



Determinants of employee engagement and their impact on employee performance

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Abstract

Purpose – The purpose of this paper is to identify the key determinants of employee engagement and their predictability of the concept. It also studies the impact of employee engagement on employee performance.

Design/methodology/approach – Causal study was done to study the impact of relationships. A survey questionnaire was developed and validated using a pilot data ($\alpha = 0.975$). Simple random sampling was used to select the employees from middle and lower managerial levels from small-scale organisations. A total of 700 questionnaires were distributed and 383 valid responses collected. Regression and structural equation modelling were used to predict and estimate the relationships.

Findings – It was found that all the identified factors were predictors of employee engagement ($r^2, 0.672$), however, the variables that had major impact were working environment and team and co-worker relationship. Employee engagement had significant impact on employee performance ($r^2, 0.597$).

Practical implications – Special focus and effort is required specifically on the factors working-environment and team and co-worker relationship as they have shown significantly higher impact on employee engagement and hence employee performance. Organisations shall focus on presenting a great environment for employees to work and promote programmes that would enhance peer relationships.

Social implications – The determinants of employee engagement connote a healthy working atmosphere that reflects on the social impact created by the organisation. Employees would enjoy considerable attention in terms of the determinants being addressed.

Originality/value – The research emphasises the growing importance and need for crystallisation of the concept of employee engagement. The research is unique in respect to the comprehensive model that is developed and validated.

Keywords Employee engagement, Employee performance, Team and co-worker relationship, Working environment

Paper type Research paper

1. Introduction

Employee engagement is defined in general as the level of commitment and involvement an employee has towards their organisation and its values. When an employee is engaged, he is aware of his responsibility in the business goals and motivates his colleagues alongside, for the success of the organisational goals. The positive attitude of the employee with his work place and its value system is otherwise called as the positive emotional connection of an employee towards his/her work. Engaged employees go beyond the call of duty to perform their role in excellence. Engagement at work was first conceptualised by Kahn (1990, p. 694) as the “harnessing of organizational members’ selves to their work roles”. He added that in engagement “people employ and express themselves physically, cognitively, and emotionally during role performances”. There are various factors that define an employee as an engaged employee. The concept has evolved taking into account the various behaviours exhibited by an employee that is positively productive.



This paper identifies the key variables through a thorough literature survey that describes employee engagement and identifies the strength of impact of employee engagement on employee performance.

Employee performance is basically outcomes achieved and accomplishments made at work. Performance refers to keeping up plans while aiming for the results. Although performance evaluation is the heart of performance management (Cardy, 2004), the performance of an individual or an organisation depends heavily on all organisational policies, practices, and design features of an organisation. This integrative perspective represents a configurational approach to strategic human resources management which argues that patterns of HR activities, as opposed to single activities, are necessary to achieve organisational objectives (Delery and Doty, 1996). Employee engagement is one of the key determinants fostering high levels of employee performance, as is constantly shown in a number of studies (Macey *et al.*, 2009; Mone and London, 2010). The paper aims at studying the determinants of employee engagement and its strength of impact on the performance of employees. The instrument used to measure employee engagement, through the identified determinants, and to measure employee performance was validated and data were collected from 383 employees at lower and middle managerial levels to analyse the above relationship.

2. Literature review

2.1 Employee engagement

Employee engagement is a good tool to help every organisation to strive to gain competitive advantage over the others. People is one factor that cannot be duplicated or imitated by the competitors and is considered the most valuable asset if managed and engaged properly. This point has been emphasised by Baumruk (2004), in that employee engagement is considered to be the most powerful factor to measure a company's vigour. Katz and Kahn (1966) have referred to the concept of engagement in their work related to organisational effectiveness. However, it was mentioned in general as one of a number of needs to be developed to provide an innovative and co-operative work environment leading to performance and effectiveness. In 1990 Kahn (1990, p. 694) introduced the concept of employee engagement, giving his now famous definition quoted in the introduction, namely, "the harnessing of organization members' selves to their work roles; in engagement, people employ and express themselves physically, cognitively, and emotionally during role performances". Kahn added that three psychological engagement conditions are necessary for an employee to be rightly engaged: meaningfulness (work elements), safety (social elements, including management style, process, and organisational norms) and availability (individual distractions). Another popular description that appears is by the Gallup organisation's Buckingham and Coffman (1999) who commented about engagement "the right people in the right roles with the right managers drive employee engagement" (p. 248). They also argued that a fully engaged employee is one who could answer yes to all 12 questions on Gallup's workplace questionnaire.

