CHAPTER 3
REVIEW OF LITERATURE

In this part of the study the review of literature on Employee Engagement which covers the definitions of various authors on employee engagement, its significance, antecedents of employee engagement, relationship of engagement with the study variables such as Perceived organizational support, Perceived supervisor support, Self efficacy, rewards and recognition and job characteristics are discussed in detail.

3.1 SIGNIFICANCE OF ENGAGED EMPLOYEES

Employees are a vital asset for any manufacturing or a service organization across the globe and very recently there has been a dramatic surge in the topic of retaining best talents and hence each organizational group has to make certain that apart from attracting the best talents in the industry they should also retain the talented workers.

In the new business era managers and leaders face unique challenges brought on by macro environmental challenges such as political economic, socio cultural technological and demographical changes. These developments have posted a diverse business challenges for the organizations including mergers and acquisition, industry consolidation and disruption, shift in customer demands, scarcity of good talent, changing perceptions of the workforce across companies, and changing perceptions of organizations towards employees.

It is found through various researches that engaged employees are highly energized and passionate with their work. Also passionate workers show excitement, enthusiasm and productivity. (Kroth and Boverie 2003)
Pandita and Bedarkar (2014) pointed out that Chief Executive officers, HR executives and leaders of many organizational entities face the challenge of ensuring that their employees have to work every day not only physically but mentally and emotionally. And therefore organizations must make sure that their employees are engaged so that they will make a sizeable contribution in achieving the organizational goals.

Katzenbach (2000) revealed that engaged workers are found to be committed, motivated, energetic and enthusiastic about problem solving. Also they are found to be absorbed in their work, put their heart into their jobs, are excited about doing a good job, exert energy in their work and are a source of competitive advantage for their employees.

Hewitt report on global employee engagement (Hewitt 2014) indicates that global employee engagement has increased slightly between 2012 to 2013. On a region wise analysis North America has shown an increasing trend in employee engagement whereas Latin America shows a declining trend in engagement level. The Middle regions show sharp increase in employee engagement levels. Also their report highlighted that organizational reputation is the only vital driver of employee engagement. With regard to generational differences Millennials are setting the tone for employee engagement and the evolving employment contract. Some of the top employee engagement determinants are career opportunities, managing performance, pay and reputation, and communication. Companies which show strong employer characteristics exhibited better cultures than average companies backed by strong leadership, reputation, and performance orientation and employee engagement.

A study done by Watson group in 2014 (Towers Watson 2014) which covered more than 32,000 full-time employees working in large and midsize organizations across a wide range of industries spanning across 26
markets across the globe indicated that base salary, opportunities for career advancement and job security are essential in attracting and retaining the employees. It also recommends an organization to be competitive in these areas. Those organizations who want to increase engagement levels can start by offering employees a consumer-like experience.

They also report that effective leaders and managers influence sustainable engagement. Employees who perceive their managers to be effective were found to be highly engaged. And in organizations where leaders are perceived as effective are also found to be highly engaged. But when neither managers nor leaders are perceived as effective, very few employees are found to be highly engaged. In companies where both leaders and managers are perceived by employees as effective, a huge number of employees are highly engaged. Therefore their report suggests that companies with effective leaders as well as managers can expect to have more highly engaged employees.

Further towers perrin in their report on global work force (Towers Perrin 2007) Consisting of 90,000 individual responses from 18 countries with employees working full time for midsize and large organizations.

Based on their findings they opined that, organizations must have effective — and engaged — leadership at the top. Also organizations need to customize and shape the work environment and culture to match their unique basis for competitive advantage, tangibly aligning workforce strategies with business priorities. Further, organizations need to put their workforce under the same microscope as they do their customers — to understand employees’ needs, issues, values and “buying” patterns. Like the way consumers choose product and services, employees also make choices about spending their time and energy, about which organization to work, about what tasks they have to undertake and with what level of attention. The report that the right set of conditions and better organizational attributes attract good talents and guide
them on how and where to give their very best effort towards an ultimate goal. As per towers perrin report, some of the important determinants of employee Engagement are Senior management sincerely interest in employee well-being, organization’s reputation for social responsibility, organization quickly resolving customer concerns, Setting up high personal standards, excellent career advancement opportunities, providing challenging work assignments that broaden skills, superior relationship with supervisor and organization encouragement for innovative thinking.

