

Employee Engagement in the Technology Sector

Changing Dimensions in the Post-pandemic Era

RESEARCH PAPER

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Executive Summary

With the onset of the pandemic, employers were faced with the unprecedented challenge of maintaining work continuity. Workplace dimensions underwent a massive change within a period of a few months. The change brought along issues relating to employee engagement.

In a survey done by PeopleAsset of leadership members across multiple functions and industries, 88.9% of the leaders surveyed say that COVID has deeply impacted their organizations, the same number also agreed that employee engagement and retention have been affected the most.

Employee engagement and retention, not revenue, has been viewed as the factor which has been the most impacted due to COVID19.

While there is no denying that business revenues suffered a substantial blow but the sheer organizational unpreparedness with respect to employee engagement is what forced leaders to rethink their talent practices and focus on creating a more flexible and acceptable working environment.

The uncertainty, isolation, and stress caused by the pandemic have put employee well-being back into focus. Today, employee engagement is synonymous with the overall well-being of employees. Fortunately, companies and leaders have understood the value and the long-term impact of fostering workplace well-being in the organization.

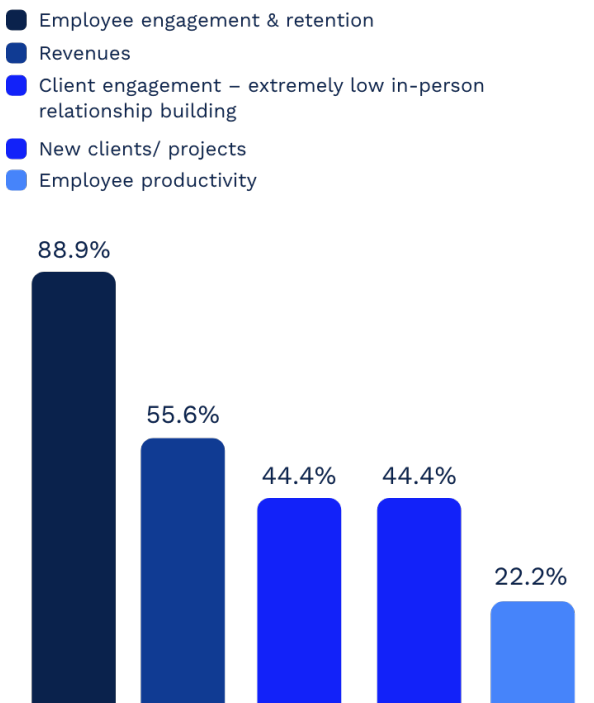
For some employees, the shift to remote work was business as usual, for others, however, it was an absolute revolution. While this change was unavoidable, it has led to some interesting trends in HR strategies for employee engagement and the employee experience.

In this research paper, we discuss the changing dimensions of employee engagement in the technology sector – from the perspective of both organizations and employees.

In the following pages, we share how the principles of engagement still remain relevant even as technological solutions create new avenues for team connectedness, communication, etc, between managers, leadership, and employees. In order for companies to keep up with dynamically changing work situations. We also introduce a framework for a hybrid virtual ecosystem, with special emphasis on well-being, communication, and most importantly, productivity. We have also recommended communication strategies that will especially be beneficial to keep the organization agile during change.

FIGURE 1

WHICH ASPECTS OF THE ORGANIZATION HAVE BEEN HIT THE HARDEST THUS FAR? (% OF RESPONDENTS)



01. ORGANIZATION'S PERSPECTIVE

As part of our study, we interviewed several HR and business leaders to understand the challenges that organizations are facing with respect to employee engagement. Here is what they highlighted:

Organization's challenges

- > Lack of sense of association with the organization

- > Reduced interconnectedness

- > Communication

- > Team collaboration

- > Work-life balance

No sense of belonging

With employees working remotely, sustaining organizational culture and nurturing a sense of belonging among new employees has proven to be a challenge. Those who were new to the organization found few if any, organic opportunities to build a meaningful relationship with their company and its culture. As for existing employees, they too struggled to mirror company culture into their new work-from-home setup. Naturally, this led to organizational leaders being concerned about threats of culture erosion or dilution in the long run.

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Proximity-based interactions among employees have substantially diminished due to the pandemic as a result of which there is a lack of association with the organization.

- CHRO of an IT Services Organization

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Workplace relations have become quite transactional due to the virtual environment.