Other significant definitions include that from Hewitt Associates LLC (2004) who defined employee engagement as "the state in which individuals are emotionally and intellectually committed to the organisation or group, as measured by three primary behaviours: Say [...] stay [...] strive" (p. 2).

Schaufeli and Bakker (2010) define work engagement as "the psychological state that accompanies the behavioural investment of personal energy" (p. 22). The above

descriptions of the concept depict that an engaged employee is intellectually and emotionally bound with the organisation, feels passionately about its goals and is committed to live by its values. Gallup researchers Fleming and Asplund (2007, p. 2) went a step further and presented employee engagement as: “the ability to capture the heads, hearts, and souls of your employees to instil an intrinsic desire and passion for excellence”, thus adding a spiritual element to Gallup’s established cognitive and emotional aspects of engagement.

According to Gallup (2002) there are three types of people: engaged employees, not engaged employees, and actively disengaged employees. Engaged employees are builders who consistently strive to give excellence within their roles. Not engaged employees focus on the tasks spelled out to them rather than the goals of the organisation. They do what they are told to do. Actively disengaged employees are dangerous individuals who not only do not perform well but also demotivate the performer in the organisation.

Employee engagement was a popular concept in industry during the period 1999-2005 where it was extensively discussed among managers, consultants, and policy makers. Academicians became interested in the concept to a large extent only from 2006 (Welch, 2011) when a number of studies extended the concept of employee engagement to job engagement, work engagement, and organisation engagement. Saks (2006) used Khan’s (1990) definition and developed the construct including job and organisation engagement. According to Saks the antecedents of employee engagement were job characteristics, perceived organisational support, perceived supervisor support, rewards and recognition, procedural justice and distributive justice. On the other hand, the consequences of engagement were job satisfaction, organisational commitment, intention to quit and organisational citizenship behaviour. Numerous studies suggest that the presence of higher levels of employee engagement significantly reduces turnover intention (Maslach *et al.*, 2001; Saks, 2006).

Six management functions emerged in order of importance as critical determinants of executive’s engagement according to Joshi and Sodhi (2011), namely, job content (autonomy, challenging opportunities for learning), compensation/monetary benefits (attractive salary *vis-a-vis* qualifications and responsibility, adequate compensation for the work and intra-organisation parity), work-life balance (appreciative of personal needs, able to spend time with family), top-management employee relations (approachability of top management, their values and ethical conduct, equality in treatment, respecting the views of subordinates, providing an environment of working together), scope for advancement and career growth (well-designed policy, adequate opportunities for career growth and advancement, clearly laid down career growth paths; implementation of the promotion policy in a fair and transparent manner; help to the employees in achieving growth) and team orientation/team work (importance, cooperation in inter- and intra-department teams).

The present study focuses in detail on the various determinants of employee engagement so as to model it comprehensively.

2.2 Determinants of employee engagement

Taking the perspectives from the above literature and other relevant items, this study consolidated a number of factors that contributed towards Khan’s three psychological conditions of employee engagement and employee engagement in general. Various factors that facilitate these three dimensions of employee engagement were identified and were empirically tested and found to be valid determinants of employee engagement. The factors are represented in Figure 1.

