

Implications On Employee Engagement Due to Cyclical Preferences in Employee Behaviour and Communicative Actions: A Learning Experience

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Abstract

This paper focuses on the critical importance of human resources (HR) within organizations and the impact of human behaviour, especially cyclical preferences on organizational dynamics. It highlights the significance of employee engagement and attrition rates as key performance indicators for organizations. It identifies employee engagement as a vital force influencing morale, productivity, and retention decisions. The research presents a framework for understanding and enhancing employee engagement through transparent communication, trust, and mutual respect. The framework encompasses dimensions such as People, Process, Technology, and Culture, contributing to an evolving organizational culture. It explores the complexities of addressing cyclical preferences in employee behaviour and offers recommendations for improving employee engagement. The paper underlines the need for adapting HR practices in a rapidly changing technological landscape and proposes personalized models for HR to maximize employee engagement and satisfaction. It delves into the significance of addressing LGBTQ+ inclusion and equality within organizations. The research concludes by emphasizing the importance of embracing dynamic employee preferences, harnessing technology, and promoting transparent communication to create a positive work environment that fosters engagement and reduces turnover. It highlights the role of tailored policies and practices in promoting employee motivation, job satisfaction, and long-term organizational success.

Keywords: Employee preferences, cyclic preferences, engagement, human behaviour, communication, human resources management

1.0 Introduction

Human resources (HR) are of paramount importance in any organization. Apart from several articles that focussed on distinct aspects of human resources, the dynamics of human behaviour plays a key role that shapes the future of any organization [Nunn (2022); Hughes (2015)]. A life cycle of an employee has several touch points with the human resources. One of the critical key performance indicators (KPI) [Gabčanová (2012); Weber and Thomas (2005)] for the organization is the employee engagement and attrition rates [Goswami and Jha (2012)].

Several studies have separately reinforced the fact that the cost of hiring new employees far exceeds retaining existing employees. It is stated the cost of hiring as five times the cost of retention due to factors like recruitment expenses, onboard training, loss of productivity, potential turnover, etc. [Najam, *et al.* (2020)] When hiring a new employee, they will have to learn about the ways and culture of the organisation plus use the first few months of their employment in training, which is a loss for the organisation [Block (2021)].

In the current business landscape, employee engagement has risen to become a vital force [Thomas (2009), Hyun-Jung *et al.* (2022)]. It directly impacts employee morale, productivity, and factors influencing their decision to remain with the company. Most of the traditional organizations still depend on dispensing a mechanical procedural justice to the employees effected through the respective HR processes [Monks, Kelly, *et al.* (2012); Amit and Belcourt (1999)]. Such a system or processes within at best serves to avail certain organizational benefits (e.g., payroll, claims, insurance, etc.) but lacks an emotional connect with employees.

For example, Figure 1 shows an organizational and HR function high level process map represented as a SIPOC¹ diagram [Brown (2019); Yeung (2009)]. The diagram also serves to derive the key process indicators at all levels (e.g., attrition rate and employee engagement score). However, in several organizations, the practical scenario is quite different from what such measures indicate. For example, the yearly employee engagement surveys are indicators of employees’ feeling with respect to the organization. Disagreements occur between an engagement survey result and what employees’ state when probed deeper. This is especially true in multi-national companies spread across continents encapsulating multiple cultural backgrounds [Hyun-Jung, *et al.* (2022)].

Research findings have highlighted the need for a more transparent and intuitive way to assess and improve engagement, which is influenced by a set of behavioural traits. Such paradoxical situation is an early warning signal that organization must act in a sustainable manner and would help establish the best-in-class approach for HR.