- CHRO of a leading fintech organization

Reduced interconnectedness

Even as technology enabled us to connect and work with anyone, anywhere in the world, working remotely had a huge impact on social connectedness within the organization. The irony of virtual working lies in this paradox of connectivity - a social animal with no way or time to build a social network. With restricted opportunities for informal interactions, team bonding as well as team-building, employees had fewer channels to cope with or share their individual struggles, leading to increased anxiety. Mental health has become a key issue that organizations are now focussing on.

Communication barriers

The pandemic created communication challenges that can be further broken into two parts:

- **Communication to employees**

Since the crisis, leaders have been struggling with maintaining constant communication in the virtual workplace. The way they could transfer their energy and passion in in-person meetings and town halls was impossible to replicate in a virtual environment, resulting in employees wanting more.

- **Communication between employees**

It is a known fact that 60-80% of the communication is non-verbal. Body language and visual cues offer important insights which tend to be lost in virtual communication. This inevitably led to a lack of emotional connection with the person on the other side of the screen. Further, it creates more room for misunderstandings and loss of information, resulting in further loss of interconnectedness.

Reduced collaboration

Every organization's productivity depends on effective collaboration between teams and individuals. Unfortunately, remote working adversely affected collaboration since teams could not exchange ideas as frequently and freely as before. Working in a virtual or hybrid environment eliminated the spontaneous moments that would typically inspire brainstorming or strategizing in person.

Disrupted work-life balance

Working from home was expected to create a better work-life balance for employees, offering them flexibility and autonomy. However, many leaders observed quite the opposite. The unplanned shift to remote work blurred the boundaries between one's personal and professional life. Many employees struggled to balance household responsibilities with

work duties, causing them to work for longer hours. This created a cycle of poor work-life balance, triggering anxiety and fatigue among the employees.

Result - Increased attrition rates

All the challenges highlighted above paved the way for an unwelcome economic trend - The Great Resignation. Across the globe, a record number of people, especially in the IT sector, started leaving their jobs, fuelling an unprecedented problem of employee attrition. This ongoing crisis has also created a massive demand-supply imbalance with the talent needs of organizations not being met. However, the dynamics of the hiring marketplace are changing. Companies have realized that in the post-Covid world, location barriers are increasingly less significant for knowledge-based jobs.



Location is not a constraint anymore for knowledge-based workers. So now companies have started compensating employees based on their skills without differentiating based on location

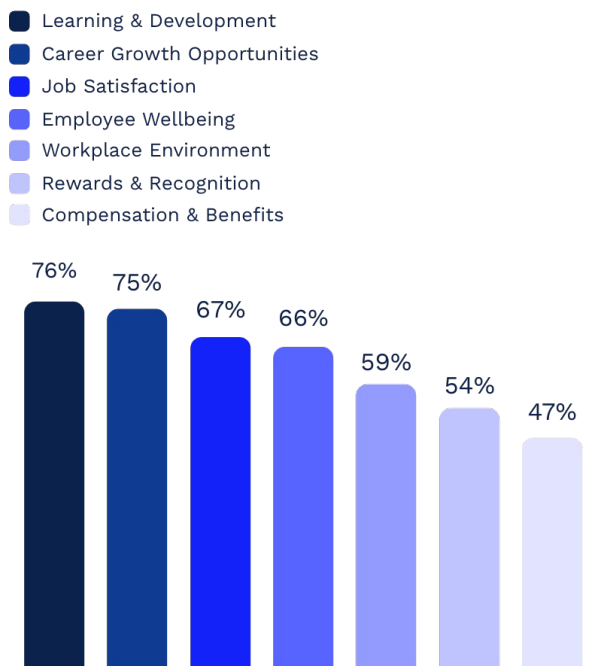
- Leader at a Big 4

02. EMPLOYEES' PERSPECTIVE

As the next part of our study, we conducted a survey to understand what the employees think about engagement, what are the factors impacting their engagement, and their expectations from employers. In addition, we also looked at some previously published research to provide depth to our study.

FIGURE 2

FACTORS IMPACTING ENGAGEMENT (% OF RESPONDENTS)



We focused our survey on the various factors that are individually considered to be important for employee engagement. At the end of the survey, employees were asked to pick the three most important factors they would like companies to focus on for employee engagement (Fig 3). The responses were not surprising.

FIGURE 3

3 MOST IMPORTANT FACTORS THAT IMPACT YOUR ENGAGEMENT? (% OF RESPONDENTS)



The results strongly suggest that the pandemic has shifted employee priorities. Safety, overall well-being, and maintaining a healthy work-life balance, are of high value. With job satisfaction, employee well-being, and workplace environment ranking high on the list of factors influencing employee engagement, employers must take note and action meaningful steps in the right direction.

