‘Employee engagement’: does it exist, and if so, how does it relate to performance, other constructs and individual differences?

FERGUSON, A. (Macquarie University), & CARSTAIRS, J. (Macquarie University)


Amanda Ferguson, MA Organisational Psychology. PO Box 921 SPIT JUNCTION New South Wales 2089, Australia. e-mail amanda@lifethatworks.com

Dr Jane Carstairs, Chair Postgraduate Studies, Macquarie University, New South Wales, 2109, Australia. e-mail Jane.Carstairs@psy.mq.edu.au

Abstract

The concept of ‘employee engagement’ is rapidly gaining popularity and use in the workplace. Employee engagement is also increasingly being examined in the literature, as researchers struggle to catch up with its wave of popularity in the corporate world. While there is much interest in engagement, there is also much confusion. There is no consistency in definition, and engagement has been operationalised and measured in many diverse ways. Engagement may be a global construct as it appears to be a combination of job satisfaction, organisational commitment and intention to stay. Indeed, some argued that engagement is a multidimensional construct, in that employees could be emotionally, cognitively or physically engaged. Further, there is debate over whether it is a valid and reliable construct. However, despite this confusion in the literature, many companies and research firms see engagement as a powerful source of competitive advantage. Corporate results have demonstrated a strong link between some conceptualisations of engagement, worker performance and business outcomes. The concept of ‘employee engagement’ is clearly popular in theory, but unless it can be universally defined and measured, it cannot be managed, nor can it be known if efforts to improve it are working. This research attempts to clarify what is meant by employee engagement and to analyse the relationship between that construct and other constructs such as organisational commitment and job satisfaction. Extraneous variables could have significant effects. Therefore, the impact of individual differences is also explored.

The concept of ‘employee engagement’ (EE) is rapidly gaining popularity, use and importance in the workplace. Research and consultancy firms, led by the high-profile Gallup Organization, are focusing their efforts increasingly on surveys of employee engagement that aim to improve levels of engagement. This is because corporate results have reportedly demonstrated a strong link between some conceptualisations of
engagement, worker performance and business outcomes (The Gallup Organisation, 2004; ISR, 2005). Engagement is also increasingly being examined in the business and psychological literature, as researchers struggle to catch up with its wave of popularity in the corporate world. While there is great interest and importance being placed on the concept of engagement, there is also great confusion in the literature as to what exactly engagement is as a concept, and how it is to be defined and measured. Indeed, engagement has been defined, operationalised and measured in many diverse ways. Engagement may in fact be a global concept, as it seems to be a combination of job satisfaction, job involvement, organisational commitment and intention to stay. The confusion, contradiction and interchange of terms for engagement raise the question as to whether employee engagement is a valid and reliable construct at all. Whatever engagement might be, unfortunately the longer employees stay with an organisation the less engaged they become, according to the Gallup Organization. So it is important to continually understand and foster EE in the workplace’ (Lanphear, 2004, p. 1).

**The business world’s use of employee engagement**

The Gallup Organization, an international organizational research and consultancy firm with over 70 years’ experience, conducts the most influential business survey of EE and brought EE to the notice of industry. Gallup’s EE scale is based on studies from 1985, and in 1988 Gallop patented its 12-item measure of EE, the Q12 scale. By March 2001, The Gallup Organisation had rolled out its engagement survey to over 1.5 million employees, and more than 87,000 work units (Thackray, 2001). The
international business world’s wide use of Gallup’s EE survey is a major testament to the value that corporations are placing on EE.

Other major research firms have followed Gallup in investigations of EE. ISR, another major international employee research and consulting firm, with over 30 years experience, has also conducted a large scale international EE study. ISR drew on data from over 360,000 employees from 41 companies in the world’s ten largest economies, over a three-year period (ISR, 2005). Developmental Dimensions International Inc (DDI), another major human resources consultancy, is also conducting engagement surveys. Kenexa, a provider of HR solutions was retained by Starwood Hotels & Resorts Worldwide to administer a global employee engagement survey for 116,000 employees in 37 languages and across 750 locations in 80 countries (Pont, 2004).

