

Exploring Employee Engagement—A Way to Better Business Performance

Global Business Review
17(3S) 45S–63S
© 2016 IMI
SAGE Publications
sagepub.in/home.nav
DOI: 10.1177/0972150916631082
<http://gbr.sagepub.com>



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Abstract

There is an unprecedented change in the job description as well as workforce diversity due to globalization of organizations. Employee engagement has emerged as an important management-focused activity in order to compete and perform in a dynamic and competitive environment, having linkage with the organization's goals and objectives. This article aims to provide an exploratory study on employee engagement, its concepts and definitions as evolved through recent times, factors or drivers affecting it, its measures and importance for better business outcomes. The methodology used for this study includes selected literature reviews on employee engagement. Employee engagement is found to be a continuous process and is highly organization specific. There is no clear and widely accepted definition of employee engagement; however, it is found to be an integration of different behavioural components, such as commitment, involvement, attachment, discretionary effort, energy, positive attitude and psychological presence, that leads the employee potential into employee performance which is positively linked with organization success.

Keywords

Engagement, employee engagement, performance, business performance, commitment, involvement, attachment, discretionary effort, energy, positive attitude, psychological presence

Introduction

In present scenario, the global economy is battling with the problem of recession and instability in economic environment which is a matter of great concern for everyone and between them, retention arises as one of the greatest challenge for the whole corporate world. The road to recovery from

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this global problem is long, winding and rocky and that is the reason employee engagement appears as a critical factor in this volatile economic world. Engagement ensures that the employees invest discretionary effort in their behaviour towards the organization and is identified as the critical factor in delivering the desired business result needed during recession and stagnation for rapid growth. To become successful in this turbulent market, companies need an extremely knowledgeable, capable, flexible and dedicated workforce with flexible and innovative management that is capable of retaining the pool of developed talents. Employee engagement has been widely accepted in the last decade because organizations have realized that they can leverage it for higher employee retention, greater customer satisfaction and improved financial performance (Harter, Schmidt & Hayes, 2002) as well as overall organization performance (Rich, Lepine & Crawford, 2010). According to Hewitt Associates (2004), companies with the highest employee engagement levels have 4-year average total shareholder return (TSR) of 20 per cent or higher, nearly triple that of the companies with lower levels of engagement. Within over 2,500 businesses, health care and education units, Gallup has empirically established that employee engagement is a significant predictor of desirable outcome, such as profitability, productivity, retention and customer satisfaction (Buckingham & Coffman, 1999). The term employee engagement becomes so popular and raises the concern for organization, professional societies and consulting group due to its linkage with employee performance and organization performance. This exploratory study is an attempt to investigate employee engagement in a broader scenario covering its different aspects that will provide a theoretical framework for future research and practice.

The rest of this article is organized as follows: the following section summarizes the problem statement followed by objectives of the study. The subsequent section outlines the research method used. This is followed by the findings of the study. Finally, the conclusions and implications are presented in the last section of the article.

Rationale of the Study

The term employee engagement has gained its popularity recently due to its linkage with organization success. The research focus on employee engagement is relatively new and is continuously emerging. It is considered to be loosely defined. There are other similar constructs, such as organizational commitment, organization citizenship behaviour (OCB), job involvement and flow, attitude or behaviour and job satisfaction that are compared with engagement. There are several approaches to the measurement of engagements. These different dimensions of employee engagement have, hitherto, been studied in a scattered manner and not been synthesized in a single study. This study is an attempt to explore these different dimensions of employee engagement based on literature review to critically examine and present them under an umbrella.

Objectives of the Study

This article investigates different dimensions of employee engagement through the review of selected literatures that include academicians' and practitioners' approach towards employee engagement, and develops a conceptual model based on the identified factors or drivers of employee engagement, and its outcome. The research questions that guided our review of literatures were (i) what is employee

engagement and how it is different from other psychological concepts; (ii) what is the difference in perception of employee engagement from academicians and practitioners point of view; (iii) what are the individual and organizational outcomes of employee engagement; (iv) what are the factors and drivers of employee engagement that lead to positive consequences for employees and the organization?

Method

This study has adopted the structured literature review technique (Fornes, Rocco & Wollard, 2008) that uses structured steps of analysis for locating factual information in the literature, which reports emerging concepts. The articles were searched in PsycINFO, ABI/INFORM, EBSCOhost and Educational Resources Information Centre (ERIC) research database using the keywords employee engagement, engagement and outcomes, factors or drivers of engagement and measures of employee engagement. As the term engagement was coined by Kahn in 1990; most of the literatures on engagement were considered for classification review from 1990 onwards. About 450 peer-reviewed articles were examined, out of which 149 were selected on the basis of its relevance for the study. A classification framework was also used to integrate the whole database which was divided in four groups (see Table 1). Content analysis is carried out to recognize and organize the variables because it helps to determine the specific words by analyzing the presence, meaning and relationship of such concepts within text or sets of texts (Palmquist, Carley & Dale, 1997). This analysis was used to identify different constructs of employee engagement, its factors or drivers and outcomes. Concept mapping is a structured method that represents concept mapping in graphic form that shows the direction of relationship and interrelationship among the variables. In concept mapping, the collected information from the content analysis were sorted out into three groups: (i) factors or drivers of employee engagement, (ii) outcomes and (iii) processing of employee engagement. Conceptual model of the meaningful relationship between the concepts was developed using the concept mapping.

