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# Individual Factors and Work Outcomes of Employee Engagement

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# Abstract

Employee engagement is emerging as a critical organizational issue especially as businesses are recovering from the trauma of the global recession. Employee engagement has been an area of interest among many researchers and it had received a greater recognition among consulting firms. Therefore, there is a need for academic research on the construct to ascertain the claims of the human resource consulting firms as well as to add to the existing knowledge of employee engagement in the literature. This study was conducted on 104 HR officers working at the Inland Revenue Board of Malaysia with the purpose ascertaining the uncertainty about the influence of individual factors of employee engagement on work outcomes using the measures of employee engagement (job and organization engagements) as the mediating variables and the social exchange theory as the theoretical underpinning. The mean, standard deviation, t-test and multiple regression were employed for data analysis. The findings of this study showed a significant difference between job engagement and organization; with co-employee support as a major individual factor that influences both measures of engagement and the work outcomes.

© 2012 Published by Elsevier Ltd. Selection and/or peer-review under responsibility of the Asia Pacific Business Innovation and Technology Management Society Open access under CC BY-NC-ND license. *Keywords*: Employee Engagement; Intention to Quit; Organizational Citizenship Behaviour; Social Exchange Theory.

# 1. Introduction

After 25 years of research on the construct of employee engagement, Gallup  $(2005)^{[1]}$  put forward that a high number of engaged employees will help an organization attract more talented people while disengaged employees will cost an organization such as lower productivity, higher absenteeism, recruitment and training cost. Bates  $(2004)^{[2]}$  noted the presence of an engagement gap in the United States of America and estimated that half of the United States workforce are disengaged costing the country's businesses a lost of productivity worth \$300 billion annually. Supporting this evidence, an Autralian researcher, Hooper  $(2006)^{[3]}$ , also noted that the Australian economy loses about \$31 billion per annum as a result of the nation's employees' disengagement.

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1877-0428 © 2012 Published by Elsevier Ltd. Selection and/or peer-review under responsibility of the Asia Pacific Business Innovation and Technology Management Society Open access under CC BY-NC-ND license. doi:10.1016/j.sbspro.2012.03.222 There are increasing claims in management literature that engagement is needed for high-level organizational performance and productivity. For example the findings of many research works like (Harter *et al.*,  $2002^{[4]}$ ; Schaufeli and Bakker,  $2004^{[5]}$ ; Xanthopoulou *et al.*,  $2007^{[6]}$ ; Fernandez,  $2007^{[7]}$ ; Bakker *et al.*,  $2007^{[8]}$ ; Hewitt Associates.,  $2004^{[9]}$ ; Hallberg *et al.*,  $2007^{[10]}$ ; Lewicka,  $2011^{[25]}$  and Saks,  $2006^{[11]}$ ) agrees that employee engagement could be a strong factor for organizational performance and success, as it seems to have a significant potential to affect employee retention, their loyalty and productivity, and also with some link to customer satisfaction, organizational reputation and the overall stakeholder value. Employee engagement is a broad construct that touches nearly all branches of human resource management facets known hitherto. If every component of human resource were not well addressed with proper approach, employees would fail to fully engage themselves in their job roles thereby leading to mismanagement (Markos and Sridevi,  $2010)^{[12]}$ .

Futher, Raveesh *et al* (2010)<sup>[13]</sup> noted that employee engagement has become a critical organizational business issue as the world recovers from (HR) the menace of the recent economic recession. With the increasing awareness that the greatest asset of any organization is its people, organizations are now turning to HR to set up strategic agenda for the enhancement of employee engagement and commitment. In addition, the increasing demand for work-life balance and the changing relationship between employers and employees, the short-term of technological advantage, are among the driving forces behind the clamor for employee engagement.