Many more international research and consultancy firms are focusing increasingly on conducting engagement surveys. Hewitt Associates, The Hay Group, Achieveglobal and McKinsey & Company all conduct EE surveys. Local consultancies are also heavily involved in EE surveys. Australian and New Zealand firms include: Corporate Vision, Human Synergistics and Changedrivers. Clearly, the business world is interested in and finding a benefit to the use of EE research and development.

**Impact of employee engagement on business**

Consultancy firms and corporations have found significant benefits in EE for performance and profit. The Gallup Organisation found critical links between EE, customer loyalty, business growth and profitability. Gallup compared stores scoring in the top 25% on EE and customer loyalty against those in the bottom 25%. Stores in the
bottom 25% significantly under-performed across three productivity measures: sales, customer complaints and turnover (The Gallup Organization, 2004).

A Fortune 500 company with hundreds of retail stores located throughout the United States hired Gallup to help them with problems of wildly varying performance between stores. During the three years from 2001 to 2004, Gallup estimated that the total additional profit achieved since the client began implementing Gallup’s performance management systems was about $US75 million (The Gallup Organization, 2004). The Gallup Organization cites countless examples in its literature of such results of increased corporate profitability due to increased EE, and is helping a great many companies worldwide to improve their performance through improvement in EE.

The ISR research firm also cites many examples of increased profit after increasing EE for companies. ISR examined the relationship between different levels of EE and corporate financial performance, measured by changes in operating margins and changes in net profit margins. Comparing high-engagement to low-engagement companies over a three-year period, the financial differences were substantial (ISR, 2005). ISR has found convincing evidence that organisations can only reach their full potential by emotionally engaging employees and customers (ISR, 2005).

**Employee engagement as a construct – the psychological literature**

The psychological literature does not present a clear picture of the construct of EE. Indeed the various definitions of EE operationalise many different constructs and continuums. EE has been reported to belong on the continuum of stress, as the antithesis of burnout (Halbesleben, 2003). It has also been reported to belong on the time...
continuum, as measured by the time spent on a job (Goddard, 1999). EE has also been said to be a measure of job involvement (Harter, Schmidt & Hayes, 2002); and also as a measure of the combination of an ‘individual’s involvement and satisfaction with as well as enthusiasm for work’ (Harter, Schmidt & Hayes, 2002). EE has also been used interchangeably with commitment (MacCashland, 1999). Authors use these different definitions and continuums often interchangeably, within the same articles and even in the same sentence. McCashland (1999, p. 15) refers to engagement and commitment interchangeably. Yet commitment is a well established construct, generally separated into either affective or continuos commitment (Mowday, Steer, & Porters, 1979).

**Definitions in psychological literature**

While Gallup has been conducting EE studies since 1985, the concept of employee engagement appears to have been first mentioned in the psychological literature in 1990 by Kahn. Kahn (1990) described it as different from other employee role constructs such as job involvement, commitment or intrinsic motivation, asserting that it focused on how psychological experiences of work shape the process of people presenting and absenting themselves during task performances. Kahn argued that engagement was a multidimensional construct, in that employees could be emotionally, cognitively or physically engaged. For psychological engagement and organisational behaviours, the two major dimensions were emotional and cognitive engagement. Employees could be engaged on one dimension and not the other. The more engaged an employee was on each dimension, the higher his/her overall personal engagement.
Kahn asserted that employees experienced dimensions of personal engagement or disengagement during daily tasks. Engagement occurred when one was cognitively vigilant and/or emotionally connected to others. Disengaged employees uncoupled themselves from roles and withdrew cognitively and emotionally. They displayed incomplete role performances and were effortless, automatic or robotic (Kahn, 1990). Kahn has perhaps been the most prominent of early psychological researchers in the field of EE.

McCashland (1999) defined EE as ‘commitment or engagement - an emotional outcome to the employee resulting from the critical components of the workplace. Miles described it as intensively involving all employees in high-engagement cascades that create understanding, dialogue, feedback and accountability, empower people to creatively align their subunits, teams and individual jobs with the major transformation of the whole enterprise (Miles, 2001). Harter, Schmidt & Hayes (2002) described it as the individual’s involvement and satisfaction with as well as enthusiasm for work. Later, Harter and Schmidt, together with Keyes re-defined it as ‘cognitive and emotional antecedents in the workplace’ (Harter, Schmidt & Keyes, 2003, p. 205).