Table 1. Classification Framework for Literature Review

Group	Contents	Rationale
Definition and conceptual issues of employee engagement	Different approaches in definition and conceptualization of employee engagement	Investigate the uniformity or difference in defining the concept of employee engagement
Theoretical matters	Different theoretical perspectives and its contents	Defining how the engagement differs from other psychological concepts
Measurement issues	Different measurement techniques	Examining the uniformity or variations in the measurement tools and techniques of employee engagement
Factors or drivers and outcome issues	Factors or drivers of employee engagement Employee engagement outcomes	Determining the contributing factors or drivers affecting employee engagement and classification of engagement outcomes on individual and organizational basis

Source: Authors.

Findings

This section summarizes the conceptual framework and different dimensions of employee engagement based on the literature reviewed. It begins with exploring the employee engagement concepts and its definitions. Second, the other constructs that are closely related to engagement will be examined followed by the analysis of different measures of engagement. The factors or drivers of employee engagement and its impact on business performance will be examined. This section concludes with the development of working model of employee engagement.

What Is Employee Engagement?

Employee engagement has been defined as ‘an individual employee’s cognitive, emotional and behavioural state directed towards desired organizational outcomes’ (Shuck & Wollard, 2010, p. 103). Employee engagement can be personified by the energy, dedication and passion of employees who have to contribute their best to serve the customers to achieve the goals of their organization. It is all about the readiness, willingness and capability of employees to **give discretionary effort in achieving organization success**. Employees, who are engaged, exhibit attentiveness and mental absorption in their work (Saks, 2006) and display a deep, emotional connection towards their workforce (Kahn, 1990; Wagner & Harter, 2006). Many organizations believe that employee engagement is a dominant source of competitive advantage and thus, have been recognized by its reported ability to solve challenging organizational problems, such as increasing workplace performance and productivity during widespread economic decline (Macey & Schneider, 2008; Macey, Schneider, Barbera & Young, 2009). Employee engagement helps in conceptualizing and measuring the human capital in organizations and is considered to be an amalgamation of many different aspects of human behaviour, such as job satisfaction, commitment, involvement, motivation and the psychological contract. Engagement shows the emotional commitment of an employee not only towards the individual goals but also in achieving the organizational goals. Macey and Schneider (2008) suggested that employees with a proactive and autotelic personality, high level of conscientiousness and trait positive affect could be highly engaged in their work. Fostering an engaged workforce in the field of human resource is very important because researches have shown that an engaged workforce helps the organizations in reaping the benefits, such as increased efficiency, managerial efficacy, higher level of customer satisfaction, higher productivity and lower turnover rates (Luthans & Peterson, 2002; Vance, 2006; Wagner & Harter, 2006). According to Chartered Institute of Personnel and Development (CIPD) Report (Alfes et al. 2010), employee engagement is considered to have three core facets:

1. Intellectual engagement—thinking intensively about the job and continuous improvement in it;
2. Affective engagement—feeling positive about their job; and
3. Social engagement—ready to take opportunities to discuss the matters of improvement in work with others.

In particular, engagement is a two-way process in which the organization has to put extra effort to engage the employees and in return, engaged employees freely and willingly give the discretionary effort to the organizational goals and values that motivates them to contribute to the organizational success and at the same time enhances their own sense of well-being. One of the most important difficulties faced by the researcher is that there is no clear and widely accepted definition of employee engagement. Generally, the questions are being asked about the concept that it is a new innovative term or repackaging of other behavioural components, such as satisfaction, commitment or involvement. There is a lot of variation in definitions given by the practitioners, corporations and academic researchers, as summarized in Table 2.

Table 2. Employee Engagement and Its Definitions

References	Definitions
Kahn (1990, p. 700)	Define engagement as, 'personal engagement is the simultaneous employment and expression of a person's "preferred self" in task behaviour that promote connections to work and to others, personal presence, and active full role performances'.
Maslach, Schaufeli and Leiter (2001, p. 417)	Define employee engagement as 'a persistent, positive affective-motivational state of fulfilment in employees that is characterized by high levels of activation and pleasure'.
Harter et al. (2002, p. 269)	Employee engagement refers to the 'individual's involvement and satisfaction with as well as enthusiasm for work'.
Schaufeli, Salanova, González-Roma and Bakker (2002, p. 74)	Define engagement as a 'positive, fulfilling, work-related state of mind that is characterized by vigour, dedication, and absorption'.
Towers Perrin (2003, p. 5)	Engagement involves both 'emotional and rational factors relating to work and the overall work experience. The emotional factors tie to people's personal satisfaction and the sense of inspiration and affirmation they get from their work and from being part of their organization. The rational factors, by contrast, generally relate to the relationship between the individual and the broader corporation; for instance, the extent to which employees understand their role, and their unit's role, relative to company objectives'.
Hewitt Associates (2004, p. 2)	Engagement is defined by the 'state in which individuals are emotionally and intellectually committed to the organization or group, as measured by three primary behaviours: say, stay and drive'.
Institute of Employment Studies (IES, 2004, p. 9)	'A positive attitude held by the employee toward the organization and its values. An engaged employee is aware of business context, and works with colleagues to improve performance within the job for the benefit of the organization. The organization must work to develop and nurture engagement, which requires a two-way relationship between employer and employee.'
Development Dimension International (Wellins et al., 2005, p. 2)	DDI defines engagement as 'the extent to which people enjoy and believe in what they do and feel valued for doing it'.
Gibbons (2006, p. 6)	Employee engagement is defined as 'heightened emotional and intellectual connection that an employee has for his/her job, organization, manager, or co-workers that, in turn, influences him/her to apply additional discretionary effort to his/her works'.
Saks (2006, p. 602)	'A distinct and unique construct that consists of cognitive, emotional, and behavioural components that is associated with individual role performance'.
Czarnowsky (2008, p. 6)	'Engaged employees are mentally and emotionally invested in their work and in contributing to their employer's success.'
Macey and Schneider (2008, p. 5)	Trait engagement is defined as the 'inclination or orientation to experience the world from a particular vantage point'. Psychological state engagement is defined as an 'antecedent to behavioural engagement (encompassing the constructs of satisfaction, involvement, commitment, and empowerment)'. Behavioural engagement is defined in terms of 'discretionary effort'.
Alfes et al. (2010, p. 5)	Employee engagement as 'being positively present during the performance of work by willingly contributing intellectual effort, experiencing positive emotions and meaningful connections to others'.
Shuck and Wollard (2010, p. 103)	Define employee engagement as an 'individual employee's cognitive, emotional, and behavioural state directed toward desired organizational outcomes'.

