

Employee Engagement Literature Review

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Abstract

The aim of this thesis is to utilize employee engagement research to conduct a literature review of employee engagement, and create an engagement plan for managers at BOK Financial. Creating the engagement plan will help managers at BOK Financial better engage their employees, while becoming more engaged themselves. Researching engagement prior to creating the engagement plan helped identify potential resources and modules to utilize in the plan. This review provided clarity on the meaning of employee engagement, measuring employee engagement, and how managers can apply this research to their employees. This initial literature review will help articulate the contrasting definitions, models, antecedents, and outcomes of employee engagement. Lastly, I follow up the research and training plan with a brief summary of the project details and my future with employee engagement.

Defining Engagement

Within my research, I discovered various similar definitions for engagement. The first was William Kahn's 1990 definition: "the harnessing of an employee's full self in terms of physical, cognitive, and emotional energies to work role performances." This definition was referenced by (Bailey, Madden, Alfes, & Fletcher, 2017; Kinicki & Fugate, 2018; Rich, Lepine, & Crawford., 2010; Saks, 2006) and breaks down into the three energy components: cognitive, physical, and affective (emotional).

The cognitive energy component can be allocated into either professional or personal areas of life; on the professional side, job involvement provides an excellent example. According to Bruce Rich, "job involvement refers to the degree to which employees relate to their jobs as comprising their lives in total." An engaged employee will relate strongly to the job, and often think about work outside of the office. The next component is the affective energy component,

which looks at the emotional reactions to our desire to fulfill needs and values. In a work-related sense, we can take this to mean job satisfaction. Angelo Kinicki and Mel Fugate define job satisfaction as, “an affective or emotional response towards various facets of your job” (Kinicki & Fugate 2018), which boils down to how emotionally connected the employee feels to his or her job; if an employee is very emotionally tied to the job, he or she will be more engaged. The last component is the physical energy component. This is how much effort an employee exerts into his or her job, often measured by intrinsic motivation. The definition of intrinsic motivation is, “the desire to exert effort on a task in the absence of external constraints or contingencies” (Rich et al., 2010). When an employee puts a lot of effort into the work without prompting, that employee is more engaged.

When taken alone, these components mean little. By putting all three components together, we easily see that if an employee is cognitively invested with the job, is happy to be working there, and puts lots of energy into his or her work, then that employee would be very engaged. The engagement comes from a common investment of the various energies and maintaining it over time. When an employee is engaged, he or she will be fully invested in the work, which will lead him or her to better performance and success. Overall, Kahn sees these three components as the, “hands, head, and heart into active full work performance” (Rich et al., 2010).

The Oldenburg Burnout Inventory explains the next version of employee engagement, created by Wilmar Schaufeli, as “a positive, fulfilling, work-related state of mind that is characterized by vigor, dedication, and absorption” (Bakker & Demerouti, 2008). This definition was referenced by (Bakker & Demerouti, 2008; González-Romá, Schaufeli, Bakker, & Lloret, 2006; Crawford, Lepine, & Rich, 2010; Bailey et al., 2017, Bakker, Albrecht, & Leiter, 2011)

This definition, like the Kahn definition, is also broken up into three components: vigor, dedication, and absorption. According to Vicente Gozalez-Roma, the vigor component means, “high levels of energy and mental resilience while working or willingness to invest effort in work.” The dedication component means “a sense of significance, enthusiasm, inspiration, pride and challenge.” Lastly, the absorption component means, “fully concentrating on and being deeply engrossed in one’s work.” However, vigor and dedication are referenced most often (Gonzalez-Roma et al., 2006).

Often, this definition is used to explain the opposite of employee engagement—burnout—meaning, “a reaction to a chronic occupational stress characterized by emotional exhaustion, cynicism, and lack of professional efficacy.” In this sense, vigor is the opposite of exhaustion and dedication is the opposite of cynicism, drawing the conclusion that burnout and engagement are opposites.