A study by Randstad (Randstad, 2015) covering over 2,000 employees and 500 employers reported that employees generally have a positive view on their work, with a majority of them like to going work, inspired and feel recognized and valued. Employers are more enthusiastic with 81 percent assuming that their employees are very motivated.

A research by Harvard business school (Harvard business review analytic services 2013) that features in-depth interviews with 12 best-practice company leaders found that even though many leaders understand the importance of engagement, majority relied that most employees in their organizations are not highly engaged. A significant gap was found among the views of executive managers and middle managers in this area. Top executives were found to be more optimistic about the levels of employee engagement working in their company. Also during their survey they found that many organizations find it difficult to measure engagement and relates its impact on financial performance. Also lesser companies reported that that they are effectively measuring employee engagement against business performance metrics such as customer satisfaction or increased market share.

Catsouphes and Costa (2009), through their research discovered older workers are more likely to have higher levels of engagement than younger workers. Employees who are with better physical and mental health have better
chances of having higher levels of engagement than those employees found with poor physical and mental health. Also those employees who are content with the training and development opportunities available to them are more likely to have higher levels of engagement than those employees who are not satisfied with training opportunities. Those employees who are working in teams with culture are more likely to have higher levels of engagement.

Among Gen Y employees the flexibility needed to fulfill work and family responsibilities is one of the vital factors that are associated with their higher levels of engagement. Training and development satisfaction is a key factor that is linked with higher levels of engagement among Younger Gen X employees. Working as a supervisor is closely associated with higher levels of engagement among Older Gen X employees. Better physical health is closely associated with the higher levels of engagement among Younger Boomers. Supervisor support is one factor that is associated with higher levels of engagement among Older Boomers.

Bakker and Demerouti and Othman and Nasurdin (2011) admitted that, often engaged employees are found to be with better health conditions, have positive emotions such as enthusiasm, happiness, and joy and found to share their engagement to others. They also build their own career and individual resources and attain better job performance.

3.2 DEFINITIONS OF EMPLOYEE ENGAGEMENT

From the day of its origin, engagement has numerous definitions derived from practice and research.

Kahn a pioneer in engagement research (1990) opines that employees can be engaged on one dimension and not the other. However, the more engaged the employee is on each dimension, the higher the level of employee engagement.
Schaufeli et al. (2002) define employee engagement as “a positive fulfilling, work related state of mind that is characterized by vigor, dedication and absorption”. Whereas Truss et al (2006) define employee engagement simply as ‘passion for work’.

Robinson et al. (2004) another noted researcher in the area of employee engagement defined engagement as ‘one step up from commitment’. Employee engagement is the extent of participation and commitment which employees posses towards their organization and its principles (Bhattacharya & Mukherjee 2009). Rothbard (2001) also defines engagement as psychological presence and further states that it comprises of two critical components: attention and absorption. According to Maslach et al. (2001), engagement is characterized by energy, involvement, and efficacy, the direct opposite of the three burnout dimensions of exhaustion, cynicism, and inefficacy.

May et al. (2004) also suggest that “engagement may be thought of as an antecedent to job involvement in that individuals who experience deep engagement in their roles should come to identify with their jobs.” Saks (2006) through his research on job and work engagement opines that engagement is distinguishable from several related constructs, most notably organizational commitment, organizational citizenship behavior, and job involvement. Bakker and Demerouti (2008) explains that “Engaged employees have a sense of energetic and effective connection with their work activities, and they see themselves as able to deal well with the demands of their jobs”.