Source: Authors.

From the above definitions, it is clear that the concept of employee engagement is an integration of different behavioural components like commitment (cognitive, affective and behavioural), involvement, attachment (rational and emotional), discretionary effort, profound connection, energy, positive attitude and psychological presence (attention and absorption), which leads the employee potential into employee performance and that is positively linked with organization success. According to the Seijts and Crim (2006), the leaders engage employees' heads, hearts and hands through the 10 C's of employee engagement—(i) Connect, (ii) Career, (iii) Clarity, (iv) Convey, (v) Congratulate, (vi) Contribute, (vii) Control, (viii) Collaborate, (ix) Credibility and (x) Confidence. From the definitions, it is found that there is a lack of clarity regarding the construct of employee engagement in academic approach and practitioner approach (Zigarmi, Nimmon, Houson, Witt & Diehl, 2009).

The practitioner approach emphasizes on the usability of construct and its practical (actionable) outcomes, such as improved retention, commitment, productivity, profitability, etc., while academic approach is concerned on defining and validating this psychological concept. The academic approach is a flourishing phenomenon (Chalofsky & Krishna 2009; Rich et al., 2010; Saks, 2006), as a result there is no well-organized collection of theoretical or conceptual frameworks in this field.

Engagement and Other Constructs

Employee engagement is generally compared or correlated with the following constructs:

1. Organizational commitment
2. Organization citizenship behaviour
3. Job involvement and flow
4. Attitude or behaviour
5. Job satisfaction

There is sufficient evidence present for arguing that engagement is related to, but distinct from, other constructs in the field of organizational behaviour (Saks, 2006). According to, Robinson, Perryman and Hayday (2004, p. 8),

engagement contains many of the elements of both commitment and OCB but is by no means a perfect match with either. In addition, neither commitment nor OCB reflect sufficiently two aspects of engagement—its two way nature, and the extent to which engaged employees are expected to have an element of business awareness.

Organizational citizenship behaviours are discretionary behaviours that are beyond formal obligations. OCB is an outcome of the attitudes of job satisfaction and organizational commitment and it is concerned with the characteristics and behaviour of an individual rather than the organization (Robinson et al., 2004). Saks (2006) argues that the organizational commitment also differs from engagement in that it refers to a person's attitude and attachment towards their organization, while it could be debated that engagement is not just an attitude; it is the degree of attachment, individual attentiveness in work and absorbed in the performance of their role. In addition, while OCB involves voluntary and informal behaviours that can help co-workers and the organization, the focus of engagement is one's formal role performance rather than purely extra-role and voluntary behaviour.

According to May, Gilson and Harter (2004), engagement is closely linked with the constructs of job involvement (Brown, 1996) and flow (Csikszentmihalyi, 1990). Job involvement is defined as 'a

cognitive or belief state of psychological identification' (Kanungo, 1982, p. 342). The major distinction between these two constructs is that engagement is more concerned with the individual performance of an employee in his/her job (May et al., 2004). Furthermore, the focus of job involvement is on cognitive components while engagement, according to most definitions, also encompasses emotions and behaviours. The job attitude literature makes a distinction between attitudes (affective responses to an object or situation), behavioural intentions based on attitudes and actual behaviours (Roznowski & Hulin, 1992).

Job satisfaction is one of the widely researched construct and is defined as 'a pleasurable or positive emotional state resulting from the appraisal of one's job or job experiences' (Locke, 1976, p. 1300). Locke's definition emphasizes on the importance of two components—*affect or feeling* and, *cognition and thinking*. Harter et al. (2002) started their discussion on engagement by linking it with satisfaction but later on the term satisfaction was dropped from the article. Saks (2006, p. 602) later summarized by stating,

although the definition and meaning of engagement in the practitioner literature often overlaps with other constructs, in the academic literature it has been defined as a 'distinct' and unique construct that consists of cognitive, emotional, and behavioural components that are associated with individual role performance. Furthermore, engagement is distinguishable from several related constructs, most notably organizational commitment, organizational citizenship behaviour, and job involvement.

