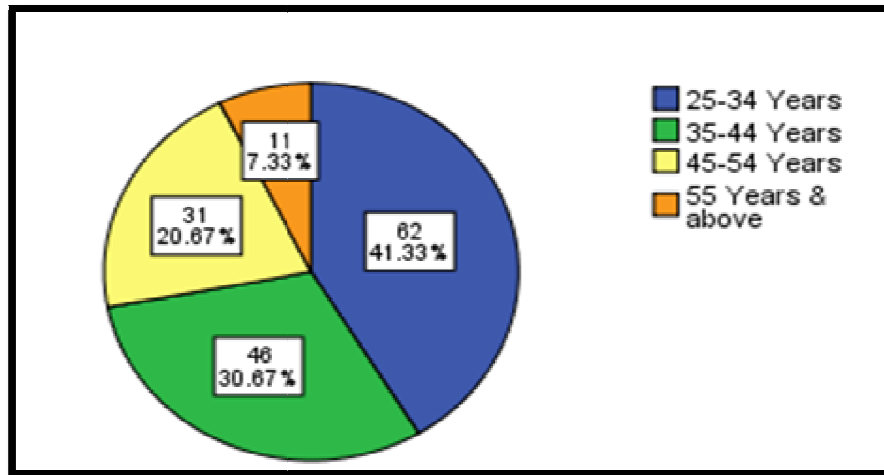


Figure 3: Age Distribution of Respondents  
Source: Field Survey, 2018

Data shown on Figure 4 above shows the distribution of respondent's age range. Majority of the respondents 41.33% are within the age range of 25-34 which is the active working force, respondents within the age range of 35-44 are 30.67%, respondents within the age range of 45-54 are 20.67% while respondents aged 55 years and above are the least working age in financial institutions in Lagos West Senatorial District with 7.33%.

#### 4.1.3. Marital Status of Respondents

The study found out the marital status of respondents involved in this study. Pie Chart 3 below shows the responses of the respondents.

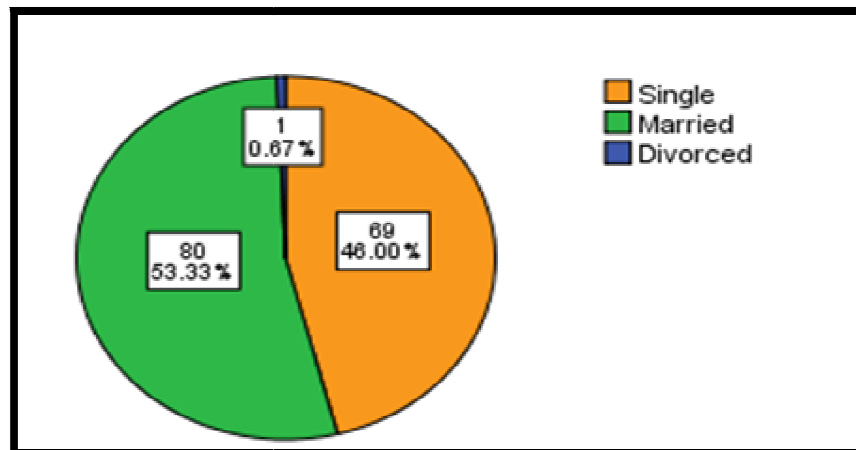


Figure 4: Distribution of Respondents by Marital Status  
Source: Field Survey, 2018

Data shown on figure 1.3 above shows the distribution of workers marital status in financial institutions in Lagos West Senatorial District. Single respondents are 46.0%, while 53.33% respondents are married and 0.67% of the respondents are divorced. The study shows that we have more numbers of married workers in the financial institutions than the single and divorced workers.

#### 4.1.4. Educational Qualification of Respondents:

The study found out the level of educational qualification of respondents involved in this study. The result is shown on Pie Chart 4 below.

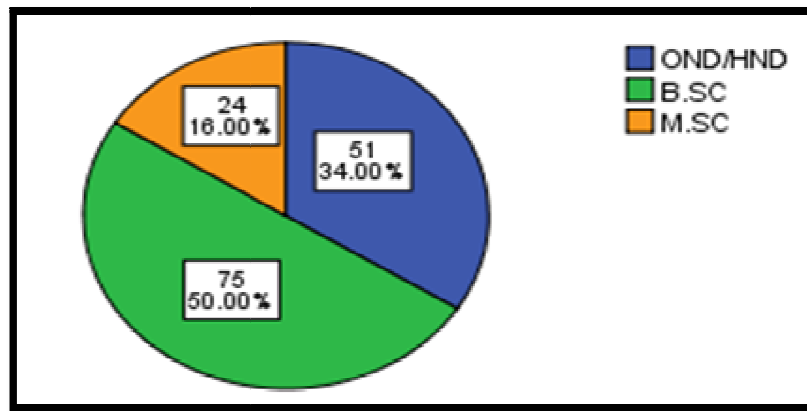


Figure 5: Distribution of Respondents by Educational Qualification  
Source: Field Survey, 2018