3.3 EMPLOYEE ENGAGEMENT INSTRUMENTS

It is highly imperative for research scholars, practitioners, academicians and students to understand the strengths and weakness of the various popular engagement instruments in order to advance research on the topic.
### Table 3.1 Employee Engagement Instruments

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<tr>
<th>Tool and Author</th>
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<tr>
<td><strong>Utrechtwork engagement scale</strong> [Wilmar Schaufeli &amp; Arnold Bakker 2003]</td>
<td>Work engagement is characterized by a high level of energy and strong identification with one’s work.</td>
<td>A 17 item self-report questionnaire that includes the three dimensions of work engagement: vigor, dedication, and absorption.</td>
<td>1. At my work, I feel bursting with energy 2. I am enthusiastic about my job 3. I am immersed in my work</td>
<td>All scales of the UWES are highly internally consistent.</td>
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<td><strong>GWA (Q12)</strong> James K. Harter, Frank L. Schmidt, Emily A. Killham, M.A. James W. Asplund,</td>
<td>Individual’s involvement and satisfaction with as well as enthusiasm for work.</td>
<td>12-item questionnaire: five-point scale ranging from ‘Strongly Disagree’ to ‘Strongly Agree’. Expectations. Materials and equipment. Opportunity to do what I do best. Recognition for good work. Someone at work cares about me. Encourages my development. Opinions count. Mission/Purpose. Associates committed to quality. Best friend. Progress. Learn and grow</td>
<td>I know what is expected of me at work. I have the materials and equipment I need to do my work right. At work, I have the opportunity to do what I do best every day.</td>
<td>As a total instrument (sum or mean of items 01-12), the Q12 has a Cronbach’s alpha of 0.91. This provides evidence that the Q12, as a composite measure, captures the general factor in longer employee surveys.</td>
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<td><strong>May et al.’s Psychological Engagement Measure</strong> May, Gilson, and Harter (2004)</td>
<td>Utilized Kahn’s (1990) definition of engagement at work.</td>
<td>13-item questionnaire measuring engagement (cognitive, emotional, and physical); five-point scale ranging from ‘Strongly Disagree to Strongly Agree’</td>
<td>Performing my job is so absorbing that I forget about everything else. (Cognitive) I get excited when I perform well on my job. (Emotional) I exert a lot of energy performing my job. (Physical)</td>
<td>Three scales were developed to measure the three dimensions (cognitive, emotional, and physical) dimensions of Kahn’s theorized psychological engagement.</td>
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<td><strong>Saks’ Job Engagement and Organization Engagement Scales</strong> Saks (2006)</td>
<td>Engagement is distinguishable from several related constructs, most notably Organizational commitment, organizational citizenship behavior, and job involvement.</td>
<td>11-item questionnaire measuring Job engagement and organization engagement</td>
<td>I am highly engaged in this job. Being a member of this organization make me come “alive.”</td>
<td>All six of the organization engagement items loaded 0.75 or higher and all of the cross-factor loadings were less than 0.30 (Cronbach’s alpha 0.90)</td>
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3.4 RELATIONSHIP OF EMPLOYEE ENGAGEMENT WITH OTHER CONSTRUCTS

3.4.1 Perceived organizational support and Employee Engagement

Eisenberger et al. (2002) argue that Perceived organizational support helps in understanding an employee’s beliefs regarding the extent to which the organisation values about its employees in general contributions made on the organisation’s behalf and cares for their well-being. Dawley et al. (2008) pointed out that voluntary job rewards that is provided directly from the organisation are considered as an indication that the organisation values employees’ contribution made on the organisation’s behalf and cares for their well-being.

3.4.2 Perceived Supervisor Support and Employee Engagement

Babin and Boles (1996) explains supervisory support as “the degree to which employees perceive that supervisors offer employees support, encouragement and concern.” DeConinck (2010) found that as employees perceive more supervisory support, they feel more secure and sense that the firm takes care of their welfare. Also he advocates that a supervisor who is there to fall back on under adverse circumstances and who is willing to listen can be a significant motivational boost for employees. Supervisory support can alleviate some of the stress and strain imposed by the high demands associated with the job (Babin & Boles 1996). Whenever employees feel that they are furnished with adequate resources such as supervisory support, high job demands feel less daunting and employees remain engaged in their work (Sand & Miyazaki, 2000). (Levinson, (1965) opines that supervisor support helps employees to cultivate positive attitudes toward their organization because supervisors act as agents of the organization. Supervisor characteristics may be an important factor in influencing employees’ behaviors and attitudes (Van Vianen, Shen, & Chuang, 2011). The work of (Muhammad & Hamdy, 2005) indicates that supervisory support would help reduce employees’ tendency to leave the organization.
3.4.3 Self Efficacy