Arnold Bakker and Evangelia Demerouti provide a great explanation to the difference between engagement and burnout. A burned out employee and an engaged employee may both feel tired at the end of a long work day, but the engaged employee will feel tired with a sense of completion, success, and reward, whereas the burned out employee will feel tired with a sense of defeat, frustration, and emptiness (Bakker & Demerouti, 2008).

Bailey outlines other definitions that scholars in the field have created. For example, some think of engagement as a management practice, meaning that employers are viewing engagement as, “doing engagement” vs “being engaged.” This changes the paradigm from employees engaging themselves to employers engaging their employees. The other definition thinks about engagement as a reciprocity agreement (Bailey et al., 2017). This paper will discuss the idea more, but some researchers believe that engagement stems partially due to a feeling of

obligation towards employers. If the employer provides good opportunities and cares about the employee, then that employee will attempt to repay their manager by investing more fully in the work.

Although the definitions by Kahn and Schaufeli present engagement in slightly different lights, they are very similar. First, both definitions focus on how perceived work conditions (job resources and demands, and organizational support) predict employee engagement level. Second, when compared directly, each of the three components have a synonym in the other definition: the physical, affective, and cognitive components from Kahn's definition match respectively with vigor, dedication, and absorption from Schaufeli's definition. A vigorous employee will show high mental resilience and work with a lot of energy and effort, which is very physical. A dedicated employee feels a sense of significance about the job, and the affective component is all about fulfilling emotional needs at work. An absorbed employee is fully concentrating on the work and thinks very deeply about it, which shows cognitive energy (Bailey et al., 2017). At the end of the day, engagement focuses around creating a positive work experience for employees, so they can give their biggest and best effort towards the employer.

Models

The most common model explaining employee engagement is the Job Demands-Resources model. This model explains that job resources feed an employee's engagement, whereas job demands detract from an employee's engagement. Formally defined, job resources are, "aspects of the job that are functional in achieving work goals, stimulate personal growth and development, and reduce job demands and their associated physiological costs" (Crawford et al., 2010). These are things like social support, performance feedback, skill variety, autonomy, and learning opportunities. Furthermore, job resources, "fulfill basic human needs, such as the

needs for autonomy, relatedness and competence” (Bakker & Demerouti, 2008). Yet, not only are job resources important for engagement, but also personal resources. Bakker and Demerouti define personal resources as, “positive self-evaluations that are linked to resiliency and refer to individuals’ sense of their ability to control and impact upon their environment successfully.” In many studies, it was found that the more personal resources someone had, the more engaged he or she was at work. They believe that having this high self-regard creates a positive self-evaluation within employees, so employees feel more confident in their ability to control and impact their environment, and can create goals that better align with their personality (Bakker & Demerouti, 2008).

Job demands, on the other hand, decrease employee engagement. According to Eean Crawford, job demands are, “physical, social, or organizational aspects of the job that require sustained physical or mental effort and are therefore associated with certain psychological costs” (Crawford et al., 2010). Job demands require an employee to exert lots of effort to meet a specific goal; sustaining this effort overtime causes the employee to feel exhausted and stressed. Bakker and Demerouti show that individuals stress because of the potential for losing resources, which happens during periods of high job demands, and can quickly lead to burnout. Thus, to prevent stress, an individual will need more resources to balance out the lost resources during high demand times. If an individual already has many resources, he or she faces reduced stress even in times of high job demands (Bakker & Demerouti, 2008).

However, many researchers have found that job demands are actually terrible predictors of job engagement. For example, in one study, job demands like emotional dissonance and organizational changes negatively related to engagement, but other demands like high workload

positively related to engagement. Crawford aims to clarify this discrepancy through differentiating the types of job demands in the “Differentiated Job Demands-Resources Model.”

They call the first category of job demands “challenge stressors”, which are stressful, but also support things like mastery, personal growth, and future success; some examples include high workload, time pressures, and high job responsibility (Crawford et al., 2010). Therefore, challenge stressors positively relate to engagement because they fulfill basic needs in the employee. They call the second category “hindrance stressors”, which are stressful demands that tend to impeded on personal growth and reaching goals. Employees see these demands as roadblocks to what they really want to accomplish, so they are inherently disengaging.

