

## Engaged workers and productivity – what are the links?

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Despite its popularity and arguments that it can make a significant contribution to productivity, the concept of ‘engagement’ is not clearly defined and there is limited high quality, methodologically rigorous research on the links between employee engagement and productivity. This review clarifies and compares the concepts of work and employee engagement and evaluates the evidence about their links with organisational performance outcomes. There is evidence that work engagement has a positive effect on the performance of individual employees. However, while it is reasonable to assume that this may lead to improved organisational outcomes, robust evidence is absent. The evidence of a causal relationship between organisational/employee engagement and improved organisational productivity is also limited and comes from case studies. More rigorous studies are needed to demonstrate and understand the links between engagement and organisational outcomes.

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### Background

Academic and practitioner literature on ‘engagement’ emerged after Khan’s (1990) study on personal engagement and disengagement. In the UK, the concept appeared in the early 2000s and since then it has been endorsed by the Chartered Institute of Personnel and Development (CIPD 2017; Lewis et al. 2014). The UK Government also commissioned a review, which led to the MacLeod Report (MacLeod and Clarke 2009).

Despite its popularity, the concept of engagement is not clearly defined and there is academic debate about how ‘engagement’ can be conceptualised, measured and linked to individual and organisational performance outcomes, such as improved productivity (Guest, 2014; Briner, 2014). Nevertheless, there is a large volume of practitioner literature which uses the concept of ‘employee engagement’ as unproblematic.

This review draws on academic and practitioner literature and aims to systematically present the different conceptualisations of ‘engagement’ and the evidence about the links between that engagement and productivity.

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## Conceptualising engagement and its links with organisational outcomes

The concept of engagement emerged in positive psychology and most research is within the discipline of psychology. The motivational-psychological conceptualisation of engagement is now known as job/work engagement and it is defined as 'an individual's psychological state of mind while at work' (Schaufeli et al. 2006). Schaufeli and his team developed the Utrecht Work Engagement Scale (UWES) which measures three facets of engagement: vigour, dedication and absorption. This index is the most extensively used academic measure of work engagement.

The concept of employee engagement was introduced by Saks (2006) who extended the conceptualisation of engagement to include behavioural aspects (performing the role as a member of the organization) and referred to this broader concept as 'organizational engagement'. This term is rarely used; instead, the term 'employee engagement' has become popular.

The difference between employee and work engagement is summarised by Truss: employee engagement 'is an approach taken by organisations to manage their workforce, rather than a psychological state experienced by employees in the performance of their work; 'doing' engagement, rather than being engaged' (2014: 81). Studies on employee engagement belong to the field of Human Resource Management (HRM) and the focus is often on management practices: for example, Jenkins and Delbridge (2013) talk about management 'delivering' employee engagement. Significantly, in the practitioner literature, these two conceptualisations of engagement are not clearly distinguished but instead loosely conflated.

The links between engagement and productivity are unclear. Most research on work engagement focuses on the links between work engagement and employee performance. However, Schaufeli (2013) proposes a model that considers the experience of work engagement as a factor which mediates the impact of an individual employee's personal and job resources on organizational outcomes. Focusing on employee engagement, Purcell (2014a: 248) argues that the difficulty of demonstrating causality is identical to the so-called 'black box problem' encountered in the search for a link between HRM practices and organisational outcomes – that is there is a lack of understanding about what happens inside firms. Studies have shown that there is a positive relationship, but the nature of the link and the mechanisms remain unexplained. Most studies of employee engagement draw on social exchange theory, which identifies reciprocity as a form of social exchange. Employees perceive management practices as signals about the extent to which they are trusted and supported – feelings of trust and being supported are then linked to employees' positive contributions to the job and the organisation (Purcell 2014b).

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## Evidence

This section focuses on the available evidence on the links between engagement and organisational outcomes, including productivity. Table 1 presents evidence on work engagement, Table 2 summarises evidence on employee engagement.

A note on methodology: engagement levels of individual employees are measured and related to individual outcomes that are relevant to organizations (e.g. job performance, sickness absence). Average engagement levels of work teams can also be related to, team performance or team absence rates. Practitioner studies calculate average engagement levels of business units or entire organizations and link them to organisational outcomes, such as productivity. The validity of averaging individual engagement scores across heterogeneous groups of hundreds of employees is questionable. Studies of employee engagement often complement survey tools with qualitative methods, such as interviews and focus groups.