Learning & Development

Learning and development have always been key drivers of employee engagement. A culture that focuses on growing and nurturing employee skills lays the foundation for a stronger, more confident, and more capable workforce. By investing in learning and development, organizations and leaders can demonstrate how invested they are in their employees' personal and professional growth.

Our survey shows that 75% of employees considered learning and development to be their top 3 levers of employee engagement. The employees also expressed that they value the access to attend conclaves, symposiums, conferences, etc. as they help strengthen their professional network.

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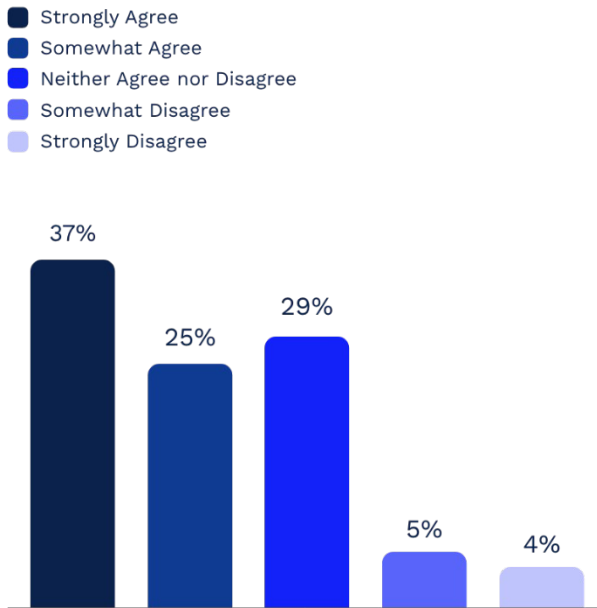
Employees across all stages of career pose a question to the company - how are you going to invest in my learning?

- HR Leader of one of the biggest Consulting and IT Services Firm

The responses to the question on expectations from employers (Fig 4) also show that individuals have also started investing in their learning, now having access to various online platforms.

FIGURE 4

EMPLOYEE RESPONSE ON: EXPECTATION FROM EMPLOYERS FOR FOCUS ON TRAINING AND DEVELOPMENT



Evidently, learning and development now play a significant role in creating a better employee experience and fuelling employee retention.

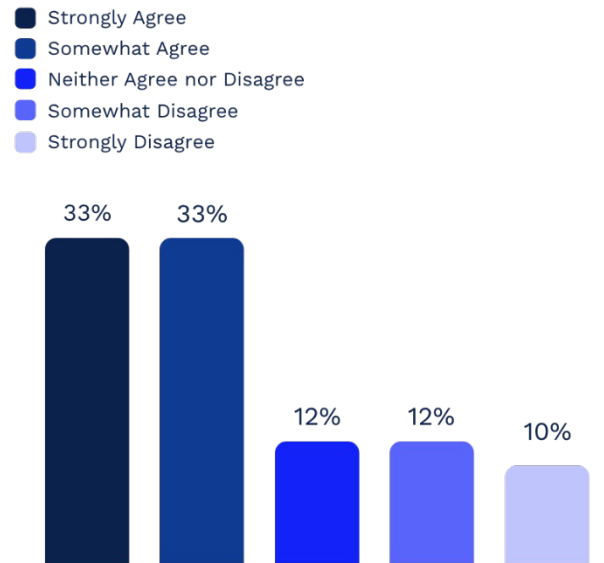
Career Growth Opportunities

Our survey has shown that employees feel engaged with an organization when they find personal growth potential in their jobs as well as more career opportunities in the organization.

Companies that strategically provide opportunities and plan the career path of employees have been proven to have better chances of employee engagement and retention. Employees are more likely to stay with employers who invest time and resources in their growth, provide opportunities both inside and outside the organization, and show genuine and consistent interest in boosting their employees' careers.

FIGURE 5

EMPLOYEE RESPONSE ON: FEEL ENGAGED BECAUSE OF GROWTH POTENTIAL IN THE JOB (% OF RESPONDENTS)



Especially in small-size companies, where salaries may not be as high as bigger organizations, the focus should be on providing tailored career development opportunities for their employees.

