Abstract

Employee engagement is critical to achieve the competitive advantage which, ultimately, affects the employee performance in the contemporary knowledge-based economy. The purpose of this study is to propose a model assists to understand the impact of employee engagement on various employee performance measures such as innovative work behavior, organizational citizenship behavior, organizational commitment, job satisfaction, task performance, turnover intention, counterproductive work behavior and absenteeism. In fact, organizations can achieve a sustainable employee performance by ensuring the high level of employee engagement. This study contributes to academic literature by extending the knowledge of engagement-performance relationship under the tenet of Social Exchange Theory (SET). Moreover, it may provide a roadmap for future researchers towards understanding the linkage between employee engagement and employee performances.

Keywords: Employee Engagement, Employee Performance, Social Exchange Theory.
1. Introduction

Employee engagement is an emerging concept in business, management, organizational psychology and human resource development fields (Wollard & Shuck, 2011). Around the world there is currently great deal of interest in the concept of employee engagement. Employee Engagement is the extent of employees’ involvement to their works which depends on organizational practices to achieve organizational goal. Gruman & Saks (2011) have identified employee engagement as the key to achieve organizational success and competitiveness. In fact, engaged employees are significant for organizations since they were said to significantly contribute to the bottom line (Demerouti & Cropanzano, 2010). Prior studies showed a positive influence of employee engagement on employee attitude, behavior and performance such as job satisfaction (Hakanen & Schaufeli, 2012); work ability (Bakker et al., 2012) and innovative behavior (Slatten & Mehmetoglu, 2011) and negative influence on turnover intention (Agarwal et al., 2012); deviant behavior (Shantz et al., 2014) and absenteeism (Schaufeli et al., 2004). Macey et al. (2009) also asserted that organizations can achieve a competitive advantage through employee engagement. To curb this issue, scholars’ attention has given the focus upon the enhancement of employee engagement. Though employee engagement found as an important determinant for organizational competitiveness, at the recent time, many researches have shown the declining pattern of employee engagement which has created a deepening disengagement among employees as well (Richman, 2006; Bates, 2004). For example, Gallup’s survey (2012) have identified that around the world, 63% of employees are not engaged at their job suggesting that most of the employees are not motivated to do their job properly which leads to a poor employee performance. Kahn (1990) stated that disengaged employees are found as psychologically absent during their role performance which ultimately have the negative impact on their productivity. It has been also noted that the most of the workers today, around half of all Americans in the workforce, are not fully engaged or they are disengaged which will lead to an engagement gap (Bates, 2004; Johnson, 2004).

On the other hand, despite the recognized importance of engagement, it has been found that a limited research on employee engagement in the academic literature (Robinson et al., 2004). More specifically, different studies took different construct to measure employee performance rather to give focus on comprehensive analysis of employee engagement on employee performance. Based on the backdrop of importance of employee engagement to employee outcomes, along with the higher level of disengagement among employees around the world, the crucial issue is how employee engagement may enhance the level of employee performance at work. Therefore, the main objective of this study is to develop a conceptual model suggesting the linkage between employee engagement and various types of employee-performance measures.

The remaining part of this paper is organized as follow: the section 2 explains the concept of employee engagement, which followed section two with the discussion of different performance measures. Section 4 presents the development of proposition linking employee engagement and various performance measures. The paper is ended up with the conclusion and implication of this conceptual research.

2. Employee Engagement

In the contemporary period, employee engagement draws enormous attention of researchers in the area of human resource management. The concept of employee engagement is introduced for the first time by Kahn (1990). According to kahn (1990), "the harnessing of organization members’ selves to their work roles; in engagement, people employ and express themselves physically, cognitively, and emotionally during role performances". In this line, Schaufeli et al. (2002, p. 74) define that employee engagement is a positive, fulfilling, work-related state of mind that is characterized by vigor, dedication, and absorption. There are numerous definitions of employee engagement has been derived by several scholars form different perspectives. For example, Harter et al. (2002) defined employee engagement as "the individuals’ involvement and satisfaction with as well as enthusiasm for work (p. 269). Hewitt (2004) defines engagement as the state of emotional and intellectual involvement that motivates employees to perform in the best way. In fact, employee engagement refers to the extent of employees’ commitment built on their physical, cognitive and emotional attachment with an organization and its value to achieve organizational goal.