Boyd and Vozikis (1994) advocates self-efficacy as a task-specific construct and includes beliefs of confidence an individual has about internal constraints, i.e. personality, and external constraints, i.e. environment. McDonald and Siegall (1996) defined self-efficacy as the belief and the ability of an employee to successfully perform a given task. Self-efficacy, unlike personality traits which are largely fixed, is state-like and dynamic and can change over time with new learning and experiences (Luthans and Peterson, 2002). Employees with high levels self-efficacy, career commitment predicted both objective and subjective career success (Ballout, 2009).

Employees with high levels of self-efficacy will expend more effort, work longer, are more motivated and perform at a higher level than employees with lower levels of self-efficacy (McDonald and Siegall, 1996). Chiara Consiglio et al. (2016), Self efficacious employees will be more enthusiastic about their work and will pursue their goals with more energy, focus and persistence, fully concentrating on their work as compared to less efficacious people because of this self-regulation mechanism.

3.4.4 Job Characteristics

Jobs that are high on the core job characteristics provide individuals with the room and incentive to bring more of themselves into their work or to be more engaged (Kahn, 1992). May et al. (2004) found that job enrichment was positively related to meaningfulness and meaningfulness mediated the relationship between job enrichment and engagement.

The workload and control conditions from the Maslach et al. (2001) model also suggest the importance of job characteristics for engagement. In fact,
job characteristics, especially feedback and autonomy, have been consistently related to burnout (Maslach et al. 2001).

Saks (2006) On the other hand, in [28] who studied antecedents and consequences of employee engagement among 102 employees working in variety of jobs and organizations in Canada observed that job characteristics antecedents to be positively related to two dimensions of engagement (job engagement and organizational engagement) (Salanova and Schaufeli, 2008) which used two large samples of Spanish and Dutch managers and employees reported job resources (job control, feedback and skill variety) are positively related to vigor and dedication dimensions of engagement. Broeck et al. (2008), found that physical demand of job has a negative influence on exhaustion dimension of work engagement.

3.4.5 **Rewards and Recognition**

According to organizational support theory, favourable opportunities for rewards serve to communicate a positive valuation of employees’ contributions.

Kerr (2005) define rewards as any tangible present which employees receive from organization as an award of their contribution on the organization. While Bhattacharya and Mukherjee (2009) define rewards as simply something which the individual who presents it deems to be desirable. Rewards can be formal, informal or designed for a particular achievement. Besides, recognition has been defined by Kerr (2005) as an acknowledgment to the public about an employee’s contribution to the organization.

Rewards can be characterized as intrinsic and extrinsic. Intrinsic rewards are internal to the individual such as accomplishment or satisfaction. Whereas, extrinsic rewards are external to the individual such as promotion,
praise and increase in pay (Bhattacharya & Mukherjee, 2009; Salie & Schlechter, 2012). Reward and recognition are important to employee engagement as they enhance motivation, morale and satisfaction in a research from Mone and London (2009).

Scott (2011) Organizations that encourage managers to engage employees by making it a performance criteria and rewarding engagement through incentive programs indicate that their organizations more effectively foster employee engagement and motivation than those organizations that do not. As such, if compensation professionals wish to encourage employee engagement, they should:

- Develop performance metrics that measure the extent to which supervisors or managers encourage engagement among their subordinates.
- Reward supervisors and managers for developing employee engagement among their subordinates and peers.
- Specifically define employee engagement and include it as goal in the strategic plan

Greg Bartlomiejczuk (2015), Recognition programs are becoming powerful avenues for exerting positive change in the workplace. What was once a nice-to-have practice is becoming a driver for improving employee engagement and a host of other factors that impact the bottom line, when properly executed. By making the programs strategic, leveraging peer-to-peer recognition, and garnering top executive buy-in, companies can maximize their return on investment on these programs.