The Measures of Engagement

Before taking any step towards the enhancement of employee engagement, it is a precondition to identify the levels or status of engagement which can be determined by employee survey only. Employee survey is an essential tool to monitor and manage the employee engagement as they send important signals to employees about an organization's values and priorities. Revealing the survey result and the action plan associated with it expressed the recognition and respect for employee contribution (Scott, McMullen & Royal, 2010). There is no single defined approach towards the measurement of employee engagement and the organizations are interested to use their own items and tools to measure it. The most popular instrument, developed by Gallup researchers, uses the 12-item questionnaire (Q12), known as Gallup Workplace Audit (GWA), in which five items measure the job characteristics, another five measure the supervision or leadership and the remaining two items discussed about the team or fellow members. Hewitt Associates define the measurement approach with six-item measures, in contrast to GWA, that considered three S's: *say* (two items), *stay* (two items) and *strive* (two items). 'The four items relating to "say" and "stay" are very much like the traditionally used statements that are part of a typical measure of organizational commitment, while the two items of "strive" resemble the ones used in a measure of job involvement' (Mohapatra & Sharma, 2010, p. 283).

The Institute for Employment Studies (IES, 2004) also conducted employee engagement study on National Health Services (NHS) and framed 12 attitude statements representing engagement status of the employee on the basis of biographical, job-related attitude and experiences. These 12 statements of engagement indicator are not as clear as that of Gallup, and the IES also has a subset of five questions that can be used instead of 12 questions, in case the organizations are not comfortable with the 12 statements. Another measurement example comes from the DDI. Wellins et al. (2005) has their own measure, called 'E3,' which evaluates the three key elements of engagement (individual value, focused work and interpersonal support) and also gives a standard measure for satisfaction of the employees, which they

perceive as an outcome or consequence of engaging employees. There is no dearth of publications in the field of employee engagement, but empirical studies by researchers are very few. May et al. (2004) focused on Kahn's ethnographic study and measured engagement in terms of an employee's cognitive, emotional and physical involvement with their job in terms of psychological meaningfulness, safety and availability.

Saks (2006) measured employee engagement with two constructs, job engagement with five items and organization engagement with six items, which include statements significantly related to job satisfaction, organizational commitment, job involvement and OCB. Gubman (2004) puts a line of distinction between engagement and passion and argued that apart from psychological aspects, passion for work should also be a part of the measurement. He summarized engagement and passion for work with the formulas:

$$\text{Engagement} = W^2 (\text{what you do} \times \text{where you do it})$$

$$\text{Passion} = W^3 (\text{what you do} \times \text{where you do it} \times \text{who you are})$$

The two theoretically established measures for assessing employee engagement are the Utrecht Work Engagement Scale (UWES) (Schaufeli et al., 2002) and the Job Engagement Scale (JES) (Rich et al., 2010). These two scales were chosen because they represent the two dominant theories of engagement in the field. The purpose of both the scales is to measure the employee engagement. Each of them is derived from different theoretical backgrounds suggesting that there may be differences in their construct, content and criterion-related validity evidence. Specifically, the JES was based on Kahn's (1990) definition of engagement, which is comprised of three components: physical, cognitive and affective; and grounded in theories of individuals 'expression of themselves in their work roles' (Goffman, 1961). In contrast, the UWES has roots in the burnout literature (Maslach & Leiter, 1997). Originally, the UWES intended to conceptualize engagement as the opposite of burnout, and was comprised of three components: vigour, dedication and absorption; opposites of exhaustion, cynicism and inefficacy, respectively. In subsequent studies by Schaufeli et al. (2002), it was noticed that engagement is not exact opposite of burnout; however the UWES retains the fundamental scale structure.

The Gallup organizations conducted numerous focus groups discussions and completed thousands of interviews to identify the key areas to measure employee engagement. With approximately 15 million employees' respondents, Gallup's Q12 tool makes an ideal instrument to model the survey questions for many research studies (Harter et al., 2009).

The Gallup's Q12 which lists the 12 things important to employees are:

1. Knowing what's expected (job clarity)
2. Having the right materials and equipment (resources)
3. Opportunity to do what I do best (career opportunities)
4. Recognition and praise (recognition)
5. Caring for me as a person (quality of life)
6. Encourages development (opportunities)
7. My opinion counts (recognition)
8. Connection with the mission of organization (leadership and company vision)
9. Co-workers committed to quality work (team)
10. I have a best friend at work (team)
11. Someone has talked with me about my progress (team)
12. Opportunities to learn and grow (development)

If we assess the term employee engagement, there is no theoretical background behind this phenomenon. Employee engagement is regarded as a distinct construct, but, an all-inclusive omnibus term having manifold meanings. It is an amalgamation of different psychological constructs which is expressed in the form of feelings, emotions and self-evaluations disposed in particular behaviour that motivates the workplace climate; therefore, it is regarded as a multifaceted and a multidimensional concept. The direct measurement of these constructs is not possible. As there are probably several hundreds of factors present that directly or indirectly influence employee engagement, it is impractical to measure it directly using the survey (Shaw, 2005). However, with the help of their constituent parts or manifestations, it can be measured or assessed (Mohapatra & Sharma, 2010).