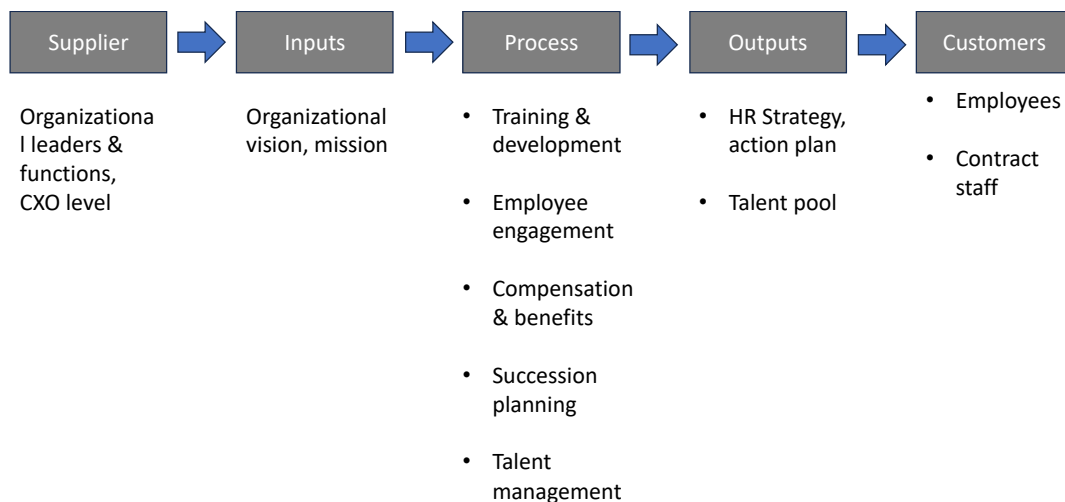


Figure 1: SIPOC of a generic human resources function

¹ SIPOC – Supplier, Inputs, Process, Outputs and Customers

Figure 2 shows typical functions in an HR organization. Of all the functions presented in the figure, employee engagement is of interest here. This research attempts to explore the influencing factors of employee engagement based on their own preferences (like consumer preferences seen in a marketing context). These preferences could be due to external factors such as financial, technology, flexibility, career growth, etc.

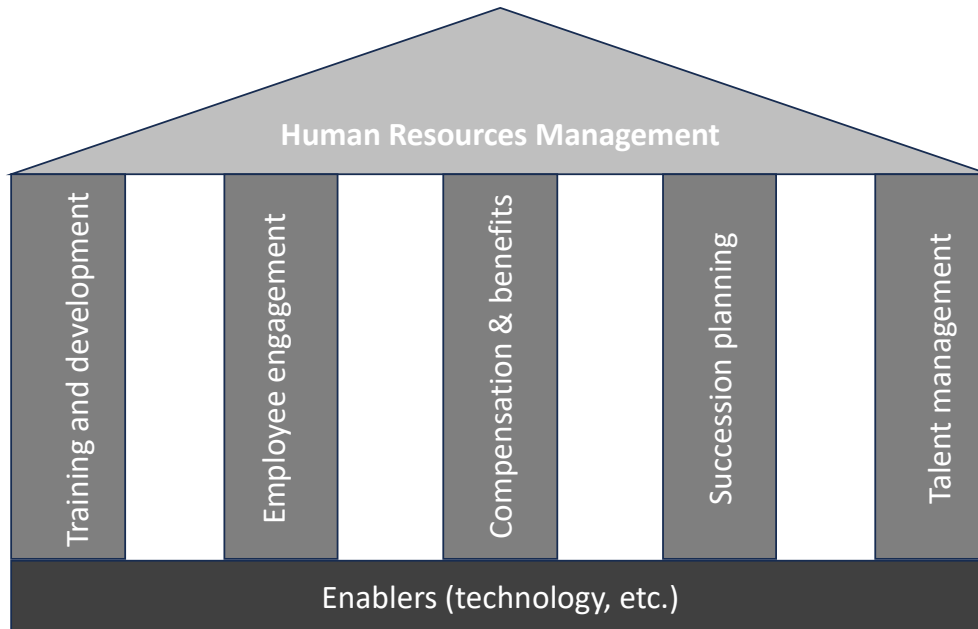


Figure 2. Generic human resources function

The paper is organized as follows. Section 2 covers the background on HR practices and the foundational technique that existed since 1960s but has relevance today in a social setting [Deflem (1994); Honneth and Joas (1991)]. The section also highlights background research in the context of employee behavioural influences on the overall organizational goals. Section 3 presents a framework that covers two organizational frame of references – one large organization (greater than 50 years of existence) and another, which is a start-up (less than 3 years). Section discusses the two cases in detail including a detailed analysis of the influencing factors towards employee motivation / behaviour, especially related to cyclical preferences. Section 4 further investigates the need for an evolutionary model for HR specifically aimed at addressing the needs of fast changing HR, as a part of a journey defined by technological drivers such as artificial intelligence, digital, etc. Section 5 presents our important conclusions and open points, where future research should focus on.

