

S
C
H
O
O
L

O
F

M
A
N
A
G
E
M
E
N
T



WORKING PAPER SERIES

Employee Engagement: Is it organisational commitment renamed?

Justine Ferrer

Email: justine.ferrer@vu.edu.au

8/2005

EMPLOYEE ENGAGEMENT:

Is it organisational commitment renamed?

Justine Ferrer

School of Management, Faculty of Business and Law. Victoria University

Abstract:

Employee engagement has emerged as a further alternative to measuring employee commitment to organisations as a way of creating a more highly effective workplace. Many human resource consultancies use employee engagement models in an attempt to create more effective and efficient employees, thereby creating greater organisational benefits and better organisational performance. This paper will outline the territory of employee engagement and explore the relationship between employee engagement and concepts of employee commitment.

Keywords: engagement, commitment, reciprocation, social exchange, and perceived organisational support.

EMPLOYEE ENGAGEMENT

Many organisations have identified the need to invest in human capital, to achieve the maximum effort from their employees and to be able to create success in highly competitive global markets. Investment in human capital has been identified as one way of creating a competitive edge. Employee engagement has emerged as one way for an organisation to measure their investment in human capital; a further alternative to measuring employee commitment to the organisation and as a way of creating a more effective workplace (Echols 2005). Many human resource consultancies use employee engagement models in an attempt to create more effective and efficient employees; thereby creating greater organisational benefits and better organisational performance (Echols 2005; Crabtree 2005; Gubman 2004).

People in all aspects of their lives occupy roles; it is up to the individual person how much of themselves they allow to be present in each role, which includes the role of the employee.

According to Kahn (1990) people can when presenting themselves present varying degrees of themselves, cognitively, emotionally and physically. Kahn (1990) expresses that each performance is as good as the amount of self that is present. For example in the role of

employee the more self that is incorporated into the job and the workings of the organisation the better the performance or the better the employee will be. To measure this degree of self Kahn (1990) created and defined personal engagement and disengagement which refers to the harnessing of employee selves to work roles and through expressing themselves cognitively, emotionally and physically; engagement is the degree and amount of involvement in the organisation, and disengagement is the degree of withdrawal. It is as though the individual is putting on an act to which bystanders will only see what is presented. Engagement at work is the degree of involvement that the employee participates in, the level of self that is incorporated into the work and interactions and the personal connections with work and fellow employees.

There are many varying definitions of employee engagement, which stem from the work of Kahn (1990 see Harter, Schmidt & Hayes 2002, Luthans & Peterson 2002, May, Gilson & Harder 2004). Employee engagement definitions have incorporated employees having a sense of feeling involved and actually enjoying their work (Greenfield 2004), further to employees having a strong and valuable connection to the organisation (Gubman 2004). The types of employment that you are in and where you work are seen as deciding factors of employee engagement (Gubman 2004).

Although in contrast to the Kahn (1990) based definition of engagement, McDade and Mackenzie (2002) offer a very simplistic definition of employee engagement; it is only focused on the overall job satisfaction of the employee. Harter et al. (2002), when defining employee engagement, take into account job satisfaction, enthusiasm and motivation for work as well as having a feeling of being involved with the work. Their study developed a measure of engagement, which is referred to as the 'Gallup Workplace Audit', also referred to as the Q12 (Echols 2005). This measure adopts a three-tier level of employee engagement; namely being engaged, not engaged or disengaged with the organisation.

The most definitive and descriptive definition of employee engagement is described by Robinson, Perryman and Hayday (2004) from the Institute of Employee Studies (IES) as being;

... a positive attitude held by the employee towards the organization and its values. An engaged employee is aware of business context, and works with colleagues to improve performance within the job for the benefit of the organization. The organization must work to nurture, maintain and grow the engagement, which requires a two-way relationship between employer and employee. (p9)