Kahn (1990), for the first time, promulgates the Psychological Contract Theory (PCT) highlighting the specific psychological conditions essential for
magnify the level of employee engagement. According to him, three psychological conditions are crucial for motivating employees to engage more. These are psychological meaningfulness, psychological safety, and psychological availability. The arguments of PCT is similar like Social Exchange Theory (SET) that if organizations can ensure these three psychological conditions, in exchange, employee are tend to higher level of engage at their work. However, another model is called Job-Demand Resources (JD-R) Model suggested by Demerouti et al. (2001) argued that though employees sometimes expect by rules of exchange and will experience a more trustworthy, faithful, committed relationship (Croppanzano & Mitchell, 2005). Saks (2006) stated that highly engaged employees experience a higher level of job resources which ultimately helps to enhance employee performance.

The major reason behind the emerging concern about employee engagement is its positive consequences in both individual level and organizational level. As employee engagement is an individual level constructs, it firstly affects individual-level outcomes which in turn lead organizational-level performance. For example, when employee engagement enhances job satisfaction of an employee, the performance of the satisfied employee enhances the organizational goal ultimately. In his empirical study, Saks (2006) found the positive impact of employee engagement on job satisfaction, organizational commitment and organizational citizenship behavior while engagement negatively affects intention to quit. Moreover, scholars suggested that employees with high level of engagement have the inspiration to develop new knowledge, respond to opportunities, go the extra mile, (Lockwood, 2007; Schaufeli & Salanova, 2007), stand with the company and involved themselves in mentoring and volunteering activities.

Existing literature demonstrates several reasons why an engaged employee can perform better than disengaged one. Bakker and Demerouti (2008) presented four critical reasons which are discussed in this study. Firstly, as engaged employees hold positive emotions (Bindl & Parker, 2010) which enhance their confident and optimistic attitude towards work (Croppanzano & Wrigth, 2001), they may perform better (Bakker et al., 2012). Secondly, engaged employees have more physical resources which lead better performance than disengagement counterparts. For example, Schaufeli et al. (2008) found that engaged employees have lesser psychosomatic complain that disengaged ones. Thirdly, according to social exchange theory, when employees receive economic and socio-emotional resources from organization, they realize an obligation to respond in kind and repay the organization due to the "rules" of exchange philosophy (Croppanzano & Mitchell, 2005). Saks (2006) argued that one way for employees to repay their organization by higher level of engagement. Therefore, when the psychological contact of employees has been fulfilled (Khan, 1990), their obligation towards organization lead them engage more in work to perform at higher level. Finally, engaged employees are capable to transfer their level of engagement from one employee to another (Demeruuti & Croppanzano, 2010), which will increase the company performance as organizational performance depends on a combined effort of all the individuals (Bakker & Demerouti, 2008). In fact, empirical studies have confirmed the transferable relationship of engagement from individual to team (Bakker et al., 2006; Salanova, Agut & Peiro, 2005). Westman (2001) asserted that engagement could be transferred through the transfer of positive or negative emotions and experiences of employees. In summary, engaged employees can lead the positive employee outcomes (i.e. performance measures) and curb the negative outcomes, which, in turn, enhances organizational performance. Figure 1 shows the matrix to highlight the relationship among employee engagement, disengagement, positive employee outcomes and negative outcomes.

![Figure 1: Relationship employee engagement and employee outcomes](image-url)
3. Employee Performance

Employee performance defined as financial or non-financial results of employees which have a direct relation to the organizational performance and success. In fact, it is mostly about the achievement and accomplishment that employees have during the doing of job. According to Kahn (1990), employee engagement may lead to the both individual level outcome such as the quality of employees’ work and their experiences during the role performance and organizational outcome i.e. organizational productivity and growth. Several studies have measured employee performance in a different way. For example, Guest (1997) proposed that employee performance outcome could be measured by productivity, quality, innovation, absenteeism and turnover. On the other hand, Rich et al. (2010) suggested that employee performance not only limited to their in-role behavior but also include their proactive performance (Sonnen, 2003) and extra-role work behavior like organizational citizenship behavior. Though various studies have considered different performance construct to measure the employee performance, this study has taken job satisfaction, organizational commitment, task performance, innovative work behavior, organizational citizenship behavior, turnover intention, absenteeism and counterproductive behavior to give a more comprehensive framework to measure employee performance.