2.0 Background

Research in human resources management (HRM) dates to the early 20th century. In the context presented by Terrey and Franklin (1996), a set of significant factors referred to as the six "M" of management encompasses men, material, women, money, method, and market. Among these elements, the efficient management and utilization of both human and non-human resources are orchestrated by individuals, mixed genders. Further research between the late 90s and 2022 reveal a trend to push HRM from a very traditional “over the wall” approach to a more concurrent setting dominated by digital and Artificial Intelligence (AI) space [Pandey and Khaskel (2019); Eubanks (2022); Yano (2017)].

Using AI-based software can really help managers. It not only lets them see how involved each employee is, but also helps them predict how employees might feel or behave based on certain signs [For example: Employee Engagement Platforms, Sentiment Analysis Tools, Workload Optimization Tools, etc]. AI exerts a noteworthy and favourable impact on both employee performance and work engagement. More concrete efforts from the academia and the industry have led to incremental improvements related to HRM as a function, given some exceptions such as legacy organizations. By the turn of the millennium and catching up of digital space coupled with AI including the globalization period have led to major shifts in the way an employee engages with an organization – for example, remote work culture, concept of “gig” workers, etc. [Connelly, Fieseler, *et al.* (2021); Kuhn, Keegan, *et al.* (2021)]. But the primary ingredient of human touch and transparent communication still pose a challenge to the HRM function. For example, employer conversations become more difficult, and conflicts or concerns cannot be addressed as there is no solid or emotional connection.

Performance reviews and any organisational changes become harder to communicate. These influences form a predominant stain on the organizational fabric and will need a closer look in terms of how a given organization is willing to address the issue of low employee engagement, for which is only possible through transparent communication. For example, the offers to boost engagement generally include (a) digitalization (b) flexible working hours (c) attractive benefits and (d) retention policies, etc, to name a few. When employees are fully engaged and feel a strong sense of being valued and included, they are more likely to willingly put in extra effort. The willingness to go above and beyond contributes to improved overall performance. From a practical standpoint, it is noteworthy that the preferences of employees tend to be dynamic or even cyclic.

The aspect of cyclical preferences is well captured by Arrow’s impossibility conditions in the context of organizational work. Arrow’s Impossibility is a mathematical concept that says there’s no perfect way to decide what most people want when there are more than two choices. [Maskin and Sen (2014); Kelly (2014)] Such deadlock scenarios that influence an employee’s stand in determining their own longevity with an organization, cannot be underestimated. The solutions prescribed to mitigate such scenarios is often based on a procedural system of justice, which typically lacks transparent communication.

A “one size fits all” approach is seen with reservation since future growth and demands in the technology space are set to expand in a non-linear fashion. It is well known that human mind tends to think linearly but given the evolution of technology and cultural barriers breaking down, it is useful to study Human Resources Management (HRM), specifically in the context of preferences driven communicative action, to meet the dynamic employee behaviour [Mendy and Rahman (2019)].

3.0 Framework for employee engagement

The subject of employee engagement has been dealt with by several researchers and from an organizational context, the key performance indicators are derived based on certain survey parameters. In this context, from a foundational stand, it is important to realise that communication, trust, and mutual respect are three key attributes that characterize engagement [figure 3].