**Table 1: Work engagement and organisational outcomes**

| <b>Study</b>            | <b>Aims</b>   | <b>Data and methodology</b>  | <b>Results</b>  |
|-------------------------|---|--|---|
| Christian et al., 2011. | The aim of the meta analysis is to decide whether engagement is distinct from job satisfaction, job involvement, and organizational commitment. | Meta-analysis of existing evidence. Work engagement is measured by UWES and similar measures of engagement (the study also compared these measures).   | Engagement is positively correlated with in-role and discretionary work performance.  |
| Harter et al., 2013.    | To demonstrate a link between employee engagement and 'business success'.   | Meta-analysis of employee surveys from 263 organisations. Gallup uses their own 'Q <sup>12</sup> instrument', which is a survey tool measuring job resources. Individual Q <sup>12</sup> measurements are averaged for the organisation.   | Although the study claims to link the measurements of Q <sup>12</sup> to 'business success', the results indicate that more resourceful jobs are positively associated with business success.                       |
| Shantz et al., 2013.    | To explore the mediating effect of work engagement on the job design–performance relationship.  | A survey of 283 employees in two UK-based firms and supervisors' independent performance evaluations of employee performance. Measurements of job design characteristics and three aspects of employee behaviour: organizational citizenship behaviour, counterproductive work behaviour ('deviance') and task performance. Method: structural equation modelling. | Engagement mediates the relationship between job design characteristics and three types of employee behaviour. No direct evidence of improved organisational performance (only for individual performance).         |
| Yalabik et al., 2013.   | This study examines the mediating role of work engagement in the relationship between employee attitudes, and employee outcomes.                | Data come from 377 clerical employees in the specialist lending division of a UK bank. Work engagement is measured by UWES tool. Employee attitudes are measured by affective commitment and job satisfaction, using standard survey tools. The employee outcomes: job performance and intention to quit,  | Work engagement mediates the relationships from affective commitment and job satisfaction to job performance and intention to quit. Employee job satisfaction and affective commitment shape work engagement rather |

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|  |  | taken from the results of the annual performance appraisal process and a survey tool. A cross-lagged research design makes it possible to establish the direction of causality between variables. | than the other way around. |
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**Table 2 Employee engagement and productivity**

| <b>Study</b>              | <b>Aims</b>   | <b>Data and methodology</b>  | <b>Results</b>  |
|---------------------------|---|--|---|
| MacLeod and Clarke, 2009. | To synthesise known conceptualisations of engagement and the evidence on the links to positive organisational outcomes.   | Evidence review of qualitative and quantitative studies. The reviewed evidence includes a large number of different conceptualisations of employee engagement.   | Four enablers of engagement are identified: Leadership/strategic narrative; Engaging managers; Employee voice and Integrity. The study finds that correlation between engagement, employee well-being and performance is repeated too often for it to be a coincidence.                     |
| Dromey, 2014b.            | To examine the drivers of engagement; how they changed between WERS 2004-2011 and how they vary across organisations and groups of employees. We also looked at how employer actions relate to the enablers of engagement, and the outcomes associated with them. | Based on the Work, Employment Relations Study (WERS) 2011. Measurements of 'enablers of engagement' and employers' assessment of their organisation's labour productivity. Measuring engagement via its indicators: organisational commitment, discretionary effort and sense of achievement in the job.   | Correlation between the presence of 'enablers of engagement' and self-assessed labour productivity. Causation is not proven. organisations with higher scores on the enablers of engagement, employers tended to be more positive about both labour productivity and financial performance. |
| Dromey, 2014a.            | The case studies examined the state of employee engagement at the selected trusts, the approach to engagement and the outcomes associated with engagement.  | In-depth case studies of 8 NHS trusts which have high levels of employee engagement. Case study methodology: analysis of annual staff surveys 2010-2013; documentary analysis; in-depth interviews with Executive Directors, staff representatives and focus groups with line managers and frontline staff. Literature review on employee engagement in the NHS and analysis of the NHS Staff Survey | Employee engagement is positively correlated with: patient outcome, clinical outcomes (and staff health and wellbeing). These measures are specific to the NHS, the results are hard to generalise.   |

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|                     |   | <p>results 2010 – 2013 (for NHS as a whole). Expert interviews with stakeholders.</p> <p>The measurement of employee engagement is made up of: staff advocacy, motivation and involvement. Organisation performance is measured by: patient and clinical outcomes.</p>   |  |
| Alfes et al., 2013. | <p>The paper reports the results of two studies, which explore the role of employee engagement as a mediating construct between perceived line manager behaviour and perceived HRM practices, and employee performance (study 1) and innovative work behaviour (study 2).</p> | <p>Data from 1,796 employees in service-sector organisations in the UK, collected using survey tools. Employee performance is measured as self report; task performance and innovative work behavior.</p> <p>Method: structural equation modelling</p> <p>The study uses the term 'employee engagement' but the concept is identical to that in Shantz et al. 2013, who referred to it as 'work engagement'.</p> | <p>Employee engagement mediates the link between both perceived HRM practices and perceived line manager behaviour and self-report task performance (study 1), and self-report innovative work behavior (study 2). The findings show the significance of the line manager in the HRM-performance link, and the mediating role played by employee engagement.</p> |

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## Evidence gaps

To date there is an absence of robust evidence on the links between engagement and organisational outcomes, including productivity. Much of the existing research is based on methodologies such as case studies, evidence reviews and meta analyses. It is not that these links are absent, rather evidence about those links and, importantly, how those links translate engagement into productivity gains is undeveloped. As a consequence, more methodologically rigorous longitudinal research is needed to establish these links.

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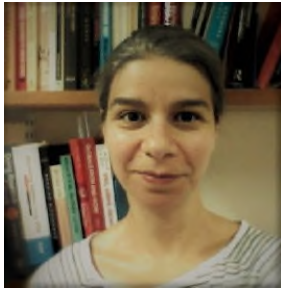
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