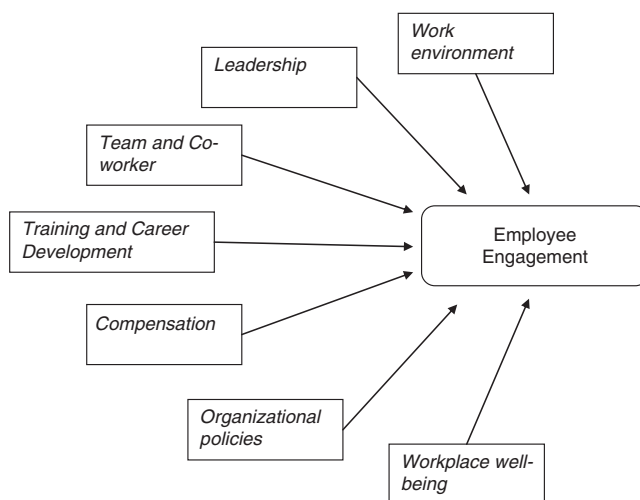


Figure 1.
Factors facilitating
employee engagement

Work environment was found to be one of the significant factors that determine the engagement level of an employee. Studies by Miles (2001) and Harter *et al.* (2002), Holbeche and Springett (2003), May *et al.* (2004) and Rich *et al.* (2010) show that employee engagement is the result of various aspects of the workplace. Deci and Ryan (1987) stipulate that management which fosters a supportive working environment typically displays concern for employees' needs and feelings, provides positive feedback and encourages them to voice their concerns, to develop new skills and to solve work-related problems. Therefore a meaningful workplace environment that aids employees for focused work and interpersonal harmony is considered to be a key determinant of employee engagement.

Leadership was the second main criteria identified as a fundamental factor to inform employee engagement. Effective leadership is a higher-order, multi-dimensional construct comprising self-awareness, balanced processing of information, relational transparency, and internalised moral standards (Walumbwa *et al.*, 2008). Research studies (e.g. Wallace and Trinka, 2009) show that engagement occurs naturally when leaders are inspiring. Leaders are responsible for communicating that the employees' efforts play a major role in overall business success. When employees work is considered important and meaningful, it leads obviously to their interest and engagement. Authentic and supportive leadership is theorised to impact employee engagement of followers in the sense of increasing their involvement, satisfaction and enthusiasm for work (Schneider *et al.*, 2009). The leadership factor that was measured comprised indicators of effective leadership and perceived supervisor support.

Team and co-worker relationship is another aspect that emphasises explicitly the interpersonal harmony aspect of employee engagement. Kahn (1990) found that supportive and trusting interpersonal relationships, as well as a supportive team, promote employee engagement. An open and supportive environment is essential for employees to feel safe in the workplace and engage totally with their responsibility. Supportive environments allow members to experiment and to try new things and even fail without fear of the consequences (Kahn, 1990). May *et al.* (2004) found that relationships in the workplace had a significant impact on meaningfulness, one of the components of engagement. Locke and Taylor (1990) focused on the relatedness needs

that individuals possess, and argued that individuals who have positive interpersonal interactions with their co-workers also should experience greater meaning in their work. Thus if the employee has good relationships with his co-workers, his work engagement is expected to be high.

Training and career development is another important dimension which is to be considered in the process of engaging employees since it helps the employees to concentrate on a focused work dimension. Training improves service accuracy and thereby impacts service performance and employee engagement (Paradise, 2008). When the employee undergoes training and learning development programmes, his/her confidence builds up in the area of training that motivates them to be more engaged in their job. Alderfer (1972) even suggested that when an organisation offers employees a chance to grow, it is equivalent to rewarding people. He emphasised that “satisfaction of growth needs depend on a person finding the opportunity to be what he or she is most fully and become what he or she can”. The career path ladder through training and development needs to be given importance by management which will lead to timely opportunities for growth and development. This improves automatically the level of engagement.

Compensation or remuneration is an indispensable attribute to employee engagement that motivates an employee to achieve more and hence focus more on work and personal development. It involves both financial and non-financial rewards. Attractive compensation comprises a combination of pay, bonuses, other financial rewards as well as non-financial rewards like extra holiday and voucher schemes. A study by Saks and Rotman (2006) revealed that recognition and rewards are significant antecedents of employee engagement. They noticed that when employees receive rewards and recognition from their organisation, they will feel obliged to respond with higher levels of engagement. Kahn (1990) observes that employee's level of engagement is a function of their perceptions of the benefits they receive. Therefore irrespective of the quantity or type of reward, it is the employee's perception of the same that determines his/her content and thereby one's engagement in the job. It becomes essential for management to present acceptable standards of remuneration and recognition for their employees, if they wish to achieve a high level of engagement.