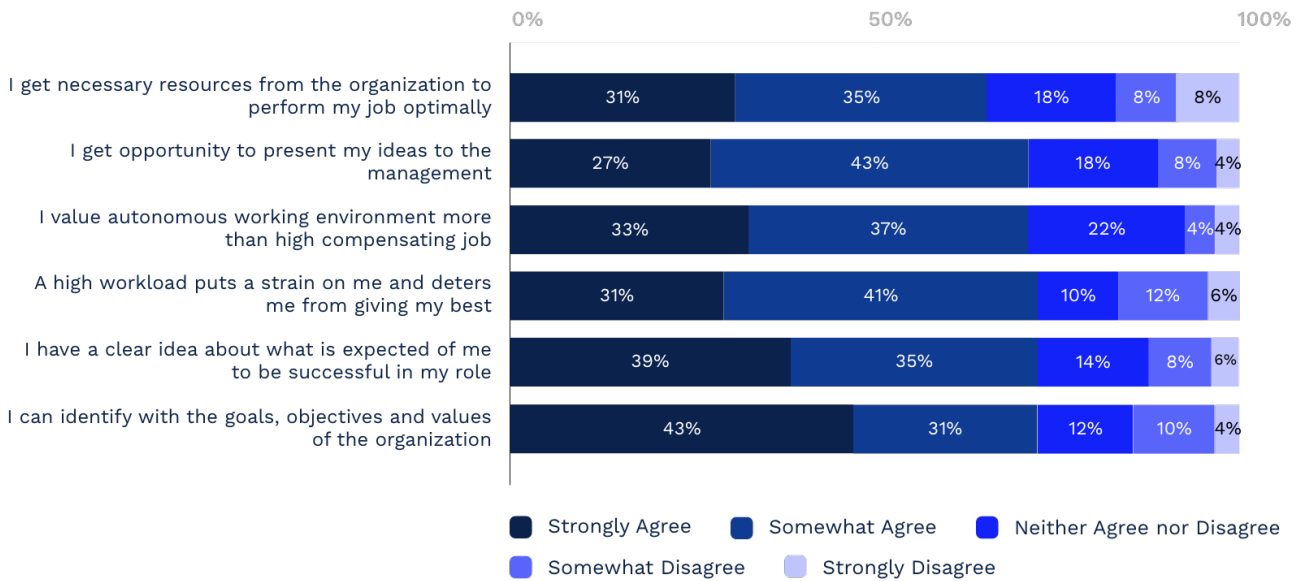
Job Satisfaction

In general, employees agree that challenging tasks push them to perform better at work. However, according to our survey (Fig 6), 72% of employees also say that a heavy workload causes stress and deters them from giving their best.

As research indicates, employees find a sense of purpose in their jobs when their goals are aligned with those of the organization. This is corroborated by 74% of our respondents who said that they could actually identify with the goals and objectives of the organization.

FIGURE 6

SURVEY RESULT: FACTORS LEADING TO JOB SATISFACTION AND EMPLOYEE ENGAGEMENT (% OF RESPONDENTS)



This stresses on the need for strong communication practices – a transparent flow of information on how an individual’s goals are driving the organizations’ goals and also how the organization is doing against the goals that have been set for it. Employers must work towards understanding individual employee goals and strive to strike a balance between organizational and individual purpose. This helps employees feel more valued at their workplace.

Job satisfaction also stems from opportunities to freely present suggestions to seniors (70%), a high level of autonomy (70%), and receiving necessary resources from the organization to perform one’s job optimally. Currently, only 66% of employees we surveyed feel they get all the resources they need to work efficiently. This highlights a number of areas where employers can action change.

Employee Well-being

With employees working from home and often, in isolation, there was a sharp increase in ‘pandemic stress’. For organizations, the COVID crisis highlighted the need to focus on the mental health and well-being of their employees.

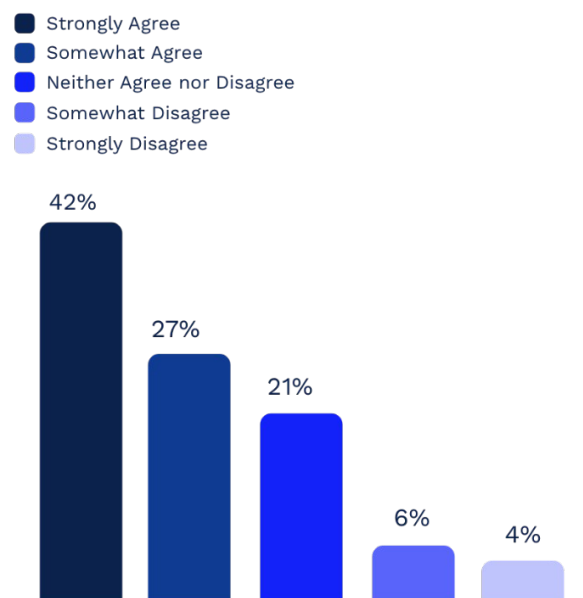
69% of employees we surveyed stated that they value working in an organization that has definite initiatives to focus on the physical and mental well-being of its employees.

