



## Review of Determinants of Employee Engagement in Service Industry

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### Abstract

As the emerging of human capital management, a concept of employee engagement has expanded increasingly among organizations, consulting firms and practitioners due to the positive related to both individual and organizational performance. Even though the employee engagement has become the attention-grabbing construct, there are a few researches about determinant of employee engagement. This paper scrutinized the determinant factors base on the repeatedly of indicative publication and also the significance of research results. As the result, there are nine determinants that predicted employee engagement in service industry separated into two main constructs; job resources and personal resources. The job resources consisted of six determinants based on analysis of motivation toward the employees' perception. There are three determinants that have been reviewed particularly relevant to work-related aspects of personality, self-evaluation, and attitudes toward employee engagement

**Keywords :** Employee Engagement, Determinants, Job resources, Personal resources



## Introduction

In the era of Globalization, a world has become smaller with diversification and territorial integrations, things are incredibly rapid and revolutionary change due to many converging forces e.g. technology, transnational corporations, new methods of communication and information and economic integration. The policy makers and organizations are being forced to modify their styles, structure, strategy and values in order to catch up with these changing conditions. Human resource department has gradually become an important component that acting as the change agent supported an organizational success. Over the past decade the term of “Human Capital” has been introduced and adverted by academic scholar and researcher and referred as “the skills and capacities that reside in people and that are put to productive use—can be a more important determinant of its long term economic success than virtually any other resource” (World Economic Forum, 2013). However, the public and private sector organization has faced the problem about attracting and retaining qualified employees from labor market due to the changing natural of work, especially technological, organizational practices, political disputes and competitive developments (Baldwin & Johnson, 1995). Hospitality industry is the service industry that has an extremely high competitiveness and characterized as the industry with high turnover rates, great number of part-time and casual workers, and deficiency of an internal market for example “low job security, promotional opportunity and career development, plus low wages and low skills levels” (Iverson & Deery, n.d.). Therefore, the human resources management has become increasingly vital to companies and has played a critical role and act as the heart of the company, because employee is the crucial human capital to the organization success. The management team needs to investigate the appropriate ways to meet employee satisfaction which will direct to employee engagement. The term of “engagement” therefore has lately become one of

the most popular terms among human resources practitioners, organizational psychologists, management consultants and academic scholars. The notion of engagement has been declared that organizations with high level of engaged employees may benefit to both individual growth and organizational success. In order to sustain the competitive advantage and success, the organizations, practitioners and academic scholars have turned their attention to expand more understanding about determinants of employee engagement and focus on increasing the level of employee engagement.

## Toward the understanding of Employee Engagement

The term of engagement had been introduced during 1990s that the changes in the underlying field of psychology have led to the movement of positive psychology in place of the traditional psychological research trends. New concepts and constructs of positive psychology of management, including happiness, hope, optimism, altruism, wisdom, empathy, modesty, well-being, forgiveness, and engagement, have been encouraged within workplace in order to generate and maintain positive relationship among employees and maximize the positive strength of employee. Employee engagement appear to be new emerging concept, yet it essentially has its roots in classic concept and constructs like employee intrinsic motivation, job satisfaction, job involvement, commitment and Organizational Citizenship behavior (Kgomo, 2010).

Focusing on Engagement construct, William Kahn was the first researcher who theorize the personal engagement as the psychological presence of an employee when performing his/her organizational task. Kahn defined engagement as “the expression of individual presence in task behavior that promotes connections to work and to others. Organizational members engage themselves physically, cognitively and emotionally during role performance and enthusiasm with full role performances (Kahn, 1990). The concept of engagement has been investigated from many researchers afterward. In year 2002, Schaufeli and



colleagues defined the meaning of work engagement as “A positive, fulfilling, work related state of mind that is characterized by vigor, dedication and absorption” (Schaufeli, Salanova et al., 2002) which has been cited from many researchers.

