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Employee Engagement and Positive Psychological Capital

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Employee engagement, or the complete cognitive, emotional, and physical immersion of the self in one's work, is often touted as the pinnacle of positive employee attitudes. There is robust research to support this claim: Higher levels of employee engagement lead employees to perform work of higher quality (e.g., fewer errors), to be more committed to the organization, to be more likely to go above-and-beyond for the organization, and leave the organization at a reduced rate. As a result, organizations realize observable gains in productivity and employee replacement costs plummet. Further, engaged employees are more interested in and capable of forming strong connections with customers, as demonstrated in studies that link employee engagement to lower customer attrition rates and higher customer spending rates.

An engaged workforce, then, appears critical to developing and maintaining high-quality customer service relationships. As a consequence of the robust utility of engagement, researchers in a recent *Organizational Dynamics* article assert that employee engagement should also be included as a fifth element in the Kaplan and Norton's Balanced Scorecard, in addition to the traditional four elements: financial, customer, internal processes, and learning and growth. The authors rightly argue that the relationship between employees

connecting with and delighting customers and positive financial results from the employees' efforts warrant such an inclusion. Beyond this article, popular press examples of such a linkage can be found at companies such as Whole Foods, Costco, and Zappos, where a customer-centric and employee-centric culture purportedly drive organizational performance.

Despite its renown, there are few practical guides that are rooted in peer-reviewed and evidence-based research on how to develop employee engagement, as well as what specific outcomes to expect from engaged employees. Therefore, the purpose of this paper is to (1) provide a framework for understanding existing research on predictors of employee engagement, (2) expand that framework by describing a new predictor and enhancer of employee engagement rooted in one's own psychological state, Psychological Capital (PsyCap), and (3) provide managers and leaders with case studies that illustrate how to improve employee engagement through the use PsyCap. Here we will specifically draw on our recent qualitative and quantitative research gleaned from several diverse organizations to both make the case for the importance of PsyCap and to illustrate how leaders can improve the PsyCap of their followers through behaviors and cultural shifts.

PREDICTORS OF EMPLOYEE ENGAGEMENT

Engagement occurs when one is completely immersed in a job. The personal resources of effort and attention are directed fully toward the work. As such, existing research on employee engagement by and large draws from a resource

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perspective. A recent meta-analysis draws the following resource-based conclusions: First, burnout, or the feeling of exhaustion from one's job due to over-taxing of personal resources such as time and energy, hinders engagement. Related, job demands that require excessive resources with little return create barriers to growth, learning, or reaching personal goals also inhibit engagement. Second, job resources, or features of one's job that improve one's ability to reach goals or advance oneself, improve engagement by providing a cognitive and emotional context for focusing on one's preferred work. Resources are often diverse and idiosyncratic in their value, but include opportunities such as mentoring, having a flexible work schedule, or functional training. Job demands that challenge an employee also improve engagement because the resources used to meet the demand are quickly regenerated via reaching the goal. Here, like a muscle, pushing employees to (but not past) their limit improves learning, efficacy, and resolve over time.

A plethora of research exists to support a resource-based model of employee engagement, yet a formal categorization of this research has not yet been developed. Here we organize known predictors of engagement by viewing them as *capital, or a store of common resources that an employee can chose to draw from or can exert as needed or required*. A synthesis of research on employee engagement reveals three forms of capital: (1) human capital, or what you can functionally do at work based on innate or learned qualities, (2) social capital, or who you know and how you can leverage those connections at work, and (3) family capital, or the level of support you have in balancing work and life demands. Each of the forms of capital (human, social, and family) provides a different way of looking at the disparate dimensions that can affect employees' ability to feel engaged with their work. We next review these forms of capital and suggest that a fourth form of capital, now recognized as psychological capital, may also be a pivotal and critical influence on engagement.

HUMAN CAPITAL

Many separate studies link aspects of human capital to employee engagement. Human capital contains two elements: generic human capital and unit-specific human capital. Generic human capital relates to the knowledge, skills, and ability of an employee that are brought into the work environment, such as education received in school or general mental ability (GMA). The unit-specific human capital relates more to the specific needs of the organization. Improvements in these skills can be made through training or other developmental opportunities, mentoring, work design, or cultural attributes that would enhance the development of the individual's knowledge, skills, and ability. Human capital has a direct relationship with engagement: Employees with more "how to" knowledge are more capable of expressing themselves through their work, becoming immersed in their tasks, and understanding and reveling in the complexities of their responsibilities. These are all indicative of employee engagement.

SOCIAL CAPITAL

The concept of social capital considers the individual's relationships with others, relationships between her group and

other groups, and her relationship with the broader organization to which she belongs. Social capital theory includes the notion of the quality of the relationship with the manager and the fit of the employee with the organization. The development of and strength of social networks on and off the job improve social capital. These personal relationships can facilitate the employee's ability to cope with stress and with the challenges of a working environment because these relationships can be a source of support, advice, or coaching. Further, more and higher quality relationships within an organization will dictate the strength of successful integration with the organization. This concept relates to an assessment of person-organization fit. Social capital is critical to developing engagement. Specifically the strong bonds, friendships, and ties afforded by increased social capital enable an employee to see how his or her task impacts others in the organization, as well as the organization's larger product. This deeper understanding of one's role enables employees to foster a more meaningful connection with their work and understand the criticality of their work, both hallmarks of engagement.

FAMILY CAPITAL

An emerging area of study relates to the work-family balance of an employee and how that balance, or lack thereof, affects employee engagement. It has been found that a more balanced relationship between work expectations and home expectations creates a more positive attitude in the work environment, which supports higher work engagement. Here an employee with work-life balance has the cognitive resources at work to be engaged; home demands do not linger on one's consciousness while at work. For example, health issues, financial problems, and problems with members of the family could all create a diversion from focusing on one's work experience during working hours, depleting the attention and energy needed to be engaged. More subtly, employees' beliefs about their ability to be effective at home, specifically to meet the demands of home life, also contribute to their feelings of work-life balance. This suggests that work-life balance is, at least in part, dependent on work and home temporal and investment expectations. Employees who can successfully detach from their home life and work life, when appropriate, can more swiftly delve into their work, another indicator of engagement. Further, organizations that support this balance, be it through flexible work arrangements, output-based performance criteria (rather than hours-worked-based performance criteria), and a supportive work-life balance culture often have more engaged workforces.

PSYCHOLOGICAL CAPITAL

Heretofore we have examined how a capital-based perspective on employee engagement provides a framework for organizations to understand the groups of resources underpinning employee engagement. Simply, this perspective finds that employees with more resources — be it from human, social and/or family capital — are most capable of feeling engagement. It is from this tenant that we now turn to a more recent, but generally ignored, fourth form of capital that

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