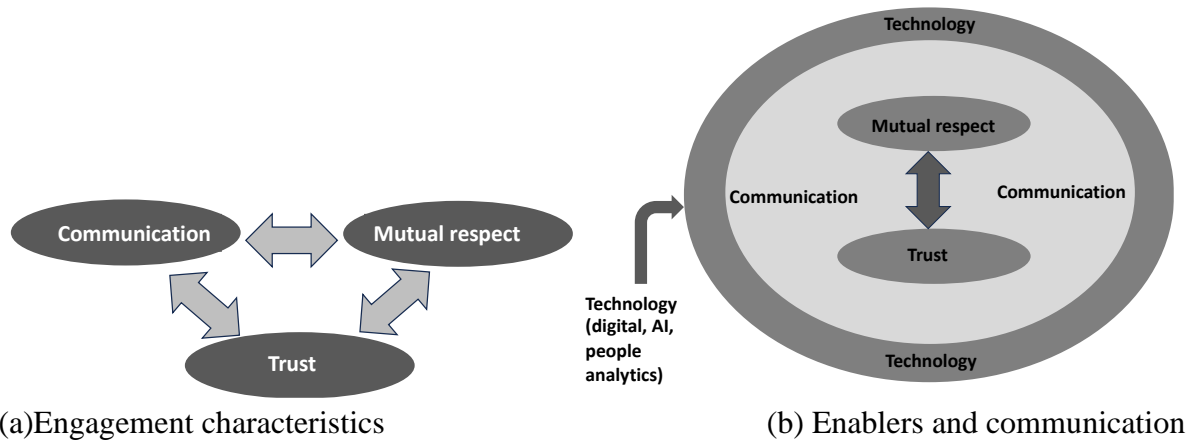


Figure 3: Central role of communication in employee engagement

It is important to recall Denhardt’s statement, “The central question is no longer how the individuals may contribute to the efficient operation of the system, but how the individual may transcend that system” [RB Denhardt and JV Denhardt (2000); Denhardt and Catlaw (2014)]. The word “transcend” is important from the view of evolution since it will help connect with employees and motivate them to contribute to organizational growth.

In the given context involving the engagement, this statement forms the basis for the development of a transparent communication-based approach, where communication wraps the other two attributes shown in figure 3(b). This is a more inclusive means to achieve a state of transparency that will help employees transcend the organizational goals. We consider four dimensions for effecting employee engagement (a) People, (b) Process, (c) Technology and (d) Culture. The processes and technology may be seen as an enabler, but this helps bind people together in an organization, which collectively forms an evolving culture for the organization.

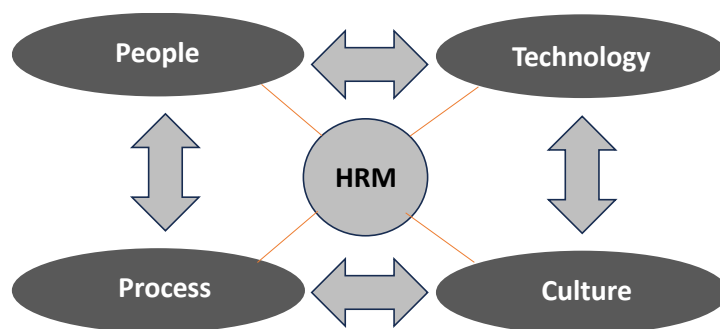


Figure 4: People, process, technology, and culture interaction

In the framework presented in Figure 4, it is indeed the combination of these four dimensions that make the evolution of the organization a success. The human resources policies should be made more visible to external functions. The decisions on policies should include key stakeholders from other functions as well, as opposed to a “closed door” approach. Therefore, a fully inclusive approach may be required to maximise the Key Performance Indicators (KPI) of an organizational process (e.g., employee engagement). This is better compared to a dictatorship style of governance or leader – follower approach. The KPI should include employee behavioural and psychological measures to find out employee

engagement, wellbeing and mental health of the employees, innovation and creativity, employee development, etc. When it comes to inclusivity, if the established workplace culture only acknowledges a specific group of people for their contributions, overcoming barriers like resistance to change, individual cultures, etc. might prove challenging.

By addressing the KPIs carefully in a real time manner (as opposed to once a year surveys), it would lead to an increase internal customer satisfaction as well as employee satisfaction and consequently improve the employee engagement.