Factors Leading to Employee Engagement

Now, it is the right time that organizations should start thinking about what could be the measures to secure the long-term commitment of their workforce. To encourage the employees towards organizational goals, there is a requirement of developing and implementing the strategies to retain, engage and satisfy them. As per Melcrum (2005), commitment is an essential component for designing a multifaceted strategy that would consider employee engagement as an integrated business outcome. In addition to that, a company can build employee engagement strategy which takes into consideration the company culture, leadership and other company facets that improve the likelihood of success as opposed to off-the-shelf products or copying from other companies.

The sense of feeling valued and involved is the key driver of engagement which indicates the employee involvement in decision-making; his/her autonomy to express the views, opportunities to develop their jobs and organizations concerned about health and well-being. This positive feeling depends on the many aspects of working life, such as training, development and career, immediate management, performance appraisal, communication and family friendliness (Robinson et al., 2004). The components of feeling valued and involved and the relative strength of each driver is highly organization specific. In addition, the different employee groups within one organization have different set of drivers. The

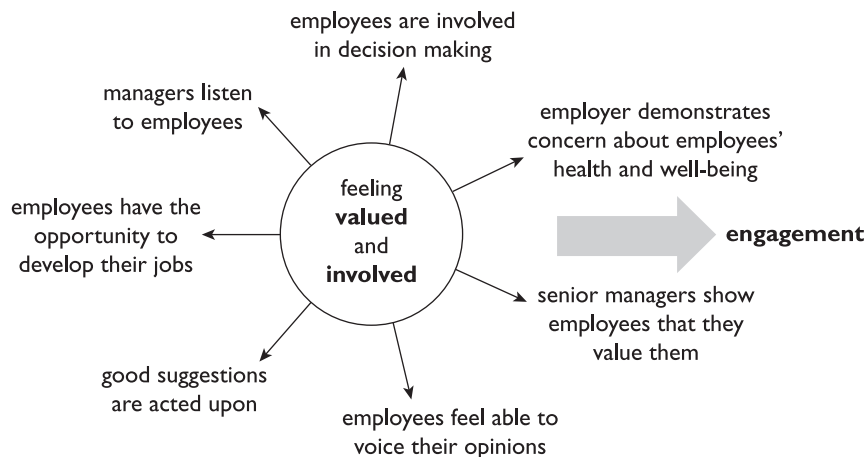


Figure 1. The Engagement Model

Source: IES (2004).

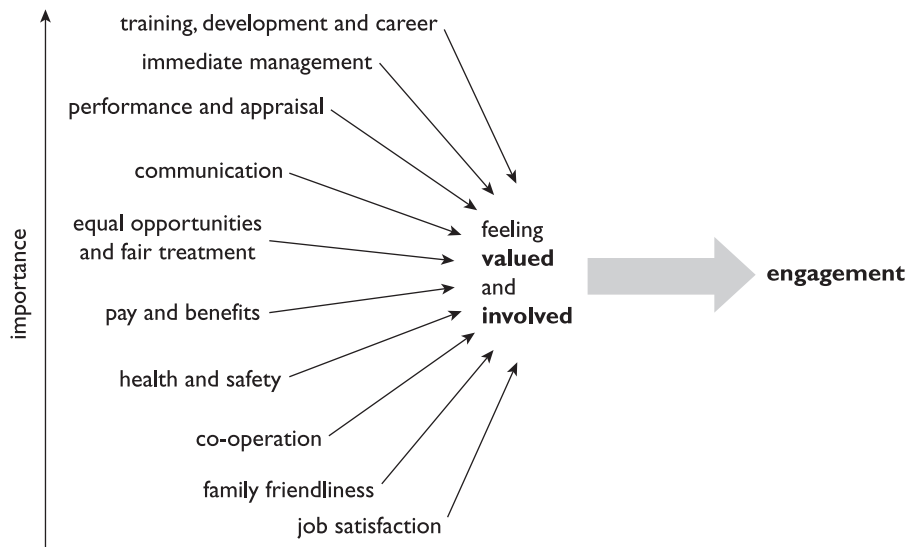


Figure 2. Drivers of Employee Engagement

Source: IES (2004).

sense of feeling valued and involved is the key driver of engagement as depicted in Figure 1 (IES, 2004, p. 22) and Figure 2 (IES, 2004, p. 23).

In 2006, the Conference Board published an article 'Employee Engagement—A Review of Current Research and Its Implication' on the basis of 12 major studies conducted by research firms and consultancies, such as Gallup, Towers Perrin, Blessing White, The Corporate Leadership Council and others. They came out with eight most important factors as the drivers of employee engagement.

1. Trust and integrity—it is important for managers to effectively communicate and stick to their words.
2. Nature of the job—employees should motivate themselves by adopting the challenges of job.
3. Line of sight between employee performance and company performance—employees should be aware about their role in organization performance.
4. Career growth opportunities—employees should have a well-defined career path and growth opportunities in the company.
5. Pride about the company—employees should feel proud to be part of the organization.
6. Co-workers/team members—relationship with co-workers significantly enhance the level of employee engagement.
7. Employee development—employers have to take requisite steps for the development of knowledge, competence and attitude formation.
8. Relationship with the manager—manager should maintain comfortable and value relationship with their employees.

Development Dimensions International (2005) states that urbanizations drive engagement by proactively leveraging three sources of influence for change: employees (attachment to the job,

agreeableness, emotional stability, openness to experience, achievement orientation and self-efficacy), leaders (exceptional leadership) and organizational systems and strategies (hiring, promotion, performance management, recognition, compensation, training and career development).