Organisational policies, procedures, structures and systems decide the extent to which employees are engaged in an organisation. It has been evident from previous research that amiable organisational policies and procedures are extremely important for employee engagement and the eventual achievement of the business goals. Important policies and procedures may include fair recruitment and selection, flexi-timing, aid in balancing work and life, and fair promotional policies. Studies (e.g. Schneider *et al.*, 2009) show that the recruitment policy of an organisation has a direct impact on future employees' engagement and commitment. Richman *et al.* (2008) argue that an organisation's flexible work-life policies have a notable positive impact on employee engagement. Various other studies (Woodruffe, 2005; Rama Devi, 2009) have emphasised the importance of organisational policies and procedures that best support flexible work arrangements that help in balancing employee work and home environments; organisations that have such arrangements are more likely to have engaged employees.

Workplace wellbeing is a holistic measure that enhances employee engagement. Gallup's data suggest that there is no metric that captures more variance in human behaviour than wellbeing. Wellbeing is defined as “all the things that are important to how we think about and experience our lives” (Rath and Harter, 2010 p. 142) and

therefore, wellbeing becomes the most important measure for gauging the influence organisation has on employees. The importance of wellbeing is further reinforced by researchers at Towers Perrin Talent Report (2003) who found that the most important driver of engagement was senior management's interest in employee wellbeing. Perceived Organisation Support is covered in this variable.

2.3 Employee performance

Employee performance indicates the financial or non-financial outcome of the employee that has a direct link with the performance of the organisation and its success. A number of studies show that an important way to enhance employee performance is to focus on fostering employee engagement. Research (Christian *et al.*, 2011; Fleming and Asplund, 2007; Rich *et al.*, 2010; Richman, 2006; Macey and Schneider, 2008; Holbeche and Springett, 2003; Leiter and Bakker, 2010) also suggests that the presence of high levels of employee engagement enhances job performance, task performance, and organisational citizenship behaviour, productivity, discretionary effort, affective commitment, continuance commitment, levels of psychological climate, and customer service. As the impact of employee engagement on employee performance was already shown in these earlier studies, this study intended to study the strength of impact employee engagement has on employee performance.

Demerouti and Cropanzano (2010) argue that engagement can lead to enhanced performance as a result of various factors. These findings are supported by a growing number of studies arriving at a positive relationship between engagement and individual performance (Halbesleben, 2010; Mone and London, 2010). This study aims to identify and measure the impact of the key factors of employee engagement, recognised in this study, on employee performance.

3. Objectives of the study

3.1 To identify various factors that predict employee engagement

Though there are a number of factors that have been identified as those that influence employee engagement, this paper attempts to consolidate them and present a comprehensive picture of determinants of employee engagement. Therefore the factors identified through a thorough literature review are studied for their strength of predicting employee engagement. This gives the null hypothesis as follows:

H01. There is no impact of the identified factors workplace wellbeing, compensation programme, team and co-worker relationship, leadership, working environment, policies and procedures, training and career development on employee engagement.

Ha1. There is a statistically significant impact of the above factors on employee engagement.

Though each of the factors may be framed as seven different hypotheses, the above is framed for simplicity and the impact of the different factors are analysed in detail in the discussions.

Realising that each of these factors are antecedents or determinants of employee engagement, it is quite evident that they will have a direct positive impact on employee engagement. However considering the individuality of these variables which are separate concepts unto themselves, the hypothesis was framed to ensure their relationship with employee engagement.

3.2 *To study the strength of impact of employee engagement on employee performance*
The impact of employee engagement on employee performance in terms of the strength of the relationship was of interest to the authors. Therefore it was decided to study the impact of employee engagement on performance. Therefore the second null hypothesis was framed as:

- H02.* There is no statistically significant impact of employee engagement on employee performance.
- Ha2.* There is a statistically significant impact of employee engagement on employee performance.

4. Methodology
4.1 *Instrument development and validation*

A survey questionnaire was designed to study the impact made by the above identified factors on employee engagement. Thus the instrument measured working environment, leadership, team and co-worker relationship, training and career development, compensation programme, policies and procedures and workplace wellbeing and employee engagement. Employee performance was also measured so as to identify the impact of employee engagement on employee performance.