4.0 Discussion and Recommendations

The framework presented here may be viewed under two separate scenarios (1) a 500+ employee company and (2) a start up with less than 100 employees. Generally, in organizations, the aim is to minimize variations in all processes. The figures 5 [(a) and (c); (b) and (d)] depict two such scenarios. One important observation is that though it is generally viewed that variation of process is not good, at times, it is important to be flexible with respect to employee behaviour. This would result in a distribution that would exhibit more variation. Both scenarios in (1) and (2) based on surveys may not serve as an exclusive indicator that is representative of employees’ well-being. For example, a closer look in (1) showed that more than 55% employee engagement survey participants were not even aware of what the questions really meant and completed the survey as a “tick on the box” task. Such an exercise is futile as further data from scenario (1) indicated double digit attrition rate [figures 1(a) and 1(c)]. Scenarios (1) and (2) reflect the process variations in human resources in two organizations. Variations in Human Resources processes also means fluctuation, deviations, and inconsistencies. This led to inefficiency, uncertainty and decrease in employee engagement. (1) is all about legacy, more variations, which is governed by deceptive means as in some employees not following standard practices but still progress faster compared to others. Such practices adversely affect employees’ behaviour towards work, which in turn lowers employee morale and productivity. Given both the scenarios, the traditional legacy organizations (1) appear to have inherent communication disconnect with people other than through standard protocols such as email, phone, or face to face meetings.

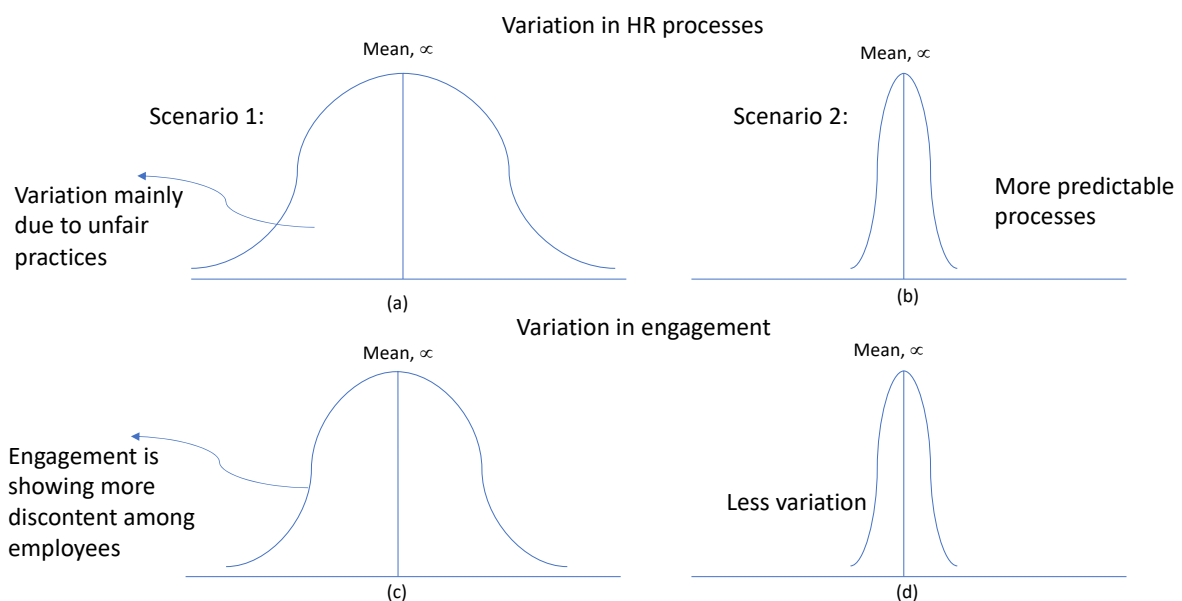


Figure 5: Scenario 1 (a) and (c); Scenario 2 (b) and (d)

Whereas scenario (2) appears to be more friendly for employees considering accommodating their future aspirations and preferences. However, it is acknowledged that the financial risks (fund shortage, lack of profitability, etc.) and business risks (competition, market fit, etc.) in start-up organizations play a key role in the survival of employees. It is important to recall the cost of hiring new employees is five times greater compared to retaining existing employees, especially the top and middle level performers. In both cases, a more personalized model for Human Resources (HR) may be required to maximise employee engagement throughout the organization.

A personalized model should have a core component, which is an employee centred approach that emphasizes tailoring HR practices and policies to meet the unique needs and preferences of the employees of the organisation. It recognizes that employees have diverse backgrounds and career goals and aims to create a positive environment suited for employees to work towards. The other component is the specific component, which is a data driven decision making approach that uses leveraging analytics and data to inform HR strategies and actions. By collecting the data related to employee performance, feedback, etc., HR can make informed decisions while aligning with the goals and needs of employees as well as the organisation.