4. Employee Engagement & Employee Performance

Several number of studies showed that an important way to enhance employee performance is to focus on fostering employee engagement and there is a positive relationship between engagement and individual performance (Mone & London, 2014; Halbesleben, 2010). According to Saks (2006), employee engagement could affect business results through individual performance as engagement is an individual level construct. Scholars argued that there are various reasons to assume that engagement has a direct relationship with job outcomes. For example, Schaufeli and Bakker (2004) described engagement as the fulfilling, positive job-related experience and state of mind that is linked to good health and have a positive impact on work outcome (Sonnen, 2003). This can also be explained by the norms of SET which argued that in the exchange rules, both parties will be abide by the reciprocal relationship and that basically will lead to establish the most trusting, loyal and committed relationship (Cropanzano & Mitchell, 2005). Therefore, this study intends to establish the proposition between engagement and employee performance.

**Proposition 1:** Employee engagement has the positive influence on employee performance.

4.1 Employee engagement & Innovative work behavior

Innovative work behavior referred to the employees’ creative and novel ideas during performing at work (West & Farr, 1989). Prior studies showed the positive relationship between employee engagement and innovative behavior. For instance, Slatten and Mehmetoglu (2011) revealed that employees who are highly engaged at their work are more likely to show a more innovative behavior during their role performance. They argued that highly engaged employees have a positive state of mind that helps employees to broaden their thought-action process. Similarly, Agarwal et al. (2012) have found that engagement has a positive correlation with innovative work behavior and employee engagement mediated the relationship between Leader-Member Exchange (LMX) relationship and innovative work behavior. According to Bakker and Leiter (2010), engaged employees always hold a positive attitude which encourage the integrative and creative perception to create value to the service enterprises. Thus, this study expects to have a positive link between employee engagement and innovative work behavior.

**Proposition 1a:** Employee engagement has a positive influence on innovative work behavior.

4.2 Employee engagement & Organizational Citizenship behavior (OCB)

The relationship between employee engagement and extra-role behavior such as organizational citizenship behavior of employees at work has been found as an interesting research area among academics and practitioners. Organ (1997) defined OCB as the enthusiastic behaviors of employees that are not basically recognized and rewarded by the organization, but those behaviors may help to enhance the organizational function such as exceed in doing role performance or helping other people. Prior studies found that engaged employees are more likely to involve in extra-role performance i.e. OCB and there is a positive
relationship between employee engagement and OCB (Sulea et al., 2012). Furthermore, researchers argued that higher level of engagement has the positive impact on OCB as engaged employees have the capability to achieve the professional goal and feel confident to show extra-role performance (Christian et al., 2011). In fact, under the tenet of SET, it has also claimed that highly engaged employees experience a better psychological and mental health, feel obliged to the organization and want to reciprocate by showing an extra-role work behavior. Therefore, this study intends that there is a positive relationship between employee engagement and OCB.

**Proposition 1b**: Employee engagement has a positive influence on organizational citizenship behavior.

### 4.3 Employee engagement & Organizational Commitment

Porter et al. (1974) defined organizational commitment as the employees feeling of obligation which exerts the efforts towards organizations goals. In fact, organizational commitment is the emotional attachment of employees in that particular organization (Allen & Meyer, 1990). Though there are various studies that showed the positive association between employee engagement and organizational commitment (Hansen et al., 2014; Karatepe et al., 2014), it has been found a debate that whether organizational commitment is the antecedent of employee engagement or the outcome of it. Researchers have identified that commitment is the outcome of engagement (Albrecht, 2012) which is similar with the Kahn’s (1990) conceptual model that employees with high level of engagement have a strong attachment in their organization. So, this study expects that employee engagement has a positive correlation to commitment.

**Proposition 1c**: Employee engagement has a positive influence on organizational commitment.

### 4.4 Employee engagement & Job Satisfaction

Job satisfaction has defined as the extent to which an employee feel good at work and the degree to which an employee has a positive emotions that they show during performing their work role (Robbins & Judge, 2007). Though studies found that job satisfaction as an outcome of employee engagement (Zopiatis et al., 2014), there is an argument that it is found as the key driver of engagement (yalabik et al., 2013) and it needs to be further investigated (Schaufeli & Bakker, 2010). However, scholars posited that employee engagement has the positive correlation with job satisfaction as highly engaged employees are full of energy and have a strong involvement with their job that may help them to identify themselves strongly in their workplace (Burke et al., 2009). Moreover, studies also explained job satisfaction under the engagement-burnout synthesis arguing that increasing level of job demands lead employees to the more stress at job i.e. employee burnout and that is inversely linked with job satisfaction (Alarcon & Edwards, 2011). On the other hand, engaged employees get enough job resources and will experience a positive feeling at their job that leads them to higher level of job satisfaction (Sonnetag, 2003). Thus, current study expects to derive a proposition that employee engagement will positively affect job satisfaction.

