Employee Engagement – Key Element of Employee Performance at Workplace: A Review of Literature

Raghvendra Kumar Sharma
IBS, ICFAI University- Dehradun
Email: dvtraghav@gmail.com

Abstract

Employee Engagement is a very wide construct that encompasses almost all human resource management dimensions. The construct of employee engagement is developed on earlier concepts viz. employee commitment, job satisfaction, and organizational citizenship behavior. Though it is similar to these concepts, employee engagement is much wider in its scope. Employee engagement is significant predictor of organizational performance. Engaged employees are psychologically attached to their organizations and highly involved in their job with passion and enthusiasm for the success of their employer, willing to go an extra mile beyond the responsibilities mentioned in their job description.

Keywords: Employee engagement, Employee commitment, Organizational citizenship behavior, Job satisfaction, Organizational performance.

1. Introduction

The organizations, in present economic scenario, are experiencing difficult and rapidly changingsituations in business. Thechallenges, they are exposed to, are becoming progressively demanding and difficult to measure.The challenges aremany viz. to improve and maintain the productivity, profitability, engaging them, and retention of potentially talented workmenin theorganization itself. The conditions of the business enterprises and their managements havebecome intricate in such circumstances. Production based onsustainable development, the needs of theworkforce have left organizations with no scope to falter. It is necessary for today's business enterprises to find solutions to such challenges, most importantly to provide its employees with a productive work environment, focusing onperformance, and employee motivation. The senior level management needs to explore the potentials of the employees and make the best use of their abilities and talents. **Singh and Sabharwal (2011)** studied the characteristics of talent ofemployees working in the business enterprises, and in order to exploit that talent theemployees need to be engaged. Organizations which fail to satisfy employees are at

risk of losing their talented and skilled employees to competitors which are high on providing satisfaction to theemployees. Engaged employees are found to have greater levels of jobsatisfaction, so the quest is to engage the employees.

These studies manifest that there is a strong cause and effect relationship between Employee Engagement and its consequences. Engaged employee display higher degree of Organizational citizenship behavior (OCB), improved task and job performance, productivity, voluntary efforts affective commitment, continuance commitment **(Christian, Garza, & Slaughter, 2011; Fleming & Asplund, 2007; Rich, LePine, & Crawford, 2010; Richman, 2006)**.

Those business enterprises which have engaged workforce account decreased rate of accidents and high safety ratings **(May et al., 2004)** implying that engaged employees are more careful and vigilant than disengaged employees. Employee Engagement also leads to increased income generation and growth **(Xanthopoulou, Bakker, Demerouti, &Schaufeli, 2009)**.

Employees in an organization are an indispensable asset as it is employees' effort and performance which finally determines the success of any business. It is, therefore, imperative to comprehend the factors that influence employee behavior and motivation at workplaces as various researches show that motivated employees are more likely to create more 'engaged workforce'.**The Hay Group** in its *working paper* (Engage Employees and Boost Performance, 2001) found that offices with engaged employees were up to 43% (revenue generated per consultant) more productive. Therefore, it is important to understand the concept of 'employee engagement' and factors which are responsible for keeping employees 'engaged' with their work and committed to the organization they work for.

Corporate Leadership Council (2004) states that by increasing employees' engagement levels, organizations can expect an increase in performance of up to 20 percentile points and 87% reduction in employees' probability of departure.

2.   Employee Engagement: Definition and Review of the Construct

Employee engagement is the emotional connection between the employer and the employee, apart from the extrinsic financial rewards like pay increments, bonuses and other monetary

incentives, a positive and favorable atmosphere in the organization also elevate the employee to the level of an engaged employee.