A sensitive approach towards the unique challenges and circumstances faced by employees, walking the extra mile to support the employees through difficult times, has helped organizations gain their employees’

confidence. This includes providing psychological safety and clearly defining goals to optimize the overall well-being of employees.

FIGURE 7

EMPLOYEE RESPONSE ON: EXPECTATIONS FROM EMPLOYERS FOR FOCUS ON EMPLOYEE WELL-BEING (% OF RESPONDENTS)



Workplace Environment

The pandemic has forced companies around the world to re-examine the work environment they operate in. While every company will have a unique workplace, there are a few common elements that define how healthy or positive a workplace environment is. Effective communication, positive interpersonal relationships, flexibility, are some of the important factors that help shape a better workplace environment. Organizations that recognize the importance of creating a healthy work environment have a more engaged workforce.

on building communication channels that are accessible to all.

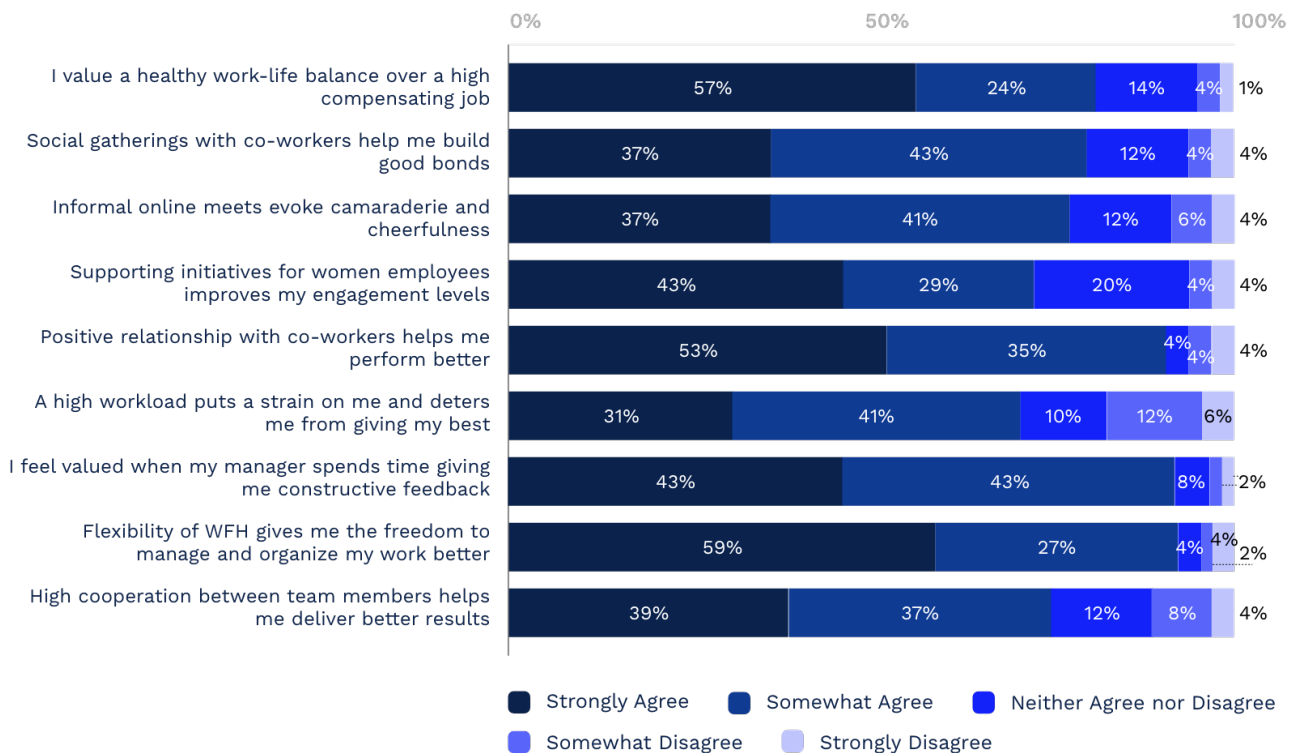
Our survey also highlighted that despite the constraints of virtual working:

- While 90% of employees feel they have more freedom and flexibility in working from home,
- 63% have expressed their anxiety over returning to the office.