A : is preferred to B; B : is preferred to C ; C : is preferred to A

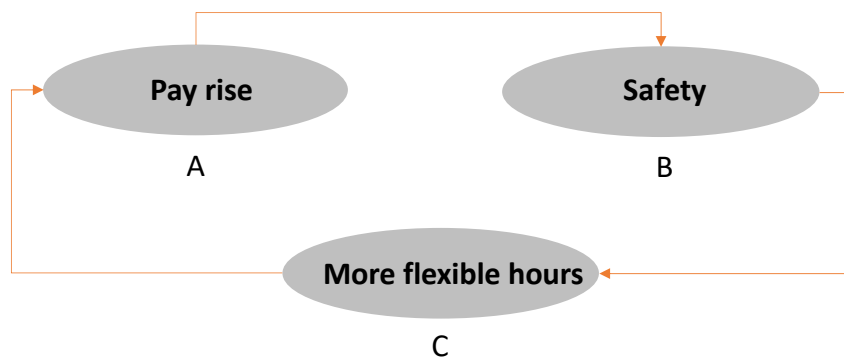


Figure 5: Cyclic preferences of an employee

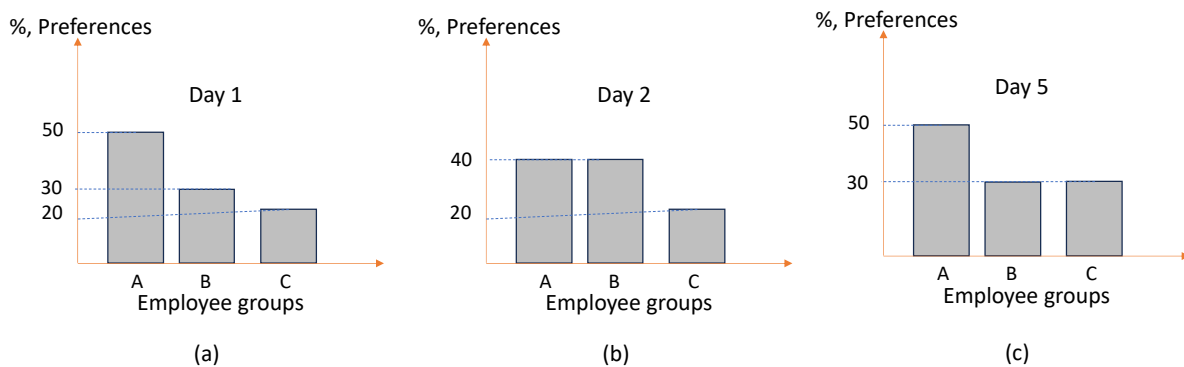


Figure 6: Cyclic preferences changing during a 5 day period

A typical situation was observed in scenario (2). As a start up with limited funds, the choice between factors for employees turned out to be cyclic as shown in Figure 5. A limited group of 20 employees were

chosen from different locations in India to ensure zero bias in sampling. Therefore, a set of four rational sub-groups were chosen with each sub-group consisting of five team members. The dynamic nature of preferences were captured during a time interval of five days shows a cyclic behavioural pattern as shown in Figure 6. The sample results suggest that the employees were not able to make a definite choice given to them.

When probed further, some opinions weighed more towards the safety implementations and annual pay rise (5-10%). Though each benefit has its own merits, all employees did not choose, for example, pay rise over the other two. Hence a trade-off had to be established by probing further and identifying the secondary reasons using a Pugh matrix decision tool. Further, groups were identified who aligned with specific choices and solutions were prescribed to each specific group. However, there were core requirements on safety, which all employees were expected to follow. The flexible choices included the working hours and pay rise were carefully scrutinized with respect to employee preferences, acceptance of a trade-off (between pay rise and flexible hours) to arrive at a group based engaged decision.