The respondents were asked to rate each item on a five-point Likert scale, ranging from strongly agree to strongly disagree with regard to the various statements that measured the variables. The instrument was validated using pilot data from 60 respondents. Reliability of the various factors through the instrument was found to be statistically significant as in Table I.

4.2 *Sampling and data collection*
As the reliability coefficients were statistically significant, the instrument was used for the main data collection. Simple random sampling was used to select the employees from middle managerial level and lower managerial levels from small-scale organisations who were registered in Coimbatore District Small Industries Association. A total of 700 questionnaires were distributed and 383 valid responses were collected, resulting in a 55 per cent response rate. Data analysis was carried out using the regression technique to identify the level of prediction made by the various factors on employee engagement. Regression was also used to identify the level of impact made by employee engagement on employee performance. These two separate models were then represented in a path diagram and estimated using the structural equation modelling (SEM) technique. The co-efficient of determination values that depict the

Table I.
Reliability analysis

1	Working environment	0.868
2	Leadership	0.948
3	Team and co-worker relationship	0.907
4	Training and career development	0.862
5	Compensation programme	0.905
6	Policies and procedures	0.883
7	Workplace wellbeing	0.704
8	Employee engagement	0.861
9	Overall reliability	0.975

strength and level of influence of the exogenous constructs on the endogenous constructs were found to be highly statistically significant.

5. Results

5.1 Influence of various factors on employee engagement

The various factors identified through the above literature were used as independent variables to study their prediction level on employee engagement.

5.2 Prediction of the determinant factors of employee engagement

When regression was performed, it was found that all the factors were identified as predictors of employee engagement with an adjusted r^2 value of 67.2 per cent, as in Table II, which is highly statistically significant. Proportions of variance above 25 per cent are considered substantial (Heiman, 1998). The r^2 value indicates that the identified factors explain up to 67 per cent of the variance in employee engagement. The ANOVA, Table III, generated in this test also shows a significant probability value ($p = 0.000$) and signifies that all the factors of workplace wellbeing, compensation programme, team and co-worker relationship, leadership, working environment, policies and procedures, training and career development explain significantly employee engagement.

Therefore 67.2 per cent of variance in employee engagement is influenced by factors – working environment, leadership, team and co-worker relationship, training and career development, compensation programme, policies and procedures and workplace wellbeing. Therefore the null hypothesis $H01$ is rejected and the alternate hypothesis is accepted. The following regression equation is derived from Table IV.

Employee engagement = $0.463 \times$ working environment + $0.065 \times$ leadership + $0.316 \times$ team and co-worker relationships + $0.002 \times$ training and career development – $0.056 \times$ compensation programme – $0.040 \times$ policies and procedures + $0.053 \times$ workplace wellbeing.

Model	r	r^2	Adjusted r^2	SE of the estimate
1	0.829 ^a	0.687	0.672	0.23849

Notes: ^aPredictors: (constant), workplace wellbeing, compensation programme, team and co-worker relationship, leadership, working environment, policies and procedures, training and career development

Table II.
Regression model
summary – employee
engagement

Model	Sum of squares	df	Mean square	F	Sig.
1 Regression	17.765	7	2.538	44.620	0.000 ^b
Residual	8.076	142	0.057		
Total	25.841	149			

Notes: ^aDependant variable engagement; ^bpredictors: (constant), workplace wellbeing, compensation programme, team and co-worker relationship, leadership, working environment, policies and procedures, training and career development

Table III.
Results of ANOVA^a
for employee
engagement model

Table IV.
Regression coefficients^a
for employee engagement

Model		Unstandardized coefficients		Standardized coefficients	<i>t</i>	Sig.
		<i>B</i>	SE	β		
1	(Constant)	0.818	0.210		3.887	0.000
	Working environment	0.463	0.084	0.530	5.503	0.000
	Leadership	0.065	0.091	0.074	0.710	0.479
	Team and co-worker relationship	0.316	0.087	0.360	3.623	0.000
	Training and career development	0.002	0.090	0.003	0.023	0.982
	Compensation programme	-0.056	0.044	-0.101	-1.261	0.209
	Policies and procedures	-0.040	0.080	-0.049	-0.498	0.620
	Workplace wellbeing	0.053	0.049	0.055	1.069	0.287

Note: ^aDependent variable: engagement

5.3 Prediction of employee performance using employee engagement

This section deals with the prediction of the variable employee performance using employee engagement. Once this relationship was determined, the combined effect of the independent variables on employee engagement and that of employee engagement on employee performance was estimated through a SEM technique.