Thus, organizations must focus on building a more flexible workplace to create a more positive employee experience and boost engagement.

FIGURE 8

SURVEY RESULT: FACTORS LEADING TO BETTER WORKPLACE ENVIRONMENT EXPERIENCE (% OF RESPONDENTS)



Company cultures have a huge influence on the workforce and the environment they work in. When employees are aligned with their organization’s vision and values, they are far more likely to find a sense of purpose in their jobs and build stronger connections with their employers. This positive alignment helps create a healthier workplace environment.

With the far-reaching changes accelerated by the pandemic, honest and consistent communication is more important than ever. Employers need to focus

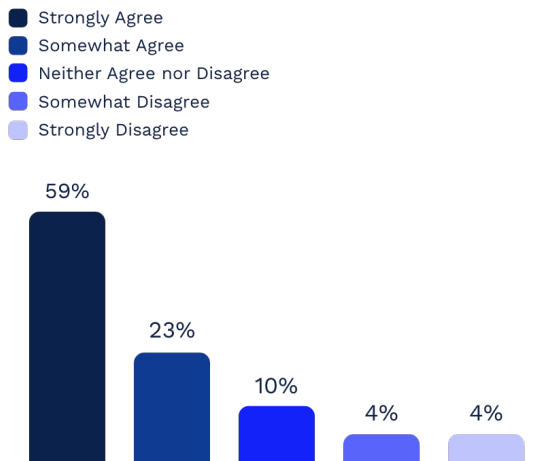
Rewards and Recognition

When it comes to motivating employees, appreciation goes a long way. Being recognized and appreciated for one’s contributions to the team/project makes employees feel seen, heard, and connected. This enables a more purpose-driven culture.

Our survey (Fig 9) shows that 82% of employees want to be publicly recognized for their contributions and the impact they created for the business. Some even consider recognition to be a more important engagement factor than monetary rewards.

FIGURE 9

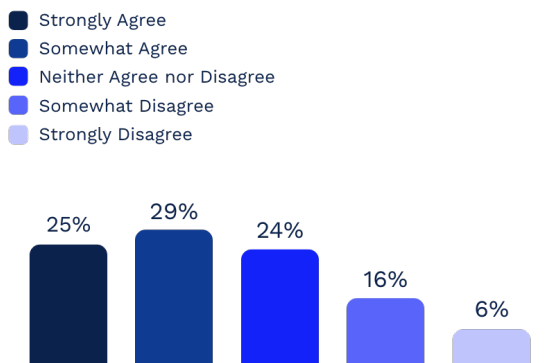
EMPLOYEE RESPONSE ON: I FEEL MOTIVATED WHEN MY CONTRIBUTION IS PUBLICLY RECOGNIZED (% OF RESPONDENTS)



This shows us that motivating employees should not be restricted to the tried and tested formula of tangible monetary incentives, instead it needs to be consistent, meaningful, and aligned with company values.

FIGURE 10

EMPLOYEE RESPONSE ON: RECOGNITION IS MORE IMPORTANT TO ME THAN MONETARY BENEFITS (% OF RESPONDENTS)



Compensation & Benefits

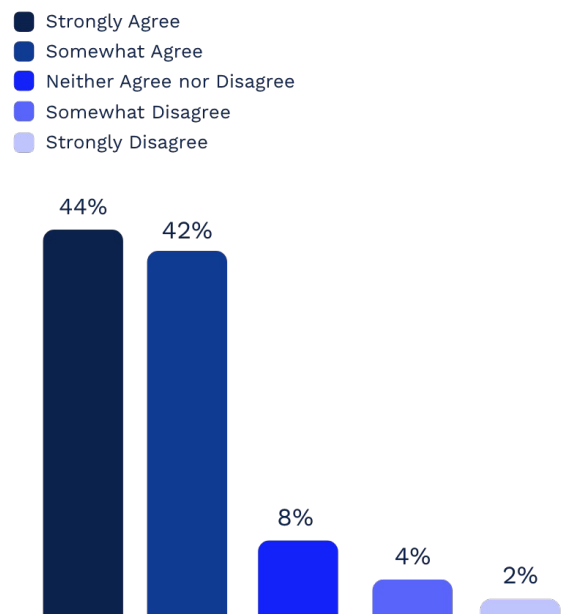
A well-designed compensation plan gives organizations a competitive edge, helping them attract, inspire, and retain the best talent.

Incentive pay, often known as pay-for-performance, can have a direct impact on employee productivity (and consequently engagement) as well as loyalty to your company (as workers learn to trust that they will be rewarded for good performance).