Not only are there various and conflicting definitions of EE in the psychological literature, there is also confusion as to the direction of relationship between EE and other workplace variables. Some definitions assert that EE is something that is produced by aspects in the workplace (as suggested by the definitions by McCashland, 1999; Miles, 2001; Harter, Schmidt & Keyes, 2003), while others assert that it is something that the individual brings to the workplace (as suggested by Harter, Schmidt & Hayes, 2002; Goddard, 1999). What perhaps can be generalised at the very least is that some
researchers seem to follow Kahn (1990) and assert that EE is a combination of workplace contexts and aspects that are mediated differentially by people’s perceptions and experienced cognitively and emotionally.

**Definitions in management literature**

Some of the management literature defines EE in terms of the recently emerged construct discretionary effort (DE). EE has been described as ‘a positive, two-way relationship between employee and their organisation’ where ‘both parties are aware of their own and the other’s needs, and support each other to fulfil these needs. Engaged employees and organizations go the extra mile, and both reap mutual benefits.’ (Daniel, 2004, p. 1). Similarly, EE has been defined as ‘the bond employees have with their organization’; that ‘when employees really care about the business, they are more likely to go the extra mile’ (Lanphear, 2004, p. 2). These theorists seem to be confusing EE with the existing construct of DE.

Other management theorists argue that EE depends on the manager or supervisor. It has been argued that when managers employ a philosophy of ‘servant-leadership’ – in that a manager’s primary role is in supporting and serving those around them – the environment becomes ‘highly engaged’ (Cufaude, cited in Lanphear, 2004, p. 2). Others argue that to effectively create a highly engaged environment managers must be engaged; that ‘if managers aren’t engaged its unlikely employees will respond to any efforts to engage them’ (Soltis, cited in Lanphear, p. 2). Analysis has revealed that EE tends to be based on factors such as the relationship they have with their managers (Blizzard, 2003). Confidence in the organisation and in supervisor engagement with work has been
positively related to that of their staff members (Leiter & Harvie, 1997). Yet other management theorists claim that EE depends on offering empowerment and that jobs should fit employees’ interests (Lloyd, 2004; MacDonald, 2002).

Some management theorists argue along lines similar to some psychological theorists, reporting that there are two types of EE: rational commitment and emotional commitment, and that the latter is more important in determining performance (Buchanan, 2004). However, again these theories confuse the construct of engagement with that of commitment.

**Evidence of construct validity – an overview**

Evidence of the factorial and construct validity of a measure of engagement has been provided by Halbesleben, with engagement measured as the antithesis of burnout (2003). Evidence is also provided by The Gallup Organization for the construct validity of its 12-point scale, the Q12, after conducting multifactorial research (Buckingham & Coffman, 2000). Macgowan (2003) has also demonstrated construct validity for a measure of EE, using a scale called The Group Engagement Measure (GEM). Kahn (1990, p. 703) provided construct validity for a measure of EE, identifying three psychological conditions to the construct, namely meaningfulness, safety and availability. Each of these measures of engagement focuses on different aspects and yet all claim to be measuring the same construct. Therefore there is a need to clarify the definition, measurement and construct validity of EE.

**Various conceptualisations of employee engagement**
EE has been picked up by various and quite different theoretical frameworks in literature, notably burnout and time. Some of the research defines 'engagement' as the theoretical antithesis of burnout (Halbesleben, 2003; Montgomery, Peeters, Schaufeli, Den Ouden, 2003). Others argue that burnout is a simple concept measured on a stress continuum and does not relate to EE. Burnout has become an important aspect for workers worldwide. Burnout and its supposed corollary engagement have been found to act as mediators in most of the relationships between workplace variables (Leiter & Phyllis, 2002). It has been argued that it is important to identify means for lessening burnout and promoting ‘job engagement’ to maintain qualified staff (Laub, 1998).

Despite the growing body of literature on burnout there are still many unanswered questions about the process and measurement. Engagement is in need of ‘significant research in order to better understand its implications for employees and organizations.’ Halbesleben (2003).