Performance management has a significant impact on organisational effectiveness (Cardy, 2004) and therefore it has to be the immediate priority of managers (Lawler, 2008). Studies (Buchner, 2007) have shown that organisations today face challenges that require attention to improving performance management. One important way to enhance the employee performance is to focus on nurturing employee engagement. Performance management literature now includes studies focusing on the contribution of employee engagement to employee performance thus emphasising the importance of engagement in the performance management process.

Therefore, the present study focused on the cause and effect relationship between employee performance and employee engagement using regression. It was intended to study the strength of influence of employee engagement on employee performance.

The regression analysis shows that the variance in the dependent variable, employee performance, is influenced by the independent variable, employee engagement, by 59.7 per cent as shown in Table V. The ANOVA result in Table VI, shows a statistically

Table V.
Regression model
summary – employee
performance

Model	<i>r</i>	<i>r</i> ²	Adjusted <i>r</i> ²	SE of the estimate
1	0.774 ^a	0.599	0.597	0.30376

Note: ^aPredictors: (constant), engagement

Table VI.
Results of ANOVA^a for
employee performance
model

Model		Sum of squares	df	Mean square	<i>F</i>	Sig.
1	Regression	20.417	1	20.417	221.274	0.000 ^b
	Residual	13.656	148	0.092		
	Total	34.073	149			

Notes: ^aDependent variable: performance; ^bpredictors: (constant), engagement

significant p value ($p=0.000$) that confirms that the relationship is significant. Hence the null hypothesis $H02$ is rejected and the alternate hypothesis $Ha2$ is accepted. Table VII shows a high β value which depicts that employee engagement explains a high degree of employee performance and generates the following regression equation:

$$\text{Employee performance} = 0.889 \times \text{employee engagement} + 0.525.$$

The equation signifies that employee performance depends substantially on employee engagement. It shows that ensuring engagement of employees is important and has a positive impact on their performance.

The model which is validated using the regression analysis in two parts is given in Figure 2 with the values of r^2 and t . The adjusted r^2 shows the strength of impact of the prior variable(s) on the consequent variable and t shows the validity of the path between each prior variable and consequent variable.

5.3.1 SEM. The above analysis shows the impact of variables in two separate sets of relationships. Therefore, the combined effect of the identified factors on employee performance through the measure of employee engagement is determined through PLS. SEM is a multivariate technique combining aspects of multiple regression and factor analysis to estimate a series of interrelated dependence relationships simultaneously. PLS is the technique used in the initial stages of model development. All relationships in the path diagram can be estimated to quantify the effects between dependent and independent variables even if interrelated (Hair *et al.*, 2003). The path diagram constructed using visual PLS is estimated using bootstrapping technique and evaluated using the fit indices.

Analysis through partial least squares regression in Figure 3 shows that the factors working environment ($t=4.363$), leadership ($t=2.370$), team and co-worker

Model	Unstandardized coefficients		Standardized coefficients		t	Sig.
	B	SE	β			
1 (Constant)	0.525	0.248			2.118	0.036
Engagement	0.889	0.060	0.774		14.875	0.000

Note: ^aDependent variable: performance

Table VII.
Regression coefficients^a
for employee performance
model

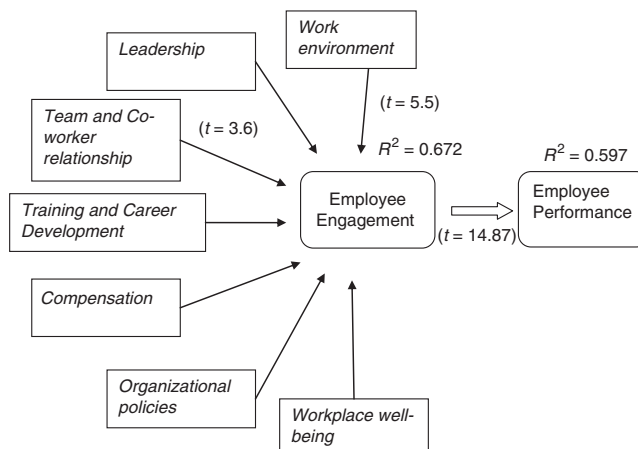


Figure 2.
Validated model of impact
of employee engagement
on employee performance