Kahn (1990) in his research suggested that physical demands and working conditions lead employees to execute job tasks as if directed by external factors instead of investing 'self' in their work. The degree of engagement is increased when work included relationship with co-workers, help and support from supervisors. He found that three psychological conditions (meaningfulness, safety, and availability) were associated with work engagement. The psychological meaningfulness was related with work elements that resulted incentives or disincentives to personally engage. The determinants of psychological meaningfulness were task characteristics, role characteristics and work interactions. Whereas, psychological safety was related with elements of social systems that created more or less favorable, foreseeable and consistent social situations in which to engage. The determining factors of psychological safety were interpersonal relationships, intra group and inter group dynamics, leadership and management style and process, organizational policies and norms. The psychological availability was connected with individual interferences that engrossed people to various degrees and left them more or less resources with which to engage in job related performances. The interferences influencing psychological availability were reduction of physical energy, exhaustion of emotional energy, individual insecurity and outside lives. The moments in which employees attach themselves with their work roles are called as the moments of engagement **(Kahn, 1990)**. Engaged employees give more effort, are more concerned about their jobs, and are more emotionally invested in contributing as a member of the organization. Engaged employees do more than just show up for work; they bring their hearts and their minds to their jobs as well, and feel connected with the success of the business or enterprise. Engaged employees believe that what they do on the job is important and they feel they are valued for their work. This can make a huge difference in both their attitude and commitment to their jobs as well as in the quality of their work.Hefurther suggested that in engagement employeesapply and present themselvescognitively, emotionally, and physically.

Truss, Soane, Edwards, Wisdom, Croll, and Burnett (2006) define Employee Engagement specifically as 'passion for work', a psychological state which looks similar to the three dimensions of engagement proposed by **Kahn (1990)**.

Commonly Employee Engagement has been likened in the same sense as being committed tothe organization emotionally and cognitively **(Baumruk, 2004; Richman, 2006; Shaw,2005)**.

Frank et al., (2004) also linked EE with the quantum of unrestricted(discretionary) efforts exercised by employees while doing their works displayingOrganizational Citizenship Behavior (OCB) at work.

Rothbard (2001, p. 656) opined that engagement is a psychological construct coupled with two key contributors' viz., 'attention and absorption'. Attention to the intellectual accessibility and the time consumed in thinking about the job role assigned. Absorption, on the other hand, implies being engrossed in a job role and can be explained as one's concentration or focus on a job role.

The construct, employee engagement stems from two notions that have earned academic recognition and have been the themes of empirical research - Commitment and Organizational Citizen Behavior (OCB) **(Robinson, Perryman and Hayday, 2004; Rafferty et al., 2005)**. Employee engagement has resemblance to and commonality with the commitment and OCB. However, neither commitment nor organizational citizenship behavior reveal significantly two facets of engagement – it being two way phenomena (The employee vis-a-vis the organization), and the level of business awareness of engaged employees **Robinson et al. (2004)**.

3.   Drivers of Employee Engagement

Proponents of employee engagement claim a strong positive relationship between engagement and business success, both at the firm and individual levels, and outcomes including retention, productivity, profitability, and customer loyalty and satisfaction **(Hazen A. Witemeyer, 2013)**.

Kossek et al. (1999) suggested that the single parents or those with lesser childcare resources may be less engaged in the job role, less able to separate their roles, and therefore integrate their work and family roles.

Greenberg Margaret H. & Arakawa Dana (2006) explored the efficacy of the team with respect to engagement and productivity when led by an optimistic and positive manager. The study discovered that manager optimism has no correlation with employee engagement, but has positive relationships to project performance and greatly associated with manager's engagement.

Sejits&Crim (2006) investigated that it is essential for leaders to devise some strategies to engage employees' 3 H (heads, hearts, and hands). The feelings of being respected and valued,

interesting and challenging job task, clarity of vision, feedback, recognition, giving consideration to their needs, developing the confidence are some of the issues to be considered by the leaders. The continuing efforts are required on the part of the leaders to find the reason of engagement and disengagement and in order to take corrective measures consequently.