Generally, employee engagement is agreed to be a psychological facet that encompasses energy, enthusiasm, and engrossed effort (Macey & Schneider, 2008). However, in the human resources literature, there are slightly different interpretations in defining employee engagement (J. K. Harter, Schmidt, & Hayes, 2002; Kahn, 1990; Maslach, Schaufeli, & Leiter, 2001; May, 2001; May, Gilson, & Harter, 2004; Schaufeli, Martinez, Pinto, Salanova, & Arnold B, 2002; Sirota, Mischkind, & Meltzer, 2005). The HR researchers defined engaged employees as an employee who has a high level of enthusiasm and resilient during their role performance. They are willing to invest their effort, their involvement, their feeling of significance, enthusiasm, passion, inspiration, pride, excitement and challenge into their work. During their role performing, engaged employees immerse themselves into work without noticing that time fly. On the other word, they are willing to put their hand, head, and heart into their jobs (Bakker & Demerouti, 2008; Schaufeli & Bakker, 2004) Engaged employees have affirmative connection to their organization, thus they will talk about organizations positively. According to Buckingham and Coffman, 1999 engaged employees tend to stay with their company longer, subsequently saving the company appreciably in recruitment and retraining costs (Shuck, 2010). The notion of engagement has widespread and obtain a significant attention in employee engagement, especially among human resources practitioners, organizational psychologists, and HR-oriented management consultants. As mentioned by Lockwood (2007) that in today’s competitive marketplace, employee engagement has appeared to be a critical driving factors of organizational success. Nevertheless, the definition of the engagement has been unclear among academics, practitioner and HR consultant firms. Employee engagement, like many

of the concepts that are so vital, is relatively easy to recognize, but has proven very difficult to define (Albrecht, 2010). Up to date, there are no universal agreement of employee engagement definition among those organizational psychologists, academic, HR-oriented management consultants and human resource practitioners.

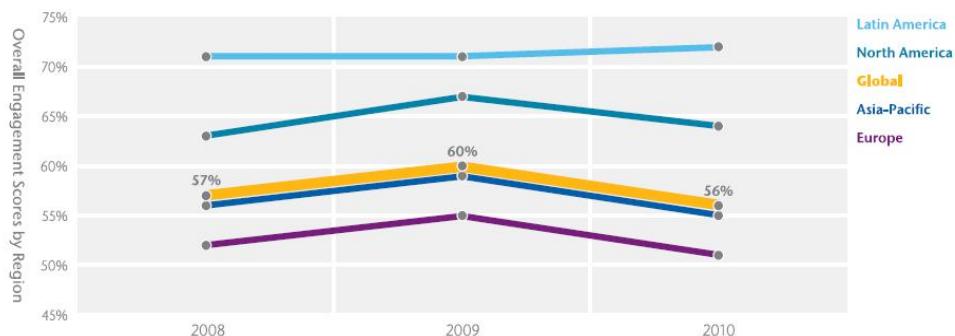
In this study, employee engagement is concerned as the individual level construct with the individual-organizational relationship (Albrecht, 2010; Markos & Sridevi, 2010). The researcher defines employee engagement from the business point of view and adopted the definition from Kahn, Schaufeli et al., Macey and Schneider, and Rich, Lepine et al. as a multidimensional concept including cognitive, emotional and behavior component whereas employees’ experience during their role performance with a positive, fulfilling, enthusiasm, passion, inspiration, pride, excitement and challenge. Engaged employees have affirmative connection to their organization, thus they will talk about organizations positively and works to improve performance within the job for the benefit of the organization.