Another popular model in explaining employee engagement is Social Exchange Theory, where, “obligations are generated through a series of interactions between parties who are in a state of reciprocal interdependence” (Saks, 2006). When applied to engagement, employees engage because they feel obligated to do so. This is because overtime, a relationship builds between the employee and either co-workers or supervisors through reciprocal exchanges; when one party performs an action or service, it is then expected that the other party will repay that service. We can then conclude that if a supervisor provides resources for employee success, that employee will exert more physical, cognitive, and emotional energy in response.

Antecedents

Engaging employees is going to look different for every person and organization, but there are some common methods. First, there are personal factors within the employees themselves that will make them more engaged, and organizations should try to hire employees who match these traits. One of these personal factors is psychological capital, which is defined as, “a state of development characterized by having confidence to take on and put necessary

effort, making a positive attribution about succeeding now and in the future, preserving towards goals, and redirecting paths to goals in order to succeed” (Bakker et al., 2011). This means that an individual who has strong self-efficacy, optimism, hope, perseverance and resilience will naturally be more engaged at work. Having a strong core self-evaluation falls in this same idea. Bakker explains that Kahn believes, “Individuals with high core self-evaluations appraise demands more positively, have greater ability to cope with these demands effectively, and thus have more resources available to invest in the performance (Bakker et al., 2011).

Another personal factor is psychological availability. Rich says individuals who are more psychologically available are ready to put in more physical, cognitive, and emotional energy into their role. Psychologically available individuals will have high self-confidence, status, and self-consciousness (Rich et al., 2010). With a higher perceived ability to be successful in a task, the employee will be able to exert more energy towards it, and therefore become more engaged.

If personal factors alone caused higher engagement, then employers would not waste resources trying to increase engagement. The next part of engagement occurs from situational factors at work: job characteristics, organizational support/climate, rewards and recognition, and justice. Job characteristics, according to the Kinicki and Fugate, promote intrinsic motivation through designing jobs that have skill variety, task identity, task significance, autonomy, and feedback (Kinicki & Fugate, 2018). Job characteristics promote engagement when employees use many of their talents, can see how their part plays in the bigger picture, perceive meaning in the work, feel they are in control, and receive timely feedback on their work.

Arguably, the most important situational factor for engagement is the climate for organizational support at the company. Perceived organizational support and perceived supervisor support are the main drivers of organizational support; defined, these are when the

employee believes that the organization and supervisor values his or her contributions and cares about him or her as a person. Saks explains that perceived organizational and supervisor support make employees feel safe enough at work that they can fail without fearing the consequences (Saks, 2006). This type of environment allows employees to feel comfortable exerting energy into the organization, which engages them. It is important to note that organizational support is one of the job resources from the Job Demands-Resources model, the fundamental cause of the Social Exchange Theory (employees feel obligated to engage at work when their supervisor/organization supports them and provides resources) and will come up again in another antecedent to employee engagement.

The next situational factor causing employee engagement stems from rewards and recognition. Saks explains that employees feel they have a stronger return on investment from their engagement when they receive rewards and recognition for meaningful work. A lack of rewards and recognition can also lead to burnout (Saks, 2006). This goes back to the Social Exchange Theory; an employee will feel obligated to engage when the organization provides him or her with rewards and recognition.

The last situational factor of employee engagement is justice, defined in both procedural and distributive justice. Procedural justice is fairness in the process for determining outcomes and consequences, and distributive justice is fairness in who receives how much of the consequence or outcome. It is very important that an organization treats the employees fairly and consistently, enough that the employees can predict what the reward or punishment will be for a certain outcome (Saks, 2006). When employees feel fair treatment at work, they will be more willing to exert energy and engage at work; they will also return the favor of justice by acting fairly in their work through higher levels of engagement.

The final antecedent to employee engagement is the idea that three psychological conditions need to be present in order for the employee to engage. According to Rich, Kahn believes when an employee is deciding to engage, he or she will think about the organization and tasks in terms of meaningfulness, safety, and availability. Meaningfulness relates to value congruence with the work; when the employee's values line up with the work, the work will seem worthwhile, valuable, and useful, which will help that employee engage. (Rich et al., 2010).