**Proposition 1d**: Employee engagement has a positive influence on job satisfaction.

### 4.5 Employee engagement & Task performance

Prior literature has proved that engaged employees have the better task performance than disengaged one (Demerouti & Cropanzano, 2010) as they have full of energy, better mental health and highly enthusiastic to do their job in a better way even in the time of difficulty (Fredrickson & Losada, 2005). In fact, engaged employees have the capability to exert extra resources at their job that may help them to enhance their level of performance (Leiter & Bakker, 2010). Several studies have found the positive relationship between engagement and task performance. For example, Alfes et al., (2013) conducted a research among 1796 service sectors employees and found that employee engagement is positive and significantly related to task performance. Similarly, Shantz et al., (2013) also confirmed the positive association between engagement and performance as engaged employees are more likely to be directed by their intrinsic inspiration and that help them to go extra hour (Bakker & Bal, 2010). Moreover, scholars stated that employees with high level of engagement feel that their organizations create such an pleasant environment that reduce their health hazards and feel obligated to repay organizations by creating a high level of energy and effort, leading to better task performance (Bakker & Leiter, 2010), which is similar to the norms of SET (Cropanzano & Mitchell, 2005). So the next proposition is,
4.8 Employee engagement & Absenteeism

Around the world, the cost of absenteeism has been increasing, even for the emerging economy, this cost is more higher (Ramsey, 2006). Different studies have researched on absence from different perspectives such as employees' demographic characteristics, personality etc. (Martocchio, 1989; Bernardin, 1977). Kahn (1990) conceptualized engagement as the resources that have the direct relation to the presence at one’s job. As engaged employees have physical, cognitive and emotional resources, they will be happily absorbed to their work (Saks, 2006) and that may reduce absenteeism. Management study described that engaged employees “are deeply committed to their employer, leading to key improvements in business outcomes, including reductions in absenteeism, turnover, shrinkage, safety incidents, and product defects” (Robinson, 2012, p. 1). In this line, Soane et al. (2013) showed that engagement has a correlation with lower level of absenteeism among 625 service sector employees in UK. Therefore, this study intends to derive that employee engagement has a negative association with absenteeism.

Proposition 1h: Employee engagement has a negative influence on absenteeism.

In summary, employee engagement may have possible association with the various types of employee-performance measures, the direction of the relationship, primarily, depends on the measure used to assess the performance of the employees. All of the above propositions, thus, are conceptualized considering the possible role of the employee engagement in enhancing performance along with the nature of performance measures. Figure 2 demonstrates the possible linkage between employee engagement and various performance measures.
5. Conclusion & Implication

The significance of employee engagement has broadly been increased among practitioners and researchers. It has been proven that engaged employees can significantly contribute to the organizational success as they are highly enthusiastic and devoted to their work that leads them to better performance. Now-a-days, therefore, organizations are trying to explore a comprehensive ways and introduce several ideas by which they may develop and improve the level of employee engagement.

In this article, we have discussed about the theoretical model that is related to employee engagement and the outcomes of engagement. This study has specified SET under which the study framework has been explained derived propositions. Therefore, the significant contribution of this study is that it has given a theoretical ground by which researchers can identify hypotheses that could have the empirical implications to test the theory. Basically, it is proposed that future research can include three steps of methodology such as, identifying key terms for empirical indicators, developing hypotheses and practically test the hypotheses to verify the research framework.

This study will have important implications to managers and policymakers. More specifically, the model of this study will help to enhance the understanding of employee engagement and how it will affect to the various individual performance. Thus, this study may be considered as a strategic tool for the management to understand that how important to enhance the level of engagement among the employees to foster their level of performance.

The study will significantly contribute to extend the understanding about the application of SET in explaining the engagement-performance relationship. Under the tenet of SET, highly engaged employees are likely to feel full of job resources that may reduce their job stress and they will be in reciprocal relationship with the organizations by showing better performance at work (Saks, 2006). In conclusion, it is expected that the current study framework will contribute significantly to the academic literature by enhancing the understanding of employee engagement construct and how engaged employees will foster the firm performance.

References