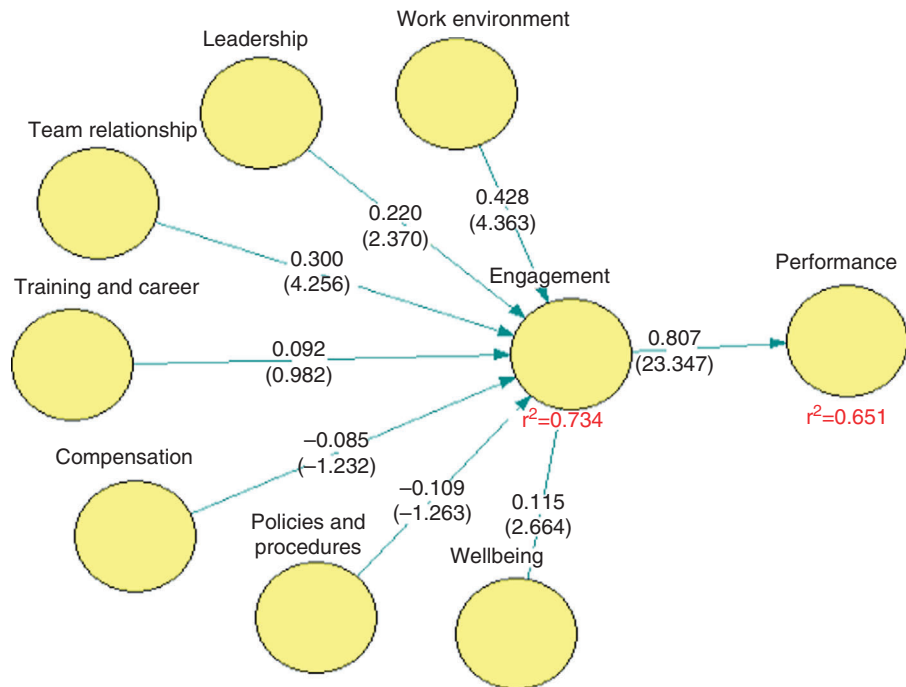


Figure 3.
Estimated model
using PLS

relationship (4.256) and employee wellbeing ($t = 2.664$) are the factors that impact employee engagement and hence employee performance statistically significantly. It can also be seen that the path validity of employee engagement leading to employee performance is $t = 23.347$ which is also highly statistically significant at 0.05 level of significance. Hence the study suggests a strong influence of these factors on the endogenous factors.

6. Discussion

The results of the regression analysis indicate that the independent variables identified to influence employee engagement do have a significant impact in determining the engagement level of the employees. The t -values in Table IV implies that working environment ($t = 5.503$) and team and co-worker relationship (3.623) are the most influential factors on employee engagement as they are statistically significant at 0.01 level of significance. The β values also suggest that working environment influences up to 53 per cent as a determinant of employee engagement and team and co-worker relationship has about 36 per cent influence. This signifies the importance of a healthy work atmosphere and good interpersonal harmony with fellow members in the organisation for anyone to be engaged positively at work.

Desirable work environment comprises both physical and emotionally safe environment that will motivate the employee to be engaged at work. Studies (Holbeche and Springett, 2003), show that people perceive their workplace, and their contribution in their role at workplace, play a major part in their engagement and hence performance. The study also argues that employees actively seek meaning through their work and, unless organisations try to provide a sense of meaning,

employees are likely to leave. Work environment is expected to create a shared sense of destiny with others and to encourage employees to emotionally connect with one another to achieve high levels of engagement. Therefore it is evident that employees personal perception of their working environment shapes and directs how engaged an employee is. To have a positive perception, it is important to have a supportive working environment.