#### 2. Employee Engagement and Its Conceptual Issues

Kahn (1990)<sup>[14]</sup> was the first researcher to posit that engagement means the psychological presence of an employee when executing his organizational task. Kahn tried to discover the psychological circumstances essential to justify moment of individual engagements and individual disengagements amid employees in diverse conditions at work. He applied the observation techniques and interviews to accomplish a qualitative research of individual engagements and disengagement at work of 16 counselors of a summer camp and 16 employees of an architectural firm. He established that individuals portray upon themselves to a changeable extent at the same time as executing job roles with the obligation of presence; cognitively, emotionally and physically in different tasks they carry out; noting that the employees could decide to retreat or disengage from their job roles and organizational tasks. This position laid a conceptual foundation for Gallup Organization.

Therefore, it may not be wrong to say that the term employee engagement as it is presently used is a construct coined by the Gallup Organization (2005)<sup>[1]</sup>, after 25 years of research though engagement was first conceptualized and defined by Kahn as "The 'harnessing of organizational members' selves to their work roles; in engagement, people employ and express themselves physically, cognitively and emotionally during role performances" (Kahn, 1990:694)<sup>[14]</sup>. Harter *et al.*, (2002: 205)<sup>[4]</sup> further defined employee engagement as "*the individual's involvement and satisfaction as well as enthusiasm for work*". Employee engagement is therefore the level of commitment and involvement an employee has towards his or her organization and its values. The construct of employee engagement is relatively new for HRM and appeared in the literature for nearly two decades (Robinson *et al.*, 2005<sup>[15]</sup>; Melcrum Publishing, 2005<sup>[16]</sup>; Ellis and Sorensen, 2007<sup>[17]</sup>). Saks (2006)<sup>[111</sup> and Roberts (2006)<sup>[18]</sup> noted that engagement is most closely associated with the existing construct of job involvement and flow.

International Survey Research (2003)<sup>[19]</sup> described employee engagement as the practice by which a firm enhances the commitment and contribution of its human resources to achieve greater business outcomes. The International Survey Research resolved that employee engagement is a mixture of an employee's cognitive, behavioral and affective dedication to his or her organization.

Employee engagement is crucial for any organization <sup>[26]</sup>. Engaged employees contribute to the foundation line of any business and their engagement is echoed in their services to clients and customers. By so doing, engaged employees are helping to generate more patronage and customers

loyalty. A highly engaged customer buys more products and services, refers more potential customers to that same company, stays longer and gives more feedback, which in turn, gives organization a huge profitability.

In this study, employee engagement was addressed by incorporating the two types of employee engagement, (a) Job Engagement, which is the level of employee's commitment and dedication to his job role and Organizational Engagement, which is the level of employee commitment and loyalty to their organization. This idea was put forward by Saks (2006)<sup>[11]</sup> who expressed concern over the need for employee engagement to be viewed both as job engagement and organization engagement for strategic understanding of the construct.

# 3. Theoretical Underpinning for Employee Engagement

The social exchange theory is the most accepted and widely used theory in recent research on employee engagement. According to Saks (2006:603)<sup>[11]</sup> "a strong theoretical rationale for explaining employee engagement can be found in social exchange theory (SET)". The central tenet of the social exchange theory is that people make social decisions based on perceived costs and benefits (Cropanzano and Mitchell, 2005)<sup>[20]</sup>. This assumption affirms that human being evaluate all social relationships to determine the benefits they will obtain out of such relationship (Homans, 1958<sup>[21]</sup>; Blau, 1964<sup>[22]</sup>; Ethugala, 2011<sup>[27]</sup>).

According to Saks (2006)<sup>[11]</sup>, the good way for employees to repay their organization is through their level of engagement. Employees will choose whether or not to engage themselves in relation to the resources they get from their organization. This perception shows a reciprocal relationship between the supports organizations give to their employees and employee's willingness to make the most of their individual and team performance. The social exchange provides a theoretical foundation to justify the reasons why employees decide to engage more or less on their work or stay with their organization. Employee engagement involves emotional and psychological relationship between employees and their organization that can be transmuted into negative or positive behaviours which employees display at their workplace.