The safety component is really looking at the psychological safety within the organization. Rich defines psychological safety as, "feeling able to invest oneself without fear or negative consequences." As mentioned earlier, when an employee perceives more support from the organization and supervisor, he or she feels comfortable failing, can invest him or herself fully, and therefore becomes more engaged. The author goes on to explain, "employees who perceive high organizational support have positive and secure expectations concerning the organizational likely reactions... and thus they have less reason to fear incurring damaging consequences as a result of investing themselves fully" (Rich et al., 2010).

The last component within the three psychological conditions is psychological availability, defined as, "individuals' readiness to personally engage at a particular moment" (Saks, 2006). Employees who are more available are prepared to exert more physical, cognitive and emotional energy into their roles. This availability stems from the earlier mentioned core self-evaluations: the more confidence and self-efficacy the employee has, the more energy that person can exert into the roles, and will therefore be more engaged.

Outcomes

Why focus on employee engagement in the first place? When employees are more engaged in their work, they tend to do a better job overall. According to Gallup, “engaged employees achieve 12 percent higher customer satisfaction, 18 percent more productivity, and 12 percent greater profitability” (Kinicki & Fugate, 2018). In many articles, there is no defined relationship between engagement and job performance, but many studies and researchers have supported a positive relationship. Bakker and Demerouti state that engaged employees received higher ratings from co-workers on in-role and extra-role performance than their non-engaged counterparts did (Bakker & Demerouti, 2008). As we have learned so far, engagement is about maintaining and applying physical, cognitive and emotional energy to a work role. According to Rich, investing physical energy into a work role facilitates organizationally valued behaviors at a higher effort over time. Investing cognitive energy allows the employee to focus more on tasks, and when people pay closer attention, they make fewer mistakes. Investments of emotional energy foster a better connection among co-workers towards organizational goals, and help the employee genuinely meet the emotional demands of the work (Rich et al., 2010). Overall, employees who are engaged in their work dedicate more energy at a greater intensity for longer periods, pay more attention to their work, and feel emotionally passionate about their work, which likely improves job performance.

Not only does this show that employees perform better when engaged, but they are also willing to go further than their formal duties through organizational citizenship behaviors (OCB). OCB are actions by the employee that go above-and-beyond formal job duties to help the organization. Although not directly related to performing a task, these behaviors make working for the organization a little bit better. According to Rich, the more engaged employees are, “they

should be more willing to step outside the bounds of their formally defined jobs and engage in acts that constitute OCB” (Rich et al., 2010).

Lastly, engaged employees enhance the engagement of other employees through a process coined, “engagement contagion.” Bakker and Demerouti define this as, “the transfer of positive or negative experiences from one person to the other.” The authors goes on to explain that, controlling for demands and resources, engaged workers showed lots of optimism and positive affects towards coworkers, which created a positive group feeling and allowed everyone to work better as a team (Bakker & Demerouti, 2008). Bakker found that the mood of the leader rubbed off on the individual team members, so when a leader was in a good mood, the team members were happy as well, which allowed them to cooperate better. (Bakker et al., 2011). Engaged employees have better attitude towards their work and experience positive emotions. These emotions then influence those of their colleagues, which makes everyone more engaged. This then increases both performance and organizational citizenship behaviors across the company.

Implications

With this information, managers should understand that to make their employees more engaged, they should supply them with the correct resources, and find employees who align with company values. It is rare to find an employee who is always engaged and always loves his or her job. Yet, this is where the challenge and hindrance stressors come in. Although managers cannot avoid delegating hindrance demands to employees, they should find a healthy balance between “grunt work” and stretch projects that help the employee develop along the way. It is also important to understand how the social exchange theory works; figure out what employees want, and then give them the resources and support to get there. This theory provides a strong

foundation for building a lasting, trusting relationship where both the manager and employee engage themselves for the sake of the other. Managers should also remember to be supportive of their employees both professionally and personally, and provide rewards and recognition for a job well done. In the end, engagement does not have to be a complicated process; it can and should start small so it can become a sustained and prioritized component of the organization.

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