According to Towers Perrin Talent Report (2003), defining engagement is a challenging task but the real challenge is to determine the factors or drivers leading to engagement. It identifies the top 10 workplace attributes which will result in employee engagement.

1. Senior management's interest in employees' well-being
2. Challenging work
3. Decision-making authority
4. Evidence that the company is focused on customers
5. Career advancement opportunities
6. The company's reputation as a good employer
7. A collaborative work environment where people work well in teams
8. Resources to get the job done
9. Input on decision-making
10. A clear vision from senior management about the future success

Aon Hewitt's (2011, p. 7) engagement model has shown that there are typically six major categories (21 organizational antecedents), as shown in Figure 3, known as 'Engagement Drivers'—factors that potentially drive an individual's engagement that leads to organization success. The model emphasizes the different areas for improvement on their potential impact and baseline performance. Another key premise of the model is that the engagement drivers are interrelated with each other and they do not work separately.

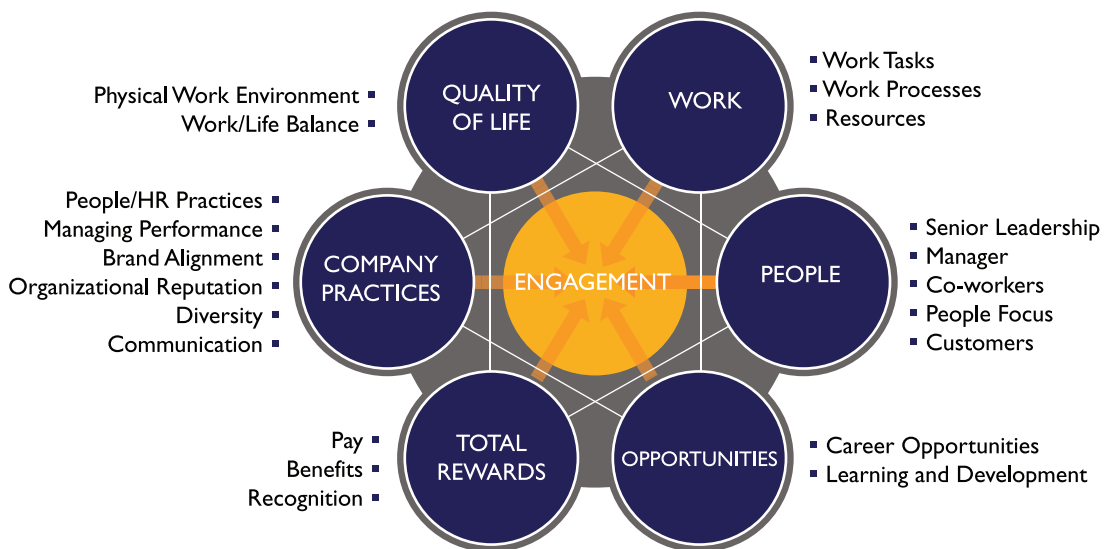


Figure 3. Drivers of Employee Engagement

Source: Hewitt (2011).

In Aon Hewitt's (2013) report, career opportunities remained the top driver impacting the overall engagement levels significantly. In addition to career opportunities, reputation, communication, managing performance, pay, innovation, brand alignment, career aspiration are the top engagement drivers. In traditional engagement research, pay is often thought of as a hygiene factor—but the pay as engagement driver has significant implications. While the key drivers of engagement have been identified but it is clear that one size does not fit for all. The process of perception is a key factor in individual behaviour recognition and in contrast rational factor and relationship between the individual and organization also matters.

Employee Engagement and Its Impact on Business Performance

One basic question that needs to be answered is the reason for making huge investment in the field of employee engagement. The answer is simple and clear: employee engagement is linked with the key factors promoting sustainable organization performance (Miller & McCartney, 2011). Several studies have found positive relationship between employee engagement and organizational outcomes, such as employee intent to stay, low turnover, productivity, profitability, safety and customer loyalty, etc. By increasing the employees' engagement levels, organizations can expect to improve the performance (potentially increasing an employee's rating performance by 20 percentile points) and an 87 per cent reduction in employees' probability of departure (Corporate Leadership Council, 2004). Gallup's 2011–2012 data indicate that the employee engagement results vary significantly at the national level among emerging economies and within countries among different social sectors and job types.

Gallup's research carried out in 2012, which probed 49,928 business or working firms and covered about 1.4 million employees in 192 organizations, across 49 industries over 34 countries, makes it obvious that the employee engagement has a strong relationship with key organizational outcomes in any economic situation and even during difficult economic crises, it emerges as an important competitive differentiator for organizations.

More specifically, Harter et al. (2013) found that:

1. Business units that are placed in the top half of the employee engagement are found to nearly double their success rate in comparison to the units that are placed in bottom half.
2. Meta-analysis has confirmed the relationship between employee engagement and the nine organizational outcomes:
 - a. 37 per cent lower absenteeism
 - b. 25 per cent lower turnover (in high-turnover organizations)
 - c. 65 per cent lower turnover (in low-turnover organizations)
 - d. 28 per cent less shrinkage
 - e. 48 per cent fewer safety incidents
 - f. 41 per cent fewer patient safety incidents
 - g. 41 per cent fewer quality incidents (defects)
 - h. 10 per cent higher customer metrics
 - i. 21 per cent higher productivity
 - j. 22 per cent higher profitability

Gallup has proven that companies with world-class engagement have 3.9 times the earnings per share (EPS) growth rate in comparison to the organization with lower engagement in the same industry.