Studies (Islam and Shazali, 2011) show that a good quality physical working environment leads to better service to customers and supports higher output. These studies also reveal that the working environment should comprise a good culture, working with a good team, a good boss, good physical surroundings, job security, sustainable compensation package, and availability of food and drink in the workplace. The presence of all these factors in the workplace could increase the morale of workers and contribute to increased manufacturing productivity. Therefore organisations and employers should concentrate on improving the working environment of the employees in different ways. This should include appreciating the employees' efforts, communicating the success and accomplishment of the organisation to the employees thereby inculcating ownership among employees, provide them with a balance between work and personal life, provide required information and resources for effective output and provide a safe environment. Hence it is the responsibility of management to offer a workplace that ensures the above.

Similarly the factor team and co-worker relationship is also significantly influential on employee engagement. Collegial and professional skills play an important role in the success of fresh employees (Hertzog *et al.*, 2000). The result explains that higher order needs, such as achievement and collaborative decision making, that reflects team and co-worker relationship, leads employees to take on greater responsibility to achieve shared goals and visions. Studies (Kahn, 1990) also suggest that client relations for some individuals, such as camp counsellors, may play a role in providing a meaningful work experience.

Effective team and a healthy co-worker relationship are required for enhanced engagement. Factors including talent, team climate, collective pride, commitment, leadership, purpose, communication, continuous improvement, team ethics and team bonding play a major role in building effective high performance teams (Bhogle and Bhogle, 2011). These factors call for special attention from the employers' angle to improve the team and co-worker relationship. Therefore it is essential for the organisation to facilitate enhanced co-worker relationship and provide an ambience where collegiality would thrive.

When employee engagement is used to predict employee performance, it again shows a significant path validity ($t=14.87$) and co-efficient of determination ($r^2=59.7$ per cent) of the dependent variable. The coefficient in Table VII depicts a highly significant t value that emphasises the strength of employee engagement in producing satisfactory employee performance. The validated model with the statistical significant values is shown in Figure 2. This is in line with a recent meta-analysis which found that engagement is significantly related to a number of consequences including commitment, health, turnover intentions, and performance (Halbesleben, 2010). Mone and London (2010) suggest that upon improving performance management, organisations can create and sustain high levels of employee engagement, and thereby higher levels of performance. It is evident that the energy and focus inherent in work engagement allow employees to bring their full potential to the job which enhances the quality of their core work responsibilities.

Thus, the linkage between engagement and performance is consistent with engagement models, theory, and research.

The paper thus elicits the key determinants of employee engagement which can be nurtured by the managers and employers to provide an amicable environment for the employees to become positively engaged. Hence this study widens the scope of identifying measures that will enhance organisation factors like work place wellbeing, working environment and policies and procedures. Also the company has to invest in building a harmonious environment that will produce an environment conducive for good team and co-worker relationship, effective leadership, training and career development and attractive compensation programmes.

The future scope of the study is quite wide from different perspectives. This study can be conducted at various levels of the organisation, say, large scale and MNCs to strengthen the model. In depth analysis on the specific factors identified may be carried out which can give rise to individual effect of each factor on employee engagement and hence employee performance. A comparative study may also be made with this model and previous models of employee engagement.

7. Conclusion

The above study emphasises the importance of employee engagement and also identifies various aspects that have a significant effect on it. It also shows that there is a strong significant relationship between employee engagement and employee performance. Regression analysis predicts that out of the various important factors that have an overall effect on employee engagement, there are two factors that came out with significant path validity or *t* value. Working environment and team and co-WORKER relationship were found to have significant *t* values in relating with employee engagement. The paper also quotes previous studies and suggest measures on factors that improve working environment and team and co-worker relationship.

The implications involve significant impact for organisations in terms of improvement in productivity and hence signify substantial economic impact for organisations. Apart from this, the determinants of employee engagement connote a healthy working atmosphere for employees. This reflects on the social impact that could be created with the measures taken by the organisation. Employees would enjoy considerable attention in terms of work place environment, healthy collegiality, workplace wellbeing and the methods taken by the organisation to enhance employee engagement. The model can be used by organisations to focus on key aspects that would result in both employee and employer benefits.

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