Data shown on figure 5 above shows the distribution of respondent’s educational qualification in Lagos West Senatorial District. Majority of the respondents 50% had B.Sc. degree as their highest academic qualification, followed by those who had OND/HND degree 34%, while 16% had M.Sc. degree. The study indicated that Lagos West Senatorial District had more number of educated and learned workers in financial institutions.

4.1.5. Years of Experience of Respondents

The study found out the years of experience of respondents in this study. The result is shown on Pie Chart 5 below.

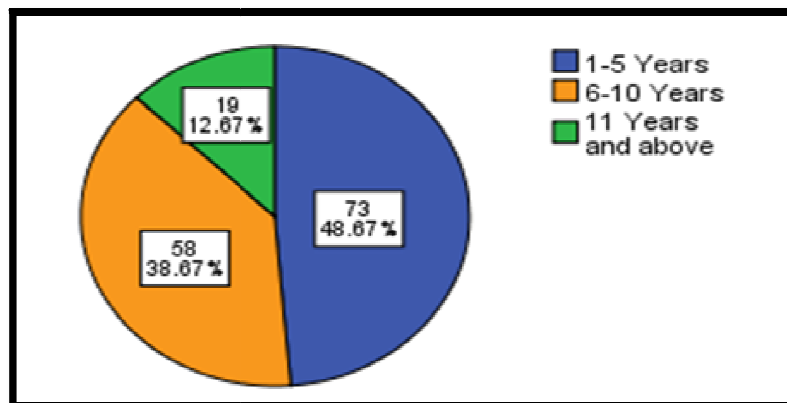


Figure 6: Distribution of Respondents by Years of Experience  
Source: Field Survey, 2018

Data shown on figure 1.5 above shows the distribution of workers years of experience in financial institutions in Lagos West Senatorial District. Majority of the respondents with 48.67% had 1-5 years working experience, followed by respondents with 6-10 years working experience which are 38.67% while respondents with 11 years and above working experience are 12.67%.

4.2. Section B: Test of Hypotheses

4.2.1. Hypothesis 1

Effective communication has no positive significant effect on employees’ engagement

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	Df 1	Df 2
1	.563 <sup>a</sup>	.317	.312	.355	.317	68.565	1	148

Table 1: Regression Model Summary<sup>b</sup> on Effective Communication and Employees’ Engagement Source: Author’s Computation, 2018

- a. Predictors: (Constant), Effective Communication
- b. Dependent Variable: Employees’ Engagement

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	8.662	1	8.662	68.565	.000 <sup>b</sup>
	Residual	18.698	148	.126		
	Total	27.360	149			

Table 2: Anova<sup>a</sup> on Effective Communication and Employees' Engagement

Source: Author's Computation, 2018

a. Dependent Variable: Employees' Engagement

b. Predictors: (Constant), Effective Communication

## 4.2.1.1. Decision Rule

The regression analysis and ANOVA results presented in Tables 1 and 2 above reveal the coefficient of R-square ( $R^2$ ) which is 0.317 shows that effective communication accounts for 31.7% of the variation, which is a very high variation in the determination of employee engagement. This percentage is very high and it is statistically significant. However, since the statistically calculated F-value of 68.565 is greater than the critical F-value of 3.842 at (0.05) level of significance at 148 degree of freedom, therefore the null hypothesis ( $H_0$ ) is rejected and the alternative hypothesis ( $H_1$ ) is accepted which state that effective communication has positive significant influence on employees' engagement.

## 4.2.2. Hypothesis 2

Compensation management has no positive significant influence on employees' engagement.