Halbesleben (2003) examined a number of issues as to the measurement and process of burnout and engagement. Firstly, Halbesleben provided evidence of the factorial and construct validity of an alternative measure of burnout that addresses some of the limitations of the popular Maslach Burnout Inventory. Halbesleben investigated the role of perceptions of politics as an antecedent of burnout, as well as assessing the role of motivation as a mediator in the relationship between burnout and job performance.

Some theorists, notably Goddard, (1999) describe engagement with the organisation and engagement with the task as associated with time use. Engagement is defined as ‘being physically and/or mentally present, and supporting the goals of the organization. Disengagement from the organization denotes not being present, or not
focused on the goals of the organization. Engagement with the task means one is present and focused on the immediate task, issue, or problem relating to the organization. Disengagement from task is defined as either not present or not focused on the task, issue or problem relating to the organization. Goddard discusses the theoretical implications of complex relationships between time and engagement as the locus of an individual’s use of time along the axes of engagement/disengagement from organization and task (2001).

**Theoretical underpinnings of employee engagement**

A grounded theoretical framework for EE has been presented by Kahn (1990), illustrating how ‘psychological experiences of work and work contexts shape the processes of people presenting and absenting themselves during task performances’ (1990, p. 694). Kahn grounded his conceptual framework in empirical and existing theoretical frameworks. Conceptually, Kahn started with Goffman’s work (1961a) who suggested that ‘people’s attachment and detachment to their roles varies’ (Kahn, 1990, p. 694). However, Kahn explains that Goffman’s work focused on fleeting face-to-face encounters, while a different concept was needed to fit organisational life, which is ‘ongoing, emotionally charged, and psychologically complex’ (Diamond & Allcorn, 1985, cited in Kahn, 1990, p. 694).

Kahn examined several disciplines to find that ‘psychologists (Freud, 1922), sociologists (Goffman, 1961b; Merton, 1957) and group theorists (Bion, 1961; Slater, 1966; Smith & Berg, 1987) have documented the idea that people are inherently ambivalent about being members of ongoing groups and systems and ‘seek to protect themselves from both isolation and engulfment by alternately pulling away from and
moving towards their memberships. These pulls and pushes are people’s calibrations of self-in-role, enabling them to cope with both internal ambivalences and external conditions.’ (Kahn, 1990, p. 694).

The terms Kahn uses to describe these calibrations of self-in-role are personal engagement and personal disengagement. ‘They refer to the behaviours by which people bring in or leave out their personal selves during work role performances’ (1990, p. 694). These terms developed by Kahn integrate previous ideas that people need self expression and self employment in their work lives as a matter of course (Alderfer, 1972; Maslow, 1954). In his research, Kahn analysed each moment of engagement as if there were a contract between person and role (cf Schein, 1970). Three psychological conditions emerged as components of EE: meaningfulness, safety and availability (Kahn, 1990, p. 703).

The journal *Management Today* charts the evolution of the term EE as hinging on the recent valuing of staff opinion. The journal argues that EE is the current term being used for the same phenomenon that has historically been ‘the key to building a sustainable high-performance organization’ (2004). It argues that previously managers asked for loyalty and commitment from their staff. Then ‘gurus’ talked of the ‘psychological contract’, while others talked of DE. It argues that EE is just another term for these concepts. The journal argues that EE started with ‘happy sheets’ and basic staff satisfaction surveys – unscientific attempts to find out what staff were thinking and feeling about the company. Yet it was only when employers began to at least partially believe the ‘people are our biggest asset talk’ that they began to show real interest in their
employees thoughts and feelings. The journal reports that ‘cracking EE at your firm really is the Holy Grail, the X factor dividing winners from losers’ (2004, p. 1).

**No consistency in definition**

As discussed, there is a lack of consistency in the psychological and management literature in the definition of EE. ‘Commitment’, ‘participation’, ‘involvement’, ‘inclusion’ and ‘job-fit’ have been used alternatively with ‘engagement’ even within the same articles. EE is sometimes viewed as the precursor to workplace productivity and at other times viewed as the product of workplace variables. Different theoretical frameworks approach EE from differing continuums such as burnout and time. There is also no consistency as to whether EE is viewed relevant to one’s task, job, role, manager or organisation. Hence, the concept of EE is inconsistent in many ways.