The marked effect of engagement or disengagement can be manifest itself through the performance of the organization, productivity, positive feedback from customer, high retention rates, organizational culture and advocacy for the organization and its external image. A highly engaged employee consistently tries to contribute the organization beyond expectations (Harter et al., 2002). Employee engagement is a key element for the success of any organization. Kahn (1990) proposed that high level of engagement leads to positive outcomes both for individuals as well as organizations.

According to Alfes et al. (2010), there are three important outcomes of engagement:

1. Employee performance
2. Innovative work behaviour (extent to which people innovate in their jobs)
3. Intent to quit

In academic circles, positive consequences of engagement are associated with customer satisfaction, productivity, profit, employee turnover (Harter et al., 2002), positive work attitudes, individual health, extra-role behaviours and performance (Schaufeli & Salanova, 2007) and managerial efficacy (Luthans & Peterson, 2002). This section tries to evaluate the different outcomes of employee engagement:

Organizational Outcomes

Studies have shown that employee engagement have a positive influence on the following organizational performance indicators: customer satisfaction (Harter et al., 2002; Towers Perrin, 2003), productivity (Harter et al., 2002; Salanova, Llorens, Cifre, Martinez & Schaufeli, 2003; Schaufeli et al., 2002), profit (Harter et al., 2002; Markos & Sridevi, 2010; Salanova et al., 2003; Schaufeli et al., 2002), employee turnover (Harter et al., 2002; Schaufeli & Bakker, 2004) and safety (Harter et al., 2002). Employee engagement had a positive influence on all of the above-mentioned categories, but mostly on customer satisfaction—loyalty ($p = 0.33$), employee turnover ($p = 0.30$) and safety ($p = 0.32$), followed by productivity ($p = 0.25$) and profitability ($p = 0.17$) (Harter et al., 2002). That is why companies are investing in their intellectual talent to optimize their performance. This section tries to explore the different outcomes of engagement on individual, group and corporate level.

Employee Productivity

As Kahn (1990) states, engagement affects the employee performance. Engaged employees develop new knowledge, respond to opportunities, go the extra mile (Lockwood, 2007; Schaufeli & Salanova, 2007), support the company and engage themselves in mentoring and volunteering while disengaged employees are less productive because they are not committed to their work. A study of 50,000 employees found that the most engaged and committed perform 20 per cent better than their colleagues (Corporate Leadership Council, 2004).

Employee Retention

There are a number of researches (Hallberg & Schaufeli, 2006; Harter et al., 2002; Schaufeli & Bakker, 2004) which have supported and presented evidence that engagement has an impact on employees' intentions to quit. HR consultancy company Towers Perrin (2003) has also found that highly engaged employees are more stable employees. Blessing White (2008) has reported that 85 per cent of engaged employees plan to stick around as compared to 27 per cent of disengaged employees.

Advocacy of the Organization

‘Engaged employees are more likely to advocate the organization as a place to work and actively promote its products and services’ (Scottish Executive Social Research, 2007, p. 44). In the same way, Penna (2007) found that some organizations contain particularly disengaged employees who discourage others from joining their current employer. These people are termed as ‘Corporate Terrorists’.

Customer Loyalty

The study by Salanova, Agut and Peiro (2005) showed that organization resources and the high-level of engagement influences the service climate, which affects employee performance (appraised by the customer) and employee performance makes customers more satisfied and loyal. An engaged employee emphasizes on customer service to provide the customer an opportunity to visit the store again to buy more goods and services (Towers Perrin, 2003). Such type of employees builds the customer loyalty which helps to boost the sales and revenue growth.

Successful Organizational Change

Researchers suggest that employee engagement might play an important role in the implementation of organizational change (Graen, 2008), because though doing nothing, actions taken by top management teams or external consultants brought mixed success. Graen (2008) suggests that engaged participants of organizational change may be important in making the organization capable to change and adapt to the changing environment.

Manager Self-efficacy

Academic research by Luthans and Peterson (2002) found that cognitive and emotional engagement of employees leads to enhance self-efficacy of their manager through the experience of success and psychological arousal and in return self-efficacy of the managers leads to enhancement of their employees’ engagement and effectiveness. Both engagement and self-efficacy have positive effect on one another which leads to good organizational performance. Self-efficacy provides the opportunity to understand and strengthen the engagement managerial effectiveness relationship which is added advantage to workplace outcome and management development.

Bottom Line Profit

There is research evidence that indicates that employee engagement is linked with profitability. According to Harter et al. (2013), when employees feel involved and committed, their contribution to organizational outcome in terms of greater productivity is considerable. It is also evident in Hewitt Associates (2004) study that finds a significant relationship between engagement and profitability. This profitability is observed in terms of higher outcomes, higher sales figures, greater customer loyalty and retentions.