86% of the employees we surveyed (Fig 10) said that they welcome performance-linked compensation. To ensure effective implementation, organizations and leaders must identify and communicate clear performance metrics, targeting outcomes that serve the long-term goals of the company. The performance of the company and individuals should also be visible to employees at all times. This will also go a long way in building the trust between the employer and employees.

FIGURE 11

EMPLOYEE RESPONSE ON: FEELING MOTIVATED WHEN THE COMPENSATION IS LINKED TO PERFORMANCE (% OF RESPONDENTS)



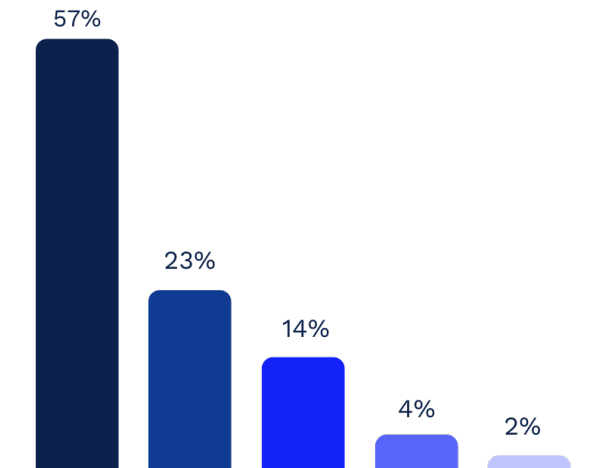
As the economy recovers, employees can expect to see an increase in their income and benefits packages. The new-hire remuneration has also increased in both the industrial and service sectors in comparison to the previous year. Organizations need to keep in mind that if top talent does not feel that they are being well-compensated, they may look for opportunities elsewhere.

At the same time, working from home has also made employees aware of the need for mental and physical well-being. 80% percent of our respondents stated that they value a healthy work-life balance over a high compensating job. Going forward, employers must take steps to listen to the changing needs of their employees before devising a compensation plan.

FIGURE 12

EMPLOYEE RESPONSE ON: VALUING A HEALTHY WORK-LIFE BALANCE OVER A HIGH COMPENSATING JOB (% OF RESPONDENTS)

- Strongly Agree
- Somewhat Agree
- Neither Agree nor Disagree
- Somewhat Disagree
- Strongly Disagree



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As location is no longer a factor employees can work remotely from Tier 2 and Tier 3 cities, for companies located in metros, at higher salaries. Hence top talent needs to be well compensated and allowed work from home flexibility.

- Senior Leader at one of the Big Four

03. THE ROAD AHEAD

Framework for Future of Work: Hybrid Ecosystem of Workplace

To boost flexibility, collaboration, and interconnectedness, organizations have slowly started moving towards building a hybrid workplace. To successfully implement this, organizations must focus on investing in necessary digital tools and proper training resources.

- **Communication**

Communication is the backbone of employee engagement. When done right, it can be the key to staying connected, inspiring employees, and improving the overall organizational performance. Here are a few ways in which organizations can strengthen their communication practices:

Communicating culture with new hires

When hiring new talent, it is important to assess how well they fit into the company culture. Ensuring that the company goals and values align with a candidate's is a good way to predict a successful long-term relationship.

If the candidate is onboarded virtually, employers and hiring managers must create opportunities, like an informal team call, to welcome the new recruit and break the ice. Brochures about the company culture and employee activities can be sent as part of welcome hampers to engage new hires.

Manager 1:1s

Building a high-performance team requires a strong and open feedback culture. Managers must focus on creating planned as well as spontaneous feedback opportunities. HR tech tools like messaging applications, intranet solutions, and connected project management platforms must facilitate the communication between managers and the team. Regular check-ins and feedback sessions can not only help managers review employee performance but also boost employee engagement.

Encouraging team bonding

While it may not be possible to replicate the in-office work environment virtually, employers can get creative and introduce new team-building opportunities. Creating a Virtual Lunchroom, for instance, can help keep alive the pre-pandemic lunch breaks at work and allow employees to continue the camaraderie they used to have when working from the office. HR managers can initiate informal online discussions covering a multitude of agendas. For example, having a

Parents Panel to discuss the unique challenges and possible solutions of being a remote-working parent. Steps like these can help contribute to a more empathetic workforce.

- **Focusing on employee well-being**

To enhance the overall well-being of employees, organizations must focus on the following aspects:

Physical well-being

The pandemic has accelerated health concerns among individuals. Apart from health insurance and medical benefits, companies can also work towards creating fitness programs with a focus on preventive care.