### **The Level of Employee Engagement**

As the emerging of human capital management, a concept of employee engagement has expanded increasingly among organizations, consulting firms and practitioners due to the positive related to both individual and organization. Unfortunately, the level of employee engagement nationally were low (Kular, Gatenby, Rees, Soane, & Truss, 2008). Aon Hewitt, one of the well-known human capital consulting firms, studied about global employee engagement during 2008-2010. According to the Aon Hewitt report, 2011 there were 6.7 million correspondent employees as sampling representing 2,900 organizations worldwide separating into four regions Latin America, North America, Asia-Pacific and Europe. Figure 1 shows the engagement score by region and global. The four percentage-point of engagement scores were fallen down in Asia-Pacific, Europe and North America region, as well as the global scores of engagement (Hewitt, Aon, 2011).



Figure 1 Engagement scores by regional



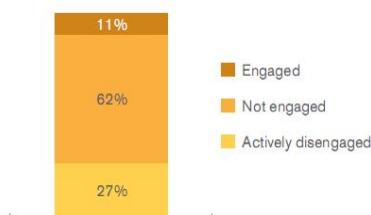
Source: Aon Hewitt, 2011

Additionally, Gallup organization, a well-known research company, had studied the level of employee engagement worldwide and separated into three levels of employee engagement as follows;

1. “Engaged refers to employees who are emotionally connected to their workplaces and feel they have the resources and support they need to succeed.
2. Not engaged refers to employees who are emotionally detached and likely to be doing little more than is necessary to keep their jobs.
3. Actively disengaged refers to employees who view their workplaces negatively and are liable to spread that negativity to others” (Harter et al, 2010).

In 2010, in excess of 47,000 employees in 120 countries around the world had been given their information on employee engagement. The results indicate that only 11% of workers worldwide are engaged. The majority of workers, 62%, are not engaged. (Harter et al, 2010) (See Figure 2) Furthermore, under the same study, Gallup categorized level of engagement regionally. As of Southeast Asia region which comprises of Singapore, Indonesia, Cambodia, Malaysia, Thailand, Philippines, and Vietnam, Not much difference from the end result about engaged employees. The formidable result of the engagement ratio reviews that 71 percent of employees are disengaged, 17 percent are actively disengaged and only 12 percent of engaged employees (Harter, et al., 2010).

Figure 2 The level of engagement nationally



Source: Harter et al, 2010



Focusing in Thailand, after reviewing a broad range of academic literatures and HR consultant surveys, the only one survey conducted in Thailand were found in 2005 by Gallup organization which revealed only 12 percent of Thailand's employee population are engaged, 82 percent are actively disengaged and 6 percent disengaged (Kular, Gatenby et al., 2008). In addition, the report had estimated that "the lower productivity of disengaged workers costs the Thai economy as much as 98.8 billion Thai baht (\$2.5 billion U.S.) each year" (Ratanjee, 2005). According to these statistical results, without doubt that there are more disengaged employees than there are engaged employees in today's workplace. These evidences paint the negative picture of today workforce. In order to sustain the competitive advantage and success, the organizations, practitioners and academic scholars have turned their attention to expand more understanding about employee engagement and focus on increasing the level of employee engagement.

### **Determinants of Employee Engagement in Service Industry**

Even though the employee engagement has become the attention-grabbing construct among human resources practitioner and academic literature (Macey and Schneider, 2008), there is surprisingly little academic research and empirical research about employee engagement in the academic literature (Robinson, Perryman et al., 2004; Saks, 2006). Additionally, Shuck 2010 mentioned that there are remarkably numbers of research about the importance of employee engagement, but there are a few research about antecedents and outcomes of employee engagement (Shuck, 2010: 7). Moreover, Kim et al (2009) specified about the concentration on engagement in hospitality research, whereas the studies are so limited. Clearly, then, empirical research, as well as academic research in general about employee engagement in hospitality industry are essential (Slatten & Mehmetoglu, 2011). In searching for document artifacts on service industry and its concern on engagement through extensive collection of data,