Saks A. M. (2006) studied a model of the antecedents and consequences of job and organization engagements based on social exchange theory. In attempt to test the hypotheses for the antecedents of employee engagement, multiple regression analyses were conducted in which each measure of engagement was regressed simultaneously on all six of the antecedent variables. With respect to the study hypotheses, both job characteristics and organizational support were found significant predictors of job engagement. Organizational support and procedural justice were also found as a significant predictor of organizational engagement.

Cho Julia et al. (2006) suggested that the employee empowerment had a positive effect on the work engagement. The support, availability of resources and power in organizations were found essential to increase the engagement level. Other predictors of empowerment like an opportunity and information availability were also significant.

McBain Richard (2007) suggested that employee engagement is a desired goal. Mc Bain defined employee engagement as creating alignment with the organization's goals and, particularly in the case of global organizations, with the organization's brand. This alignment has rational and emotional aspects. As a result of engagement, employees at all levels are ready to give discretionary effort over and above the requirements of the job.

The **Towers Perrin Talent Report (2003)** proposed the top ten work place elements which result inemployee engagement. The three most important among the ten predictors listed by Perrin are: Senior management's interest in employees' well-being, Challenging work and Decision making authority.

James Clifton, CEO of Gallup organization specifies that employees who have close friendships at work are more engaged workers **(Clifton, 2008)**. Employee engagement is indivisibly associated with employer practices **Vance (2006)**. **Vance (2006)**proposes a job performance model. According to him, employee engagement is the result of individual attributes (such as knowledge, skills, attitudes, temperament, and personality), and organizational context (leadership, physical setting and social setting and HR practices)

Most of the drivers found to ensure engaged workforce are non-monetary in nature. Therefore, organizations having committed leadership can achieve desired level of engagement among employees. Though, it does not mean that financial aspects of employees can be ignored. In fact it is a prerequisite for any employment relationship but employers need to offer extra intrinsic rewards to engage their employees.

4.   Employee Engagement and Organizational Performance

This part of the paper explores the linkage of employee engagement with organizational performance in the light of various research work done. It is already mentioned in the beginning of this article that engaged employees were up to 43% (revenue generated per consultant) more productive**The Hay Group (2001)**.Recently, a great deal of enthusiasm is shown by researchers and practitioners relating to Employee Engagement. Many of them have propagated the theory which advocates that Employee Engagement has a causal effecton the organization level outcomes such as financial performance e.g., shareholdersreturn on investment, employee outcomes, organizational success etc. (Bates, 2004; Baumruk, 2004; Harter et al., 2002; Richman, 2006).Research indicates that there is a compelling relationship between engagement and profitability through higher productivity, sales, customer satisfaction and employee retention**(Hewitt Associates LLC, 2004)**.

Researches also indicate that engagement is positively associated with customer satisfaction **(Coffman, 2000; Ellis and Sorensen, 2007; Towers Perrin Talent Report, 2003; Hewitt Associates, 2004; Heintzman and Marson, 2005; Coffman and Gonzalez-Molina, 2002)**.

Baumruk and Gorman (2006), investigated that engaged employees consistently exhibit three general behaviors which enhance organizational performance:

   a) Say – The employee advocates for the organization and refer potential employees and customers.
   b) Stay – The employee has a strong desire to be a member of the organization.
   c) Strive – The employee invest extra time, effort, and initiative to add to the realization of the business goals.

Meere (2005) based on thesurvey conducted by ISR on 360000 employees from 41 companies in the world's 10 economically strongcountries discovers that both operating margin and net profit

margins decreased over a three year period incompanies with low engagement, while these measures improved over the specified period in companies withhigh levels of engagement.

Also rightly observed by Jack Welch (former CEO of GE) that employee engagement results in satisfaction which consequently results in enhanced cash flow for the organizations.

5. Approaches of Employee Engagement

Employee Engagement is a contextual phenomenon. To ensure an engaged workforce, number of continuous efforts are required to be made by managers. Some of them are:-

- **Challenging Job:** Characteristics of jobs should be designed in such a way that satisfy employee's extrinsic as well as intrinsic need to engage and engross them into their job roles.