Mental well-being

Empathy is key. Organizations need to step up and put into effect strong, easily accessible initiatives that focus on improving employees' mental health. Hiring or providing access to a professional counselor is another important step in this direction.

Financial well-being

Financial wellness can mean different things to different people. Employers must take the time to understand the needs of employees at all levels in order to identify the most appropriate solutions. Having said that, it is also necessary to ensure that employees feel well-compensated and valued by the organization.

Social well-being

Social outreach programs can help build a sense of purpose among employees. As mentioned before, employers must look at creating opportunities that boost interconnectedness between teams, managers, and individuals.

To summarize, improving the overall organizational health demands a human-centric leadership that prioritizes empathy and listening.

- **The Changing Compensation Benchmarks**

The IT sector is witnessing a frenzied demand for hiring talent that is largely unmet due to the lack of sufficient supply.

Companies that were forced to send people home due to covid and the subsequent economic slowdown are now willing to pay as much as a 30% salary premium to attract talent. An industry study by TeamLease Services shows that the intent to hire at the junior level is the highest standing at 32% in the 2nd Quarter of FY-2021,

followed by entry-level standing at 28%, pointing to a growth of 4% and 7% respectively.

However, the intent to hire at the mid-level and senior-level is not as strong, having seen a drop as compared to the previous quarter. As young talent joins the industry, their salaries have increased dramatically, from an average of 3.5 lakhs per annum to 6-8 lakhs per annum.

A professor from XLRI, closely studying the trends, says that the current surge is here to stay as long as the demand-supply mismatch continues. The previous pay ranges seem outdated as all companies are resorting to a hike in compensation in their attempts to keep attrition in check. The industry compensation benchmark may see a revision in the current scenario.



“The previous pay ranges seem outdated as all companies are resorting to a hike in compensation in their attempts to keep attrition in check.”

- A professor from XLRI

About the Authors



Mainak brings over 24 years of experience spanning business and HR roles across geographies. This has given him a unique understanding of the link between HR and business strategy. He also holds a patent for HR capability development.

Mainak's experience includes human capital strategy, culture, talent development (performance, leadership development, career pathing, competency, learning, engagement, diversity) and talent acquisition (including on-boarding and background check). He has also implemented HRIS platform and HR metrics to improve performance.

Recently he has been helping start-ups set up efficient and effective HR teams and processes. In addition, Mainak is a recognized Executive Coach and Leadership Development expert.

Mainak's previous work experience includes stints/projects with Accenture (Consulting and HR), Hewitt Associates, AbsolutData, Heidrick & Struggles, Evalueserve, Sterlite Technologies and Upstox.

Mainak holds an MBA from the Indian Institute of Management, Calcutta, and is a certified executive coach.



Anisha Saha is a 2nd-year student at XLRI Jamshedpur pursuing PGDM in HRM. She graduated from NIT Durgapur in electrical engineering in 2020 and joined XLRI as a fresher. She has done her

summer internship at ReNew Power where she worked on two projects. The first project was about integrating the competency framework into recruitment and talent management practices and the second was planning the recruitment of women employees in an upcoming manufacturing facility. She has done her UG internship in a power generation and distribution company CESC Ltd. Through these two stints, she has developed an understanding of the renewable as well as the non-renewable power sector. She has also worked on live project opportunities with a few companies on topics related to training & development and applications of competency in recruitment.



Sharon Teres John is also a 2nd-year student at XLRI Jamshedpur pursuing PGDM in HRM. She worked with Dr. Reddy's Laboratories, during her summer internship. She worked on analyzing the gaps and the challenges faced by

managers and employees during the Performance Management processes. She developed a toolkit for managers containing checklists and tips to conduct the performance appraisal and feedback processes more effectively. She has also conducted benchmarking of capability development programs for senior HRBP. She has also created emailer content in coordination with a design team as part of internal communication. As part of academic projects, Sharon has worked on designing a Training and Development project for fulfillment center heads. She has also designed a Business Simulation activity for an Assessment Center for pilot administration. Sharon graduated from Karunya Institute of Technology and Sciences with a BTech degree in Aerospace Engineering.

About PeopleAsset

PeopleAsset is a boutique Executive Search & Talent Advisory Firm geared to deliver high quality results. We help our clients dramatically improve performance through focus on leadership & talent.

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Anisha Saha and **Sharon Teres John** are currently studying at XLRI Jamshedpur.

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