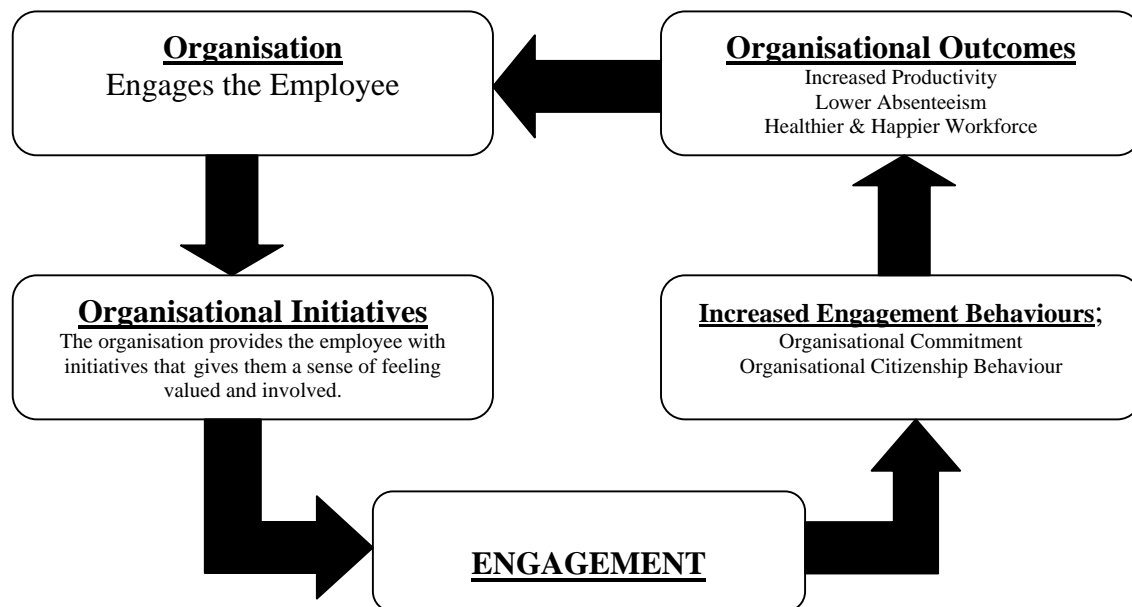
Robinson et al. (2004) discuss employee engagement as being the reciprocal relationship between an employee and their employing organisation. Therefore both the employee and the organisation provide a service to the other beyond the mere transactional relationship; the organisation provides something extra to the employee in return for increased engagement levels. Figure 1 provides a map of employee engagement based on the IES definition, taking into account the reciprocal relationship. An example of the two way relationship is evident in the organisation providing a child care centre, for the employees where this facility is relevant, it could increase their feelings of good towards the organisation and give them a personal sense of feeling valued. The index, formulated from the IES (Robinson et al. 2004) to reflect employee engagement levels, has twelve items that are derived from extensive organisational commitment studies as well as organisational citizenship behaviour research.

A reciprocal relationship can be identified in the work of Luthans and Peterson (2002) where it is shown that higher levels of both cognitive and emotional engagement as previously identified by Kahn (1990) will increase managers self efficacy. Once increased, employee engagement levels are also increased and a cylindrical relationship is created. This is useful for successful and effective management practice and development.

The IES (Robinson et al. 2004) provides evidence that the most significant driver in employee engagement levels is for the employee to have a sense of feeling involved and valued by the organisation. Any number of organisational initiatives can provide a sense of the employee feeling valued and involved; but this is dependant upon the individual and what organisational initiatives they particularly want. As previously demonstrated, having a sense of feeling

valued and involved within the organisation is the consistently highlighted item that the research presents as representing employee engagement. It is identified in the work of Kahn (1990) where the psychological condition of meaningfulness, has a feeling of being valued and involved.

FIGURE 1 The Reciprocation of Employee Engagement



The definition provided by Luthans and Peterson (2002) is consistent with that of Robinson et al. (2004) in that emotional engagement refers to management's interest in the employee; there are strong emotional ties and the employee's opinion counts. Also, cognitive engagement refers to employees knowing what is expected of them, they understand their purpose or mission within the organisation and they are given opportunities to excel and grow within the organisation. This is especially important for organisations today where the focus is on trying to maintain healthy relationships with employees so they are encouraged to stay with one organisation and develop a career.

Organisational Benefits

Employee engagement is thus based on the relationship between the organisation and the employee. Why is employee engagement so important? Employees want the best possible relationship with the organisation; they want to be provided with the best possible initiatives that will make them happier creating an increased feeling of being valued and involved in the

organisation. Research is beginning to emerge that gauges the organisational benefits of an engaged workforce. For the organisation, a recent study by the Gallup Institute has noted that well managed organisational work groups through engagement initiatives creates for the organisation higher profit margins (44%), more productive employees (50%) and customer loyalty is increased by 50% (Echols 2005). It is believed that disengaged employees cost the US economy approximately 300 billion dollars a year due to low activity from the disengaged worker (Echols 2005). Engaged employees are less likely to suffer from workplace induced stress and health outcomes and health factors greatly affect employee engagement levels (Crabtree 2005). The organisation needs to endeavour to provide an environment where engagement with the employee will increase and be maintained for the benefits that organisation will reap. Open communication, respect, positive relations with co-workers, teamwork and trust was found by Crabtree (2005) as the single most important factor in participants "...maintaining a sense of comfort and well being at work." (P2)