- **Career support and developmental opportunities:** Identify training needs of employees and give work assignments that will extend employee's experience.

- **Availability of resources:** Managers are supposed to ensure that employees have all material, financial, and information resources for successful job performance.

- **Recognition:** Offer regular acknowledgment of good and satisfactory work. Formal and informal rewards should be provided.

- **Accountability:** Performance expectations should be clearly communicated and employee's accountability for results shall be fixed. Positive reinforcement should be done for desirable job behaviors.

- **Involvement:** Participative decision making shall be promoted to engage employees. When employees are allowed to be a part of decision making and execution, the degree of ownership they take is increased significantly.

- **Communication:** Ensure planned and regular interaction, sharing of relevant information. In fact, a two-way communication system should be encouraged which can engage an employee into his job role.

6.   Conclusion.

Academicians and practitioners have contended that competitive advantage can be gained by building an engaged workforce. There is no unanimity among scholars about the single definition of engagement. Though, there are evidences that engagement is different from other similar management concepts like employee commitment, organizational citizenship behavior (OCB) and job satisfaction. Research on engagement is still in early stage and trying to agree on a more acceptable definition.

Majority of research studies exhibit that feeling valued by management, challenging job tasks, two-way communication, procedural fairness, management's willingness to invest in employee's well-being, and offering employees more growth opportunities are the top drivers of employee engagement.

The literatures show that employee engagement is closely associated with organizational performance outcomes. Organizations with engaged employees have higher rate of employee retention, improved productivity, profitability, growth and customer satisfaction. Most of the work relating to employee engagement is credited to survey houses and consultancies. Therefore, there is a need for academia to probe this new construct and come up with generally acceptable definition and dimensions of employee engagement.

7.   References:-

Bates, S. (2004). Getting engaged, HR Magazine, 49(2), 44-51.

Baumruk, R. (2004). The missing link: The role of employee engagement in businesssuccess. Workspan, 47, 48-52.

BaumrukR., and Gorman B. (2006). *Why managers are crucial to increasing engagement.* Melcrum Publishing.

Christian, M. S., Garza, A. S., & Slaughter, J. E. (2011). Work engagement: A quantitative review and test of its relations with and contextual performance. Personnel Psychology, 64, 89-136. doi: 10.1111/j.1744-6570.2010.01203

Cho Julia, Laschinger& Wong Carol, (2006). Workplace Empowerment, Work Engagement and Organizational Commitment of new Graduate Nurses.*Nursing leadership, 19 (3)*

Clifton, James K. (2008). Engaging your employees: Six keys to understanding the new workplace. 2002 SHRM Foundation Thought Leaders Remarks. *Society for Human Resource Management*

Coffman C. (2000). *Is Your Company Bleeding Talent? How to become a true "employer of choice".The Gallup Management Journal, 2000.*The Gallup Organization, Princeton, NJ

Coffman, C., and Gonzalez-Molina, G. (2002).*Follow this Path: How the world's greatest organizations drive growth by unleashing human potential.* New York Warner Books, Inc.

Ellis C. M., and Sorensen A. (2007). Assessing Employee Engagement: The Key to Improving Productivity.Perspectives, vol .15, Issue 1 The Segal Group, Inc.

Fleming, J. H., &Asplund, J. (2007).Human sigma. New York, NY: Gallup Press.

Frank, F. D., Finnegan, R. P., & Taylor, C. R. (2004). The race for talent: retaining and engaging workers in the 21st century. Human Resource Planning, 27(3), 12-25

Greenberg, Margaret H., & Arakawa Dana, (2006).Optimistic Managers & Their Influence on Productivity & Employee Engagement in a Technology Organization.*International Coaching Psychology Review, 2 (1).*

Harter, J. K., Schmidt, F. L., & Hayes, T. L. (2002). Business-unit level relationshipbetween employee satisfaction, employee engagement, and business outcomes: ameta-analysis. Journal of Applied Psychology, 87(2), 268-79.