To improve employee engagement under cyclic preferences, the organization should:

- Establish a transparent mechanism for communication.
- Establish a system of rules that addresses the preferences of all employees. Such a system will have a common part and a totally flexible part, which will ensure the preferences of individual employees are addressed.
- Instead of employee surveys happening at the end of a year or once in six months, the feedback should be made real time that will help capture real employee sentiments.
- Human resources function should adopt the latest trends in digital space and AI [For example: AI powered screening tests used for hiring, virtual reality training, demand forecasting, retention analysis, skill mapping, etc]to ensure the enabling technologies are supportive and complement learning. [Simões, Vinícius, *et al.* 2022]
- Training programs for employees organized by human resources should be flexible enough to support learning. For example, the typical nine hours training engagement in a given day may not be the right model for learning as all employees may have different learning styles (kinaesthetic, auditory, visual etc). Current models do not fully support these styles independently. If left unnoticed, the trainings will be less effective leading to employee disengagement.
- Based on LGBTQ, diversion inclusion policies would help to recognize and respect the rights of LGBTQ+ employees [Mehta, Chauhan, *et al.* (2023); Salter, Carter, *et al.* (2020). It also includes creation of a safe and secure environment comfortable to work and involve themselves, flexible benefits (pronoun usage, gender neutral bathrooms, etc), and recognition of LGBTQ+ milestones (pride month, history month, etc).
- When difficult decisions arise, individuals lean towards informal methods, often referred to as "back of the envelope", where they make judgments based on intuition or limited information. Using tools like the Pugh Matrix provides a structured approach for making decisions, which is far more effective than relying on "back of the envelope" assessment. While this method works for simpler decisions, it fails to contribute to complex decisions. This is when the Pugh matrix is used. The Pugh Matrix is a technique which is used for evaluating and comparing different alternatives based on multiple criteria. In contrast, relying solely on "back of the envelope" assessments can overlook various factors like

complex interactions between variables, external influences, etc. Hence, embracing tools such as the Pugh Matrix increases the efficiency in the decision-making process. [Sreejith and Mathirajan (2022); Cervone (2009)]

- Environment that organisations create should also motivate and engage women employee' participation. Their engagement at the workplace is crucial for their professional growth, the success of the organization, and the overall advancement of gender diversity and inclusion. Organisations should take steps and approaches like equal opportunities, flexible work conditions, inclusivity policies, diverse leadership and representation, etc, to make women more encouraged to work towards the organisation. [Hartman and Barber (2020); Ellemers (2014)]
- Organisations should prioritize giving equal opportunities to men and women in the workplace. Gender equality is crucial to capture the ideas and talents that every gender brings to the organisation. Equal pay, unbiased recruitment, diverse leadership, etc. are some of the steps that the organisation can promote equality on all levels. [Kiser (2015); Hebl and King (2019)]

4.0 Conclusions

This paper attempted to summarize the findings based on two case studies on employee preferences. These preferences were found to be like what is generally observed in other functions such as marketing or sales. Our study reveals the cyclic preferences of employees would indeed affect their engagement and in turn have influences on their productivity. The future work on the subject is required to establish and test a model that would yield perfect employee engagement. Open areas of research in human resources are expected to address these issues in a setting more aligned manner using digital technologies and AI [Applicant Tracking Systems, Virtual Reality Training, Learning Management System, etc]. It is also to be noted that while growing technology have its advantages in HRM, it also takes away the personal touch and transparent communication that an organization needs to find out employee satisfaction and engagement.

The dynamic nature of employee engagement, influenced by cyclical preferences in employee behaviour and communicative actions, underscores the need for adaptable and strategic approaches in fostering a motivated and committed workforce. Recognizing individual preferences and communication styles allows organizations to tailor their engagement initiatives, promoting a culture of inclusivity and open dialogue. Turnover reasons for both genders are more correlated with both job satisfaction and organisational commitment which means organisations should take more efforts prioritise the engagement of employees. By embracing these cyclical patterns, employers can harness the potential of their employees, leading to increased productivity, job satisfaction, and long-term organizational success. Organisations should take efforts and steps to understand employees' aspirations and goals, to consider their diverse backgrounds, and to communicate in a more efficient way, which leads to inclusivity doing. This shows increases in employee contribution towards the organisation and keep them more engaged.

Our research also points out that since hiring is costlier than retaining an employee, it is important for the organization to focus on employee engagement and make sure they are satisfied and motivated to do their work, and work towards the organization. Organizations should take steps to improve their policies and the ways of communication so that employees find the workplace to be a positive environment to work in. Since employees have cyclic preferences, it is necessary for an organization to continuously change its

policies and patterns making it suitable for the employees to increase engagement and avoid potential turnover.

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