ORGANISATIONAL COMMITMENT

Organisational commitment is most commonly defined as the employee's involvement and identification with their respective organisation (Porter, Steers, Mowday & Boulian 1974). Porter et al. (1974) have identified three components of commitment; employee belief and acceptance of the organisation's values and goals; the want to exert an extra effort on behalf of the organisation and a desire to remain with the organisation. A body of commitment research use the definition derived from Porter et al. (1974) or use variations of this definition (Deery & Iverson 1998; Price & Mueller 1986; Bishop, Scott & Burroughs 2000; Benson 1998; & Mowday, Steers & Porter 1979). This definition extends beyond loyalty to the organisation, which is a common variation. It has been argued that loyalty is a very parsimonious and simplistic way of referring to commitment as a general term (Price & Mueller 1981, 1986). Commitment encompasses "...an active relationship with the organisation such that individuals are willing to give something of themselves in order to contribute to the organisation's well being" (Mowday et al. 1979, p. 226).

Angle and Perry (1983) define both member-based and organisational-based models of commitment. The organisational based model is based on what the individual brings to the relationship and what the organisation offers in reciprocation to the individual. It is defined as “a prospective member bring[ing] need[s] and goals to an organisation and agreeing to supply her or his skills and energies in exchange for organisational resources capable of satisfying those needs and goals” (p.127). This can be explained through the ‘norm of reciprocation’ (Gouldner 1960), which is the fundamental human norm, that people are likely to reciprocate the good work of others. In pairing well with reciprocation is the theory of ‘social exchange’ (Blau 1964), where individuals engender feelings of obligation, trust and gratitude to the organisation because of the service provided to them (Agarwala 2003). When one person does a favour for another then the other person is obliged to reciprocate (Bishop, Scott & Burroughs 2000).

Reciprocation is further highlighted through employee’s having a sense of duty and responsibility to the organisation (Mueller, Wallace & Price 1992). Organisations will provide a secure job and in return the employee will be committed to the organisation and their values and goals and the psychological contract will be upheld by both ends. The psychological contract is seen as the ‘unspoken promise’ of rewards for services, including both intrinsic and extrinsic (Baruch & Winkelmann-Gleed 2002). The psychological contract rests on reciprocal responsibility; if the employee demonstrates high levels of commitment they are keeping their side of the bargain to the organisation (Agarwala 2003). The extrinsic rewards offered by the organisation are the most influential factors in the organisational-based model (Angle & Perry 1983). Extrinsic rewards have been found to have the most influence on commitment to the organisation; intrinsic rewards also have some defining influence.

Organisational commitment is a multidimensional and multifaceted construct, with many meanings and influences. Clearly the norm of reciprocation is evident in the relationship between the organisation and the employee, through the extrinsic rewards offered to the employee from the organisation. Angle and Perry (1983) found theoretical support “...from

the organisation's satisfaction of the employee to the employee's commitment to the organisation" (p.143).

Commitment can be further described as two distinct types of commitment; affective and continuance commitment (Meyer & Allen 1991). Affective commitment is "an affective or emotional attachment to the organisation such that the strongly committed individual identifies with, is involved in, and enjoys membership in, the organisation" (Allen & Meyer 1990, p. 2). Affective commitment is also seen as going beyond the call of duty, putting in the extra effort on behalf of the organisation. Continuance commitment is staying with the organisation based upon the cost of not staying (Allen & Meyer 1990). Also of relevance is the discussion of loyalty-based commitment versus intention to remain with the organisation (Mueller et al. 1990). These two type distinct conceptualisations of organisational commitment from both Allen and Meyer (1990) and Mueller et al. (1990) are very similar and in essence are referring to the same constructs. They are distinguishing between the typical psychological/ management/ sociological definitions to a more economic based definition focusing on the costs of staying with the organisation, the transactional relationship.

Innovative, efficient and human resource practices that the employee enjoys have been found to increase levels of organisational commitment and this leads to increases in organisational effectiveness (Agarwala 2003). When an employee feels attached to, is involved with and identifies with the values of the organisation, the organisation will reciprocate, especially when the employee exceeds the minimum requirements of their job by helping others and the organisation (Chang & Chelladurai 2003).

PERCEIVED ORGANISATIONAL SUPPORT

To further the discussion on commitment and reciprocation it may be necessary for the employee to view the degree that the organisation is committed to them; this has been measured as perceived organisational support (POS) (Eisenberger, Huntington, Hutchinson & Sowa 1986). POS is distinguishable to the employee in regards to their view of "...the extent

to which the organisation values their contribution and cares about their well being” (Eisenberger, Fasolo & Davis-LaMastro 1990, p. 51). POS has been shown to have a positive relationship with organisational commitment, and thus employees experience affective commitment and greater emotional attachment when it is perceived that the organisation supports them (Eisenberger et al. 1986). POS is believed to raise an employee’s expectancy, that they would receive greater rewards for greater efforts from the organisation, this is determined as the effort- outcome expectancy. This is a consistency here with the norm of reciprocation.