there are several determinants that significantly effected on employee engagement. Base upon the modified JD-R model of work engagement, job resources and personal resources were included as predictors of engagement and reciprocal association between personal resources, job resources and engagement (Hakanen and Roodt, 2010). Job resources determinants can be defined as the psychological forces that arouse employees' behavior. A number of various theories attempt to describe employee motivation. Needed theories are the mainstream theoretical linking to employee engagement construct as mentioned earlier including Maslow's Need Hierarchy Theory, The Dual-Structure Theory, SET Theory, COR Theory, and Job Demand Resources Model. These related theories explain why employees behave as they do in the organizations. Personal resources determinants referred to the study of various ways in which individuals can differ from each other in many different dimensions. There are many academic literature reviews that supported the impact on personal trait, attitude and disposition factor toward potential level of engage and disengage in their role performance.

Based on numerous academic journals revision on engagement in service industry, there are many factors listed regarding determinants of the employee engagement. The researcher scrutinized the determinant factors base on the repeatedly of indicative publication and also the significance of research results. As the result, there are nine determinants that predicted employee engagement in service industry separated into two main constructs; job resources and personal resources. The job resources consisted of six determinants based on analysis of motivation toward the employees' perception. There are three determinants that have been reviewed particularly relevant to work-related aspects of personality, self-evaluation, and attitudes toward employee engagement. See Table 1.



**Table 1** Determinants, definition and Indicative Publication regarding job resources factors, personal resources factors and employee engagement

<i>Variables</i>	<i>Definition</i>	<i>Indicative Publication</i>
<b>The job resources factors</b>		
1. Perceived supervisory support	The positive relationship among employees and their supervisors which comprises of supportive environment, effective communication, encouragement, trustworthy, employee's perception of the fairness of the means and processes which concern about work-related issue and employee's well-being. Supervisors feel the value of employees and treat them with respect. Constantly acknowledge of employee's achievement in order to promote employee recognition.	(1) May, Gilson et al., 2004 (2) Hakanen, Bakker et al., 2006 (3) Xanthopoulo, 2007 (4) Xanthopoulou, Bakker et al., 2009 (5) Rothmann and Rothmann Jr., 2010 (6) Siu, Lu et al., 2010 (7) Kgomo, 2010 (8) Menguc, Auh et al., 2012 (9) Albrecht, 2012
2. Autonomy	The degree to which employees having job control over their work including freedom, decision making, handling problem, flexibility and advising the procedures to be used to perform their task. The employee's experience of having enough freedom to make the necessary decisions to get their work done and to solve the problem. In order to attain autonomy, employees' perception of the work role should be fit to their capability which will direct to empowerment which is the process of enabling or authorizing an employee to think, behaves, take action, control work and make decision in autonomous ways.	(1) Salanova, Agut et al., 2005 (2) Hakanen et al., 2006 (3) Mauno, Kinnunen et al., 2007 (4) Mostert and Rathbone, 2007 (5) Xanthopoulo, 2007 (6) Xanthopoulou, Bakker et al., 2009 (7) Siu, Le et al., 2010 (8) Slatten and Mehmetoglu, 2011 (9) Menguc, Auh et al., 2012 (10) Albrecht, 2012
3. Career opportunities and advancement	The degree to which the employees' viewpoint on career prospective in self-development, learning, career path and personal accomplishment at work. The perception of employees that their career growth opportunities are supported by their organization. Also, the knowledge of the actual results of the work performance both positive and negative comments which employees receive from their employer which will lead to their career advancement.	(1) Xanthopoulo, 2007 (2) Xanthopoulou, Bakker et al., 2009 (3) Rothmann and Jr., 2010 (4) Kgomo, 2010 (5) Mani, 2011 (6) Andrew and Sofian, 2012 (7) Albrecht, 2012