#### 4. Research Framework

The main purpose of this study was to examine a research framework that can enhance the understanding of the uncertainty about the influence of individual factors of employee engagement (independent variables) on work outcomes (dependent variables) using the measures of employee engagement (job and organization engagements) as the mediating variables and the social exchange theory of the theoretical underpinning. This would provide researchers both in the academia and in the organizations with an idea of the influence and the relationship between independent and dependent variables and the two major types of employee engagement which is used as the mediator.

Figure 1 depicts the research model for this study, which demonstrates the two kinds of employee engagement (job engagement and organization engagement) in agreement with Saks (2006)<sup>[11]</sup> and Kahn (1990)<sup>[14]</sup> conceptualization of engagement and the two dominant roles of employees in an organization, which are job role and organization role.

The individual factors of employee engagement are also known as the drivers of employee engagement. There are set of workplace features that, in combination are crucial to fostering high engagement. Therefore, to drive employees in achieving high involvement and commitment to their job and organization roles, it is crucial to identify the main individual factor/s that can motivate the employees to execute their functions effectively and efficiently.

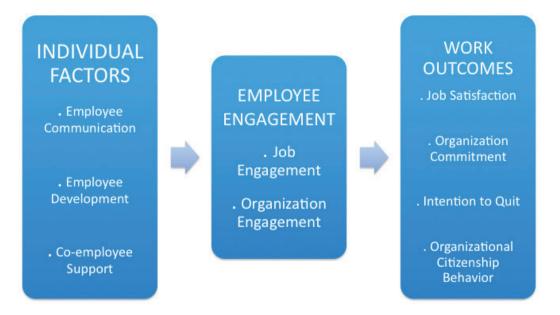


Figure 1: Research Model: Individual Factors of Employee Engagement and Work Outcomes

### 4.1 Employee communication and employee engagement

Much research had noted that there is a need for clarification and communication of organizational goals and objectives among all employees. Supporting this view, CIPD (2006)<sup>[23]</sup> survey reported that the two most significant driver of employee engagement are having opportunities to have their voice held and feeling well informed about what is going on in the organization. Communication also encompasses that employee receives feedback about their performance. Therefore, Hypothesis 1 was developed as follows:

**H1:** There is a significant influence between employee communication and employee engagement (a) job engagement and (b) organization engagement.

# 4.2 Employee development and employee engagement

Wellins and Concelman (2005)<sup>[24]</sup> noted that organizations can enhance engagement in their workforce by creating a learning culture and creating individual development plans for every employee. Many studies had shown that most employees want to keep their jobs inventive and interesting by acquiring new knowledge and skills and applying new approaches in their daily work life. Therefore, Hypothesis 2 was developed as follows:

**H2:** There is a significant influence between employee development and employee engagement (a) job engagement and (b) organization engagement.

#### 4.3 Co-employee and employee engagement

Working in a lean organization with highly talented and co-operative co-employees has been conceptualized as an essential requirement for high level of employee engagement. If the entire organization works together by helping each other learn new approach and better ways of accomplishing task, a higher productivity is expected. Hence, Hypothesis 3 was developed as follows:

H3: There is significant influence between co-employee support and employee engagement (a) job engagement and (b) organization engagement.

#### 4.4 Employee Engagement (Job engagement) and its Work Outcomes

There is some practical research reporting the relation between employee engagement and work outcomes. According to Saks (2006),<sup>[11]</sup> engagement had shown to be negatively associated to employee intentions to quit while positively related to organizational commitment. Therefore, Hypothesis 4 is stated as:

**H4**: There is a significant influence between employee engagement (job engagement) and (a) job satisfaction (b) organisational commitment (c) organisational citizenship behaviour (d) intention to quit.

#### 4.5 Employee Engagement (organizational engagement) and work Outcomes

Hypothesis 5 is stated as follows:

**H5**: There is a significant influence between employee engagement (organization engagement) and (a) job satisfaction (b) organisational commitment (c) organisational citizenship behaviour (d) intention to quit.