Hazen A. Witemeyer: Employee Engagement Construct and Instrument Validation, *2013, http://scholarworks.gsu.edu/bus_admin_diss/.*

HeintzmanR., and Marson B. (2005). People, service and trust: Links in a public sector service value chain. *International Review of Administrative Studies*, Vol 7 (4) December 2005, pp 549-575.

Hewitt Associates.(2004). Employee engagement higher at double digit growth companies.*Research Brief*. Hewitt associates LLC.

Kahn, W.A., (1990). Psychological conditions of personal engagement and disengagement at work. *Academy of Management Journal, 33*, 692-724

Kossek, E. E., Noe, R. A., &DeMarr, B. J., (1999). Work-Family Role-Synthesis: Individual and Organizational Determinants. *The International Journal of Conflict Management, 10,* 102-129.

May, D. R., Gilson, R. L., & Harter, L. M. (2004).The psychological conditions of meaningfulness, safety and availability and the engagement of the human spirit at work. Journal of Occupational and Organizational Psychology, 77, 11 - 37.

Mc Bain Richard, (2007). The practice of engagement.*Strategic HR review*, 6(6).

Meere M. (2005). High cost of disengaged employees Victoria: Swinburne University of Technology. [Online]
Available:http://www.swinburne.edu.au/corporate/industrysolutions/ee/reports/Employee%20En gagement%20industry%20Breifing%20Paper%20Dec%202005%20.pdf (October 30, 2008)

Perrin T. (2003). Working Today: Understanding What Drives Employee Engagement The 2003 Towers Perrin Talent Report U.S Report. [Online] Available:
http://www.towersperrin.com/tp/getwebcachedoc? Webc =
HRS/USA/2003/200309/Talent_2003.pdf (October 30, 2008)

Rafferty A. M., Maben J., West E., and Robinson D. (2005).*What makes a good employer?* Issue Paper 3 International Council of Nurses Geneva

Richman, A. (2006). Everyone wants an engaged workforce how can you create it?Workspan, 49, 36-39.

Rich, B. L., LePine, J. A., & Crawford, E. R. (2010). Job engagement: Antecedents and effects on job performance. Academy of Management Journal, 53, 617-635.

Shaw, K. (2005). An engagement strategy process for communicators, StrategicCommunication Management, 9(3), 26-29.

Robinson D., Perryman S., and Hayday S. (2004).*The Drivers of Employee Engagement Report 408*, Institute for Employment Studies, UK

Rothbard, N. P. (2001). Enriching or depleting? The dynamics of engagement in work and family roles. Administrative Science Quarterly, 46, 655-684.

Saks, A. M. (2006). Antecedents and Consequences of Employee Engagement.*Journal of Managerial Psychology, 21(7)*, 600-619.

Sejits Gerard &Crim Dan, (2006). What Engages Employees The Most or, The Ten C's of Employee Engagement? *Ivey Business Journal*. Retrieved from http://www.boardoptions.com/employeeengagement.pdf .

Singh, A. K., &Sabharwal, S. (2011). Talent Quotient Model for Effective TalentManagement: An Empirical Study. The Indian Journal of Commerce, 64(2), 145-156.

Truss, C., Soane, E., Edwards, C., Wisdom, K., Croll, A., & Burnett, J. (2006).Working Life: Employee Attitudes and Engagement. London: CIPD.

Vance R. J. (2006). Employee Engagement and Commitment SHRM Foundation, USA

Xanthopoulou, D., Bakker, A. B., Demerouti, E. &Schaufeli, W. B. (2009). Work engagement and financial returns: a diary study on the role of job and personal resources. Journal of Occupational and Organizational Psychology, 82(1), 183-200.