Increases in intrinsic and extrinsic rewards that the employee attributes to the organisation would increase POS (Eisenberger et al. 1986) and thus the norm of reciprocation indicates that there will be an increase in commitment of the employee to the organisation. Employees reciprocate POS through altering their goals to align with the organisation; this is evident in lower absenteeism from those employees who show a strong exchange ideology.

Discussion and conclusion

Organisational commitment is global to the whole organisation; it encompasses all experiences of the organisation in unison; the work itself, the people within the organisation and the organisation (Mowday et al. 1979). Employee engagement, being very similar to commitment would also be a global phenomenon, which is unlike job satisfaction that indicates instant satisfaction, with one’s work or job.

Kahn (1990) argues that constructs of job satisfaction and commitment are both broadly defined. Employees are satisfied with their job because their basic needs are being met fairly consistently at a particular point in time. Kahn (1990) suggests that engagement is a changing phenomenon, it is not a constant like commitment. Individuals would have moments of personal engagement rather than levels of engagement on a continuum. If referring to employee engagement and all the definitions, employee engagement would be a constant especially if there is evidence to the employee that the organisation is implementing

initiatives in order to create feelings of being valued and involved. There is no reason why engagement cannot be a constant like commitment. Therefore how would you measure employee engagement and how could it be a definitive number? When dealing with emotions of any kind, it would be imagined that they reflect your current state and mood.

Organisational commitment is seen as stable over time, also according to Mowday et al. (1979) it develops slowly but consistently over time. Satisfaction fluctuates according to transitory events, the day to day happenings of the job, commitment as a stable construct and it is not affected by these events. Commitment develops as a result of experience, and employee experiences that are consistent with expectations and the employees basic needs are satisfied, these employees would develop strong attachment to the organisation (Meyer & Allen 1991). This would also be consistent with the definitions of employee engagement.

Referring back to the IES (Robinson et al. 2004) definition of employee engagement, it discusses a two way relationship whereby the relationship is cylindrical in nature which demonstrates the reciprocation of the behaviours. Employee engagement is creating for the employee a sense of feeling valued and involved by the organisation. This exhibits the commitment side of the definition and POS can be seen as representing the perceived support given to the employee by the organisation.

In reference to commitment and the Porter et al. (1974) definition there are many similarities between employee engagement and commitment. This is especially evident when you look at the theory of the 'norm of reciprocation', 'social exchange theory' and the work of Angle and Perry (1983). Introducing the concept of perceived organisational support (POS) allows the full extent of employee engagement to be measured. Figure 1 highlights employee engagement and the reciprocal relationship. Commitment can be substituted into the map where engagement is and the figure will represent the reciprocal relationship of organisational commitment, which will include POS substituted into organisational initiatives, because this is an individual perception of what the individual believes that the organisation is providing for them.

It could be proposed that with many similarities between employee engagement and organisational commitment, the same construct is actually being measured, and by adding a measure of perceived organisational support will demonstrate the 'commitment' and 'support' that the employee perceives that the organisation provides to them, usually through extrinsic and intrinsic rewards.

Feelings of being valued and involved, a sense of loyalty, connection and identification with the organisation and the extra effort on behalf of the organisation are all consistent similarities between definitions of employee engagement and organisational commitment. A comparative analysis of the two distinctive measures of both employee engagement and organisational commitment is needed to determine if they are actually measuring the same thing. Thus far indications are that the definitions, are relating to a distinctly similar phenomenon.

REFERENCES:

- Agarwala, T. 2003, 'Innovative human resource practices and organisational commitment: An empirical investigation', *International Journal of Human Resource Management*, vol. 14, no. 2, pp. 175-197.
- Allen, N.J. & Meyer, J.P. 1990, 'The measurement and antecedents of affective, continuance and normative commitment to the organisation', *Journal of Occupational Psychology*, vol. 63, pp. 1-18.
- Angle, H.L. & Perry, J.L. 1986, 'Dual commitment and labour- management relationship climates', *Academy of Management Journal*, vol. 29, no. 1, pp. 31-50.
- Angle, H.L. & Perry, J.L. 1983, 'Organisational commitment: Individual and organisational influences', *Work and Occupations*, vol. 10, no.2, pp. 123-146.
- Baruch, Y. & Winkelmann-Gleed, A. 2002, 'Multiple commitments: A conceptual framework and empirical investigation on a Community Health Service Trust', *British Journal of Management*, vol. 13, pp. 337-357.
- Benson, J. 1998, 'Dual commitment: Contract workers in Australian manufacturing enterprises', *Journal of Management Studies*, vol. 35, no. 3, pp. 355-375.
- Bishop, J.W. Dow Scott, K. & Burroughs, S.M. 2000, 'Support, commitment, and employee outcomes in a team environment', *Journal of Management*, vol. 26, no. 6, pp. 1113-1132.
- Blau, P.M. 1964, *Exchange and Power in Social Life*, Transaction Publishers, New Brunswick, New York.
- Chang, K. & Chelladurai, P. 2003, 'Comparison of Part-time workers and Full-time workers: Commitment and citizenship behaviours in Korean sport organisations', *Journal of Sport Management*, vol. 17, pp. 394-416.
- Crabtree, S. 2005, 'Engagement keeps the doctor away', *Gallup Management Journal*, January 13, pp. 1-4.
- Deery, S.J. & Iverson, R.D. 1998, 'Antecedents and consequences of dual and unilateral commitment: A longitudinal study', *The University of Melbourne*, Department of Management working paper number 1, January 1998.
- Echols, M.E. 2005, 'Engaging employees to impact performance' *Chief Learning Officer*, February, pp. 44-48.
- Eisenberger, R. Fasolo, P & Davis-LaMastro, V. 1990, 'Perceived organisational support and employee diligence, commitment and innovation', *Journal of Applied Psychology*, vol. 75, no. 1, pp. 51-59.
- Eisenberger, R. Huntington. R. Hutchinson, S. & Sowa, D. 1986, 'Perceived organisational support', *Journal of Applied Psychology*, vol. 71, no. 3, pp. 500-507.
- Gouldner, A.W. 1960, 'The norm of reciprocity. *American Sociological Review*, vol. 25, no. 2, pp. 165-178.
- Greenfield. W.M. 2004, 'Decision making and employee engagement', *Employee Relations Today*, Summer, pp. 13-24.
- Gubman, E. 2004, 'From engagement to passion for work: The search for the missing person', *Human Research Planning*, pp. 42-46.

- Harter, J.K. Schmidt, F.L. & Hayes, T.L. 2002, 'Business- unit- level relationship between employee satisfaction, employee engagement, and business outcomes: A meta analysis', *Journal of Applied Psychology*, vol. 87, no. 2, pp. 268-279.
- Kahn, W.A. 1990, 'Psychological conditions of personal engagement and disengagement at work', *Academy of Management Journal*, vol. 33, no. 4, pp. 692-724.
- Luthans, F. & Peterson, S.J. 2002, 'Employee engagement and manager self-efficacy: Implications for managerial effectiveness and development', *Journal of Management Development*, vol. 21, 5, pp. 376-387.
- May, D.R. Gilson, R.L. & Harter, L.M. 2004, 'The psychological conditions of meaningfulness, safety and availability and the engagement of the human spirit at work', *Journal of Occupational and Organizational Psychology*, vol. 77, PP. 11-37.
- McDade, S. & McKenzie, A. 2002, 'Knowledge workers in the engagement equation', *Strategic HR Review*, vol. 1, 4, pp. 34-37.
- Meyer, J.P. & Allen, N.J. 1991, 'A three component conceptualisation of organisational commitment', *Human Resource Management Review*, vol. 1, pp. 61-89.
- Mowday, R.T. Steers, R.M. & Porter, L.W. 1979, 'The measurement of organizational commitment', *Journal of Vocational Behaviour*, vol. 14, pp. 224-247.
- Mueller, C.W. Wallace, J.E. & Price, J.L. 1992, 'Employee commitment: Resolving some issues', *Work and Occupations*, vol. 19, no. 3, pp. 211-236.
- Porter, L.W. Steers, R.M., Mowday, R.T. & Boulian, P.V. 1974, 'Organizational commitment, job satisfaction, and turnover among psychiatric technicians', *Journal of Applied Psychology*, vol. 59, no. 5, pp. 603-609.
- Price, J.L. & Mueller, C.W. 1986, *Handbook of organizational measurement*, Pitman Publishing, INC, Massachusetts.
- Price, J.L. & Mueller, C.W. 1981, 'A causal model of turnover for nurses', *Academy of Management Journal*, vol. 24, no. 3, pp. 543-565.
- Robinson, D., Perryman, S. & Hayday, S. 2004, 'The drivers of employee engagement', *Institute of Employment Studies*, Report 405.