#### 4.6 Employee Engagement mediates amid the individual factors and work outcomes influencing it

In existing literature, researchers had shown some possibility of factors expecting to predict employee engagement and engagement predicting outcomes. It is very likely that employee engagement can mediate the relationship among the factors driving engagement and the work outcomes of employee engagement. Ergo, the last hypothesis, Hypothesis 6 is stated as:

**H6**: Employee Engagement (Job engagement and organizational engagement) will mediate the relationship between the factors influencing it and its outcomes.

#### 5. Methodology

The participants of this study were 104 HR officers at the Inland Revenue Board of Malaysia. The HR division of the Inland Revenue Board of Malaysia has five departments and one unit namely: the departments of human resource management, organization development, performance, management and competency, human resource development, pension management and facility and human resource administration unit. The participants were selected using simple random sampling. A questionnaire survey was used to collect data on the variables. Part A of the questionnaire captured the respondents' demography such as age, gender, work experience and position and was analyzed using the descriptive statistics. Part B consisted of 45 questions, 5 questions for each of the variables (both independent variables and the dependent variable). Each item was used to measure the construct on 5 points Likert scales ranging from strongly agree to strongly disagree. The t-test was conducted to ascertain the variance of the two engagement measures while multiple regressions analysis was employed to test the study hypotheses and to ascertain which among the drivers has the most significant relationship with employee engagement measures.

#### 6. Results

# 6.1 Demographic profile

Female respondents consist of 56.73%, which means 59 of the total respondents while male respondents contribute 43.27% that is 45 of the total respondents. The result indicated that out of the total respondents surveyed, 10.58% of them were within the age range of 21-25 years. 52.88% were found within the age category of 26-35 years. 22.12% are within the ages of 36-45 years. 11.54% are within the age range of 46-55 years and the remainder 2.88% were found within the age categories of 56-58 years. The majority of the participants have been employed in the organization for more than 5 years. This is evidenced in the fact that 30.77% fall within the category of 5-10 years of work experience and 25.96% falls within the category of more than 10 years of work experience. Both categories account for 56.73% that is 59 respondents of the total survey. Furthermore, 1.92% had worked less than a year, 11.54% within the range of 1-2 years work experience and 27.88% within the range of 2-5 years work experience, while 1.92% did not to provide details.

Table 1 presents the mean and standard deviation of the study variables. It is important to clarify that a significant moderate correlation of r = 0.65, p<0.05 exist between job engagement and organization engagement though the paired t-test results showed a significant difference, t (103) = - 4.481, p<0.05.

These results show that despite the correlation between job engagement and organization engagement, both measures are also significantly different from participants of this research, indicating a higher organization engagement (mean = 19.53) than job engagement (mean = 18.59) as shown in Table 1.

Variables	Mean	Std. deviation	Ν	
Employee communication	18.66	3.369	104	
Employee development	18.65	3.052	104	
Co-Employee	19.36	2.397	104	
Job engagement	18.59	2.210	104	
Organization engagement	19.53	2.769	104	
Job satisfaction	13.78	2.048	104	
Organization committment	23.38	3.316	104	
Intention to quit	8.13	4.380	104	
Organizational citizenship behaviour	22.82	2.751	104	

Table 1: Mean and standard deviation of the study variables

Table 2 shows the results of KMO (0.861) and Cronbach Alpha (0.956) indicating sampling adequacy, validity, factorability and reliability of questionairre.

Table 2: KMO, Bartlett and Cronbach's Alpha tests

Type of test		Value	
Kaiser-Meyer-Olkin measure of sampling adequacy		0.861	
Bartlett's Test of Sphericity	Approx. Chi Sqaure dF Sig	6.864 1891 0.000	
Cronbach's Alpha	0	0.956	
Cronbach Alpha based on standa	ardized items	0.970	

To test the study hypotheses, multiple regressions analyses were conducted in which job engagement and organization engagement were regressed simultaneously on all three individual factors of engagement as shown in Table 3.