<b>Variables</b>	<b>Definition</b>	<b>Indicative Publication</b>
4. Benefit Financial reward and recognition	<p>Benefit refers as non-cash compensation paid to an employee. Some benefits are mandated by Thai law including social security, unemployment compensation. Other benefits may vary according to organization for example health insurance, medical plan, paid vacation etc. Financial reward defines as an amount of money that employees earn as their monthly basic regularly paid that is not subject to reduction due to the quality or quantity of work performed, also include monetary incentives that an employee receives as a result of good performance. These rewards are aligned with organizational goals, when an employee helps an organization in the achievement of its goals which including performance reward system, bonuses, commission-based programs and compensation packages.</p>	(1) O'Reilly, 2007 (2) Bhattacharya and Mukherjee, 2009 (3) Kgomo, 2010 (4) Rashid, Asad et al., 2011 (5) Karatepe, 2012
5. Co-worker relation	<p>The interpersonal relation among employees whereas the relationships exist</p>	(1) May, Gilson et al., 2004 (2) Mostert and Rathbone, 2007
6. Perceived organizational support	<p>The perception of employees that an organization values and supports them and is sincerely interested in their well-being. The organization will clarify and communicate of organizational goal and objectives among all employees. In addition, the organization has the organizational culture that supports employee involvement in decision making and offers the ability to voice out about what is going on in the organization.</p>	(1) Rothmann and Jr., 2010 (2) Rich, Lepine et al., 2010 (3) Albrecht, 2010 (4) Kgomo, 2010 (5) Shuck, 2010
<b>The personal resources factors</b>		
7. Conscientiousness	<p>Manifested in characteristic behaviors such careful, scrupulous, efficient, organized, neat, systematic and willing to achieve. Employees who score high on conscientiousness are organized, having self-discipline, dutifulness, responsible, conformity, hardworking, achievement striving and dependable.</p>	(1) May, Gilson et al., 2004 (2) Kim, Shin et al., 2009 (3) Rothmann and Jr., 2010 (4) Bakker, Demerouti et al., 2012 (5) Inceoglu and Warr, 2012



Variables	Definition	Indicative Publication
8. Core self-evaluation	The employee's perception of their worthiness, competence effectiveness believe, and capability to resist stress. Core self-evaluation consists of four different items which are self-efficacy, self-esteem, emotional stability and locus of control.	(1) Xanthopoulou and Bakker, 2007 (2) Mauno, Kinnunen et al., 2007 (3) Xanthopoulou, Bakker et al., 2009 (4) Rich, Lepine et al., 2010 (5) Shorbaji , Messarra et al., 2011 (6) Lee, 2012
9. Optimism	The degree to which employees believe in the best possible outcome of a decision or action. Employees with optimism attitude believe, expect or hope that things will turn out well, that negative circumstances are temporary. They are always looking for the best in any situation and expecting good things to happen.	(1) Xanthopoulou and Bakker, 2007 (2) Bakker and Demerouti, 2008 (3) Xanthopoulou, Bakker et al., 2009

## Conclusions

Employee engagement is considered an essential tool to the human resources management practice, which can facilitate the organization in order to deal with today's business uncertain and turbulent condition (Lee, 2012). Finding out about the determinants of employee engagement is quite crucial to the business success because it would lead to employee satisfaction and retention of employees. This paper concluded nine determinants based upon several academic journals revision, and selected determinants based on the repeatedly of indicative publication in which separated into two main factors; job resources and personal resources. Five job resources factors were Perceived supervisory support, Autonomy, Career opportunities and advancement, Benefit Financial reward and recognition, Co-worker relation, and Perceived organizational support. While, three personal resources factors were Conscientiousness, Core self-evaluation and optimism. A review of the determinants of employee engagement in service industry will provide information for all stakeholders including administrators, practitioners, government agencies, and researchers, along with a better understanding to the relationship among nine determinants; and employee engagement. The researchers exploited these demonstrated

determinants to further study in which examined the employee engagement model that scrutinized antecedents and consequences of employee engagement for hotel Industry in Thailand. The outcomes from the final employee engagement model can benefit to both academic and practitioner context.

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