Std. Error of the Estimate	R Square Change	F Change	Df 1	Df 2	Sig. F Change
.400	.137	23.418	1	148	.000

Table 3: Regression Model Summary<sup>b</sup> on Compensation Management and Employees' Engagement

a. Predictors: (Constant), Compensation Management

b. Dependent Variable: Employees' Engagement

Source: Author's Computation, 2018

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.738	1	3.738	23.418	.000 <sup>b</sup>
	Residual	23.622	148	.160		
	Total	27.360	149			

Table 4: Anova on Compensation Management and Employees' Engagement

a. Dependent Variable: Employees' Engagement

b. Predictors: (Constant), Compensation Management

Source: Author's Computation, 2018

## 4.2.2.1. Decision Rule

The regression analysis and ANOVA results presented in Tables 3 and 4 above reveal the coefficient of R-square ( $R^2$ ) which is 0.137 shows that compensation management accounts for 13.7% of the variation, which is a high variation in the determination of employee engagement. This percentage is high and it is statistically significant. However, since the statistically calculated F-value of 23.418 is greater than the critical F-value of 3.842 at (0.05) level of significance at 148 degree of freedom, therefore the null hypothesis ( $H_0$ ) is rejected and the alternative hypothesis ( $H_1$ ) is accepted which state that compensation management has positive significant influence on employee engagement.

## 4.2.3. Hypothesis 3

There is no significant relationship between employee engagement and organisational productivity.

Variables	Employee Engagement	Organisational Productivity
Employee Engagement	1	.691**
Pearson correlation		.000
Sig. (2-tailed)		
N	150	150
Organisational Productivity	.691**	1
Pearson correlation	.000	
Sig. (2-tailed)	150	
N		150
Descriptive Statistics		
Variables	Mean	Std. Deviation
Employee Engagement	4.76	.429
Organisational Productivity	4.65	.845

Table 5: Correlation between Employee Engagement and Organisational Productivity

\*\*. Correlation is significant at the 0.01 level (2-tailed).

Source: Author's Computation, 2018



#### 4.2.3.1. Decision Rule

From the analysis of result in table 5 above, it's describes the Pearson correlation analysis with the description of their mean and standard deviation which shows that there is significant relationship between employee engagement and organizational productivity( $r = 0.691$ ,  $p < 0.01$ ). Thus, the null hypothesis ( $H_0$ ) is rejected and therefore the alternative hypothesis ( $H_1$ ) is accepted and proven to be true, which states that there is a significant relationship between employee's engagement and organizational performance.

### 5. Discussion of Findings

Hypothesis one indicated that effective communication has a significant influence on employee engagement. This means that communication within and outside the organisation plays a significant role in ensuring employee engagement. This study established that precise and honest communication is an important tool for enhancing employees' engagement in an organisation. This finding is in line with the study of MacLeod and Clarke (2009), they highlight communication as a critical factor for enhancing performance through employee engagement. Communication abilities of leadership teams are recognised as important in driving employee engagement. Kahn (1992), identified communication as an underlying factor associated with employee engagement. Poorly done and ambiguous communication in nature can lead to the dissatisfaction of employees, distrust and employee turnover. Also, Paradise (2008), postulated that communication of clear vision for long term success by the higher management are critical factors in building employee engagement. The second hypothesis established the fact that compensation management has a significant influence on employee engagement. The result of this findings implies that when compensation is fair and equitable to employees, they tend to be more engaged. The majority of Nigerian workforce are in the range of poor and middle class, so a good compensation plan can have a positive influence and give them a strong desire to achieve the best work ever. As a result, compensation plays a fundamental role in keeping and improving employee engagement. This coincides with the study of Corporate Leadership Council (2004) which state that Compensation management can powerfully influence employee engagement. Herman & Gioia, (2000), implies that compensation is a key issue considered by employees as important, therefore they anticipated financial rewards as critical elements of success to any organisation. When employees receive rewards and recognition from their organisation, they will feel obliged to respond with higher levels of engagement (Saks and Rotman, 2006).

Finally, the third hypothesis revealed that there is significant relationship between employees' engagement and organisational productivity. High organisational productivity is greatly facilitated when employees at all levels of the organisation, including managers, are engaged because employees who are not engaged do not put in the effort required to perform at their best. In organisations, engaged employees foster better service and improve performance. The study coincides with the findings of Taleo (2009), he found that employees that are highly engaged are twice as likely to be top performers. In his study, employee engagement is a key to improving performance. Markos and Sridevi (2010), discovered that employers in the current generation do realize that by focusing on employee engagement they can induce better efficiency and productivity among the workforce.

### 6. Conclusion and Recommendation

This study has clearly demonstrated that effective communication and compensation management are very important in getting employees engaged and also the practice of employee engagement has led to improved organisational productivity which was deduced from the responses of the respondents. Based on the finding of this study, it is recommended that employers should go beyond downward communication and employees should be given the opportunity to feed their views and opinions as this is a key driver of employee engagement. Also, organisations should encourage managers and supervisors to engage employees by making it a performance criterion and rewarding engagement through compensation management plan and incentive programs, thereby resulting into organisational productivity.

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