Table 3: Summary of multiple regression analyses predicting employee engagement

Variables (Factors of Engagement)	Job Engagement	Organization Engagement	
Employee Communication	0.007	-0.064	
Employee Development	0.252	0.074	
Co-Employee	0.322	0.267	
Co-Employee R <sup>2</sup>	0.423	0.564	
F	11.832	20.914	

Note: p< 0.10 and values in the table are standard Beta coefficients

Table 4 and 5 show the result of the regression analyses. The results, indicate that the individual factors of employee engagement explained a significant amount of the variance in job engagement ( $R^2 = 0.423$ , p<0.10) (in Table 4) and organization engagement ( $R^2 = 0.564$ , p<0.10) (Table 5).

#### Table: 4: Multiple regression analysis results of factors predicting job engagement

					Collinearity	ŗ
Predictor	Unstandardised	Standardized				
Variables	coefficient B	coefficient Beta	t-value	Sig	Tolerance	VIF
Constant	6.606		4.274	0.000		
Employee communication	0.004	0.007	0.042	0.966	0.229	4.371
Employee development	0.183	0.252	1.906	0.066	0.340	2.940
Co-employee	0.297	0.322	2.805	0.006	0.452	2.212
Employee communication Employee development	0.004 0.183	0.252	0.042 1.906	0.966 0.066	0.340	2

Note: N=104, R<sup>2</sup> = 0.423, Adjusted R<sup>2</sup> = 0.387, F=11.832, p<0

Table 5: Multiple regression analysis results of factors predicting organization engagement

					Colli	inearity
Predictor	Unstandardised	Stan				
Variables	coefficient B	coefficient Beta	t-value	Sig	Tolerance	VIF
Constant	1.608		0.956	0.342		
Employee communication	-0.053	- 0.064	-0.460	0.647	0.229	4.371
Employee development	0.067	0.074	0.647	0.519	0.340	2.940
Co-employee	0.308	0.267	2.675	0.009	0.452	2.212

Note: N=104, p < 0.10, R<sup>2</sup>= 0.564, F= 20.914

As regards to the study hypotheses, the results from the regression analysis show that co-employees support (0.322, p<0.10) and employee development (0.252, p<0.10) were significant predictors of job engagement as shown in Table 4. Furthermore, Table 5 shows that co-employees support again (0.267, p<0.10), was significant predictor of organization engagement. From the results provided, hypotheses: H2a, H3a, and H3b were accepted.

Job satisfaction	Organization commitment	Intention to quit	Organizational citizenship behaviour
0.374	0.588	-0.254	0.719
0.140	0.345	0.064	0.517
16.616	53.763	7.030	108.998
0.497	0.747	-0.355	0.767
0.247	0.558	0.126	0.589
33.419	129.007	14.698	145.958
	satisfaction 0.374 0.140 16.616 0.497 0.247	satisfaction commitment   0.374 0.588   0.140 0.345   16.616 53.763   0.497 0.747   0.247 0.558	satisfaction commitment   0.374 0.588 -0.254   0.140 0.345 0.064   16.616 53.763 7.030   0.497 0.747 -0.355   0.247 0.558 0.126

Table 6: Summary multiple regression results on work outcomes of employee engagement

Notes: p< 0.10 and values in the table are standard Beta coefficients

Further, Table 6 illustrates the summary of regression analysis result of the measures of employee engagement (job engagements and organisation engagement) justifying a significant level of the variance on the work outcomes variables of the study. Job engagement variables justified a small significant extent of the variance in job satisfaction ( $R^2 = 0.140$ , p <0.10), organization commitments ( $R^2 = 0.345$ , p < 0.10), intentions to quit ( $R^2 = 0.064$ , p < 0.10) and organizational citizenship behavior ( $R^2 = 0.517$ , p < 0.10). While organisation engagement explained a significant level of variances in job satisfaction ( $R^2 = 0.247$ , p < 0.10), organization commitment ( $R^2 = 0.558$ , p < 0.10), intentions to quit ( $R^2 = 0.126$ , p < 0.10) and finally, organizational citizenship behavior ( $R^2 = 0.589$ , p < 0.10). Most importantly, if judged by the significant value, only organisational citizenship behavior is seen to be predicted of job engagement, also organizational citizenship behavior and organization commitment are predicted of organization engagement