Employee Outcomes

This section tries to evaluate the employee outcomes:

Meeting Expectations

In the last two decades, corporate sector has witnessed an unprecedented change due to merger, acquisition and downsizing in many organizations which result in job cuts, absenteeism, uncertainty,

ambiguity and heightened anxiety (Cartwright & Holmes, 2006). Engagement provides a platform which empowers employees to devote themselves in achieving their objectives. 'The combination of employing and expressing a person's preferred self yields behaviours that bring alive the relation of self to role' (Kahn, 1990, p. 700). Engagement has the potential to create psychological work climate which results in personal accomplishment and psychological well-being (Shuck & Reio, 2014).

Health and Well-being

Engagement brings good health and happiness to the employee, which, in return, gives commitment and loyalty towards the job and organization. Research has indicated that engagement may result in positive health effects and positive feelings towards work and the organization (Mauno, Kinnunen & Ruokolainen, 2007; Rothbard, 2001). Wellness and healthy lifestyle have been observed in the employees who are engaged as compared to those who are non-engaged or actively disengaged (Gallup, 2013).

Discretionary Effort

Discretionary effort is a performance-driven behaviour consisting of employee willingness to go above the minimal job responsibilities (Lloyd, 2008). Discretionary effort is an important organization item responsible for enhanced productivity and profitability and is considered to be a behavioural (emotive and cognitive) outcome of an engaged employee (Harter et al., 2002; Macey & Schneider, 2008; Wagner & Harter, 2006). According to Towers Perrin (2003, 2007) and Corporate Leadership Council (2004), it is positive work-related outcome of employee engagement.

Conceptual Model

The literature review that explored the different dimensions of employee engagement as present in this section leads to development of working model of employee engagement as given in Figure 4. This employee engagement model represents the employee engagement framework, which is centred on engaged employee, driven by several factors or drivers, namely training and development, health and safety, pay and benefits and results in engagement outcomes, categorized as organizational outcomes and employee outcomes.

Conclusions and Implications

This article explores how to create highly engaged workforce responsible for high organizational performance and other business outcomes. From the extensive literature review, it is clear that employee engagement is a psychological state, trait and behaviour, which shows employee-positive behaviour towards the organization and its values. Therefore, an organization should give utmost attention to recognize the contribution of an employee towards the organization and their needs and expectations. Till date there is no widely accepted definition on this concept. There is a wide variation in definitions given by different academicians, practitioners and consultancies. However, it is witnessed that authors understand its importance and difference with the other related concepts in organization behaviour, such as commitment, OCB, satisfaction, etc. Most of the studies demonstrate that non-financial measures are the more effective drivers of engagement rather than financial. It is often seen that the priorities

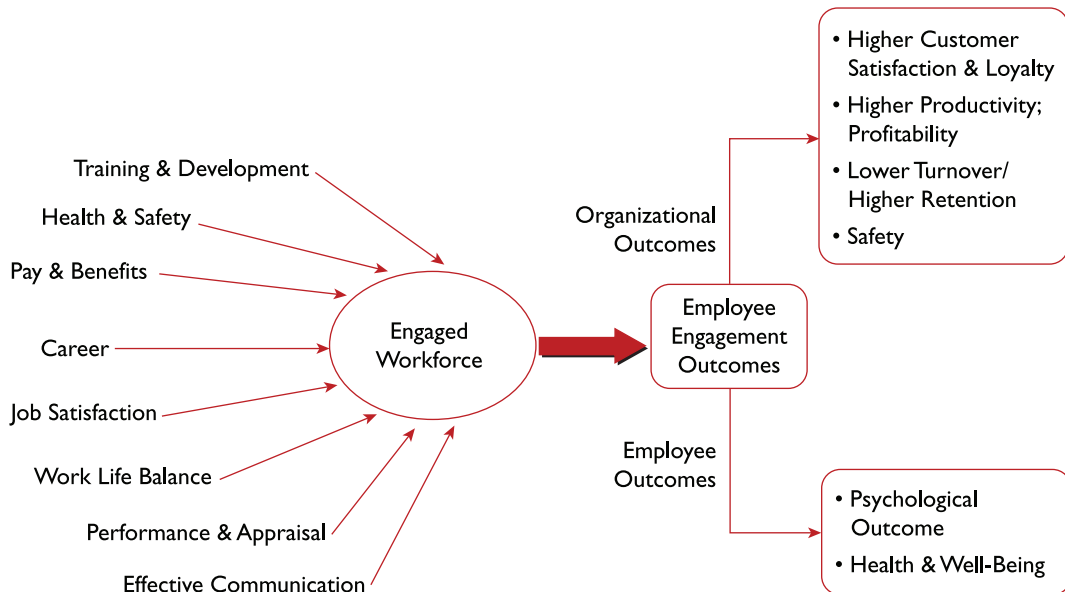


Figure 4. Conceptual Model of Employee Engagement

Source: Authors.

of engagement drivers are highly organization-specific and at the same time varies from country to country due to the difference in work culture.

Despite being lots of discussion on the meaning of employee engagement, there are three things which are very clear—it is measurable, it can be correlated with business performance and it varies from highly-engaged to disengaged. The literature strongly supports the view that organizations consistently link highly-engaged employees with high organization performance and other organizational outcomes (retention, productivity and customer satisfaction).

Most researchers merely emphasize the importance of employee engagement, its predictors, measurement and link with performance and other business outcomes. But there is a lack of study which shows cost and benefits analysis to evaluate the engagement decisions without any bias. Therefore, it is high time for the academicians and researchers to explore the construct profoundly and come up with crystal-clear definitions and dimensions to measure engagement and justification of its significance in corporate world.

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