While The Gallup Organization’s EE scale is based on studies from 1985, the Gallup’s definition of this construct is unclear. Gallup argues that great organisations win business by engaging the complex emotions of employees and customers. Gallup also argues that EE is ‘the psychology of how each employee connects with customers and with the organisation’; that it is ‘an instant, and constant, competitive edge where engaged employees utilize their natural talents’ (Coffman & Gonzalez-Molina, 2002, p. 2). Perhaps more clearly, Gallup defines EE as a significant predictor of desirable organizational outcomes such as customer satisfaction, retention, and profitability (Buckingham & Coffman, 1999; Luthans & Peterson, 2002).

ISR argues that most research firms view EE from only one or two dimensions: affective: how employees feel (their emotions towards the company, leadership, work
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environment) and/or behaviorally: how they intend to act (behavioural) in the future (will they stay, give extra effort etc). ISR claims to add a third important dimension: cognitive: do employees believe in and support the goals and values of the organization? (ISR, 2005). There seems to be as many definitions of EE as there are research firms. Each research firm seems to have its own claim to uniquely defining EE that only adds to the confusion of how to definitively define EE.

**Individual differences**

Extraneous variables may not necessarily be trivial and could have significant effects. There is much evidence in the literature for the effect of individual differences on work performance. Kahn (1990) focused on identifying psychological conditions general enough to explain personal engagement and disengagement across individuals. Yet Kahn presumed that ‘individual differences shape peoples’ dispositions toward personally engaging or disengaging in all or some types of role performances’ (1990, p. 718), just as they shape people’s abilities and willingness to be involved or committed at work.

People would engage differently, ‘given their experiences of psychological meaningfulness, safety and availability in specific situations’ (Kahn, 1990, p 718). For example, when people experience situations as unsafe, it is a matter of individual differences and coping strategies as to what they do and how they engage or disengage (Portello, 1996; 2001). Some will be driven by previous experiences, some by various degrees of courage Kahn argued that future research should focus on courage (1990).

Personal relationships have been found to impact work engagement. Recent research has found that family stress has a severe impact on work stress (Moore, 2004).
Gender differences have been found such that men experience enrichment from work to family, while women experience depletion from work to family. While women experience enrichment from family to work, men experience no links from family to work (Rothbard, 1999). Differences of health and personal values may also impact EE such that some people work to live, while others live to work. Differences of skills, ability and dispositional variables are also expected to impact levels of EE.

**Contextual variables – culture, climate and structure**

Many authors argue that EE is influenced not only by individual differences but also by socio-cultural factors. The culture and climate of organisations are expected to influence EE. Climate includes aspects such as systems and satisfaction with the organisation; culture includes aspects such as community (Schein, 1970, 1987). The use of outsourcing and virtual workstations and teams has increased dramatically in recent years and has become a more strategic process in corporate world. The empirical research on organisational commitment has not sufficiently focused on the outsourcing work environment (Marquardt, 2000).

**Conclusion**

The research aims of this project are to clarify the construct of EE. Specifically, this research attempts (1) the development of a scale to measure EE; (2) to establish if EE is unidimensional or multidimensional as a construct; (3) to establish reliability and validity of the scale, testing as to whether engagement shows discriminant validity with respect to job satisfaction, job involvement, intrinsic motivation, affective commitment,
organisational citizenship behaviours and in-role behaviours; (4) to clarify predictors of EE; (5) an examination of the impact of individual differences are also explored.

The rapidly accelerating use of the term EE management practices as well as in the psychological and business literature demands clarification of the construct. If EE is a valid construct it should be included in future research as a construct in its own right. If it is not, then surely it should not be allowed to dilute well established and explored theoretical constructs, notably such as commitment and job satisfaction.

This research has potential applications for HRM for role definition, support and flexibility. For instance the increased use of outsourcing and virtual work teams has become strategic processes for many companies. If EE is so important to companies then, what is the role of EE in these processes? Indeed, if EE is so valuable to companies in that it is having such a profound effect on performance and profitability, then it warrants and requires future research.

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