In addition, job engagement and organisation engagement together seen predicting job satisfaction (0.374, p < 0.10 and 0.497 < 0.10), organization commitment (0.588, p < 0.10 and 0.747, p < 0.10), intentions to quit (- 0.254, p < 0.10 and - 0.355) and organizational citizenship behavior (0.719, p < 0.10 and 0.767, p < 0.10). As regards the study hypotheses, this result provides acceptance for the Hypotheses H4a, H4b, H4c and H4d, H5a, H5b, H5c and H5d.

#### 6.2 Analysis on Mediation Effect of Employee Engagement

In order to test the last hypothesis for the research mediation effect in which employee engagement (job engagement and organization engagements) mediates the relationship amid the group of factors and each work outcome, the multiple regression analyses was again employed. In the regression analyses, work outcomes were regressed on the factors alone and secondly, the work outcomes were regressed on the factors with the engagement measures (job engagement and organization engagement) controlled.

Variables	Work outcomes on Fa	actors alon	e	Work outcomes on Factors with Engagement measures controlled		
(Work outcomes)	Standardized Beta	$\mathbb{R}^2$	F	Standardized Beta	$\mathbb{R}^2$	F
Job satisfaction	0.490	0.24	32.279	0.513	0.263	36.469
Organization commitment	0.765	0.585	143.646	0.797	0.635	177.501
Intention to Quit	-0.391	0.153	18.426	-0.398	0.159	19.240
Organization citizenship behavior	r 0.756	0.571	135.970	0.808	0.652	191.332

Table 7: Summary results on mediating effects of employee engagement

Notes: p< 0.10 and values in the table are standard Beta coefficients

From the results shown in Table 7, mediating effects of employee engagement is explained from the  $R^2$  value as follows: for job satisfaction, the factors justified 24% of the variance but increased to 26.3% (p<0.10) with engagement measures (job engagement and organization engagement) controlled. For organization commitment the factors explained 58.5% of the variance but increased to 63.5% (p<0.10)

with engagement measures controlled. For intentions to quit, the factors explained 15.3% of the total variance but decreased to 15.9% (p<0.10) with engagement measures controlled. Finally, for organization citizenship behavior, the factors explained 57.1% of the variance but increased to 65.2% (p<0.10) with engagement measures controlled.

In summary, the result of the regression analysis provided an acceptance for H6. Therefore, the relationship between individual factors variables of employee engagement and work outcomes variables is strongly mediated by employee engagement (job engagement and organization).

#### 7. Discussion

The purpose of this research is to test a model of employee engagement in order to ascertain the influence of individual factors of employee engagement on work outcomes using the measures of employee engagement (job and organization engagements) as the mediating variables and the social exchange theory as the theoretical underpinning. This study is among the pioneering work to support a distinctive difference between job engagement and organization engagement. Hence, it contributed greatly to the emerging area of employee engagement. One of such contribution was the recognition of employee engagement as role specific (i.e., employee job role and employee organizational role). To make it clear, this study supports Saks (2006)<sup>[11]</sup> findings that suggested there is a distinctive difference between job engagement and organization although both measures are highly related.

Unlike Saks (2006)<sup>[11]</sup> findings, this study shows that participants' scores for organization were significantly higher than for job engagement. Furthermore, this study found that an individual factors predict job engagement and organization engagement. For example, co-employee support predicted both job and organization, employee development predicted job.

In addition, the findings of this study supported that social exchange theory (SET) can be used as a theoretical framework in understanding the construct of employee engagement. This means that the employees who have perceived support from the co-employees are more likely to reciprocate with greater level job engagement and organization engagement; employees who are provided with adequate development (training, skills and learning) are more likely to be more engaged in their job role and organization roles; and would repay with greater organization engagement. Thus, engaged employees have positive behaviors, attitudes, intentions derived from a high level mutual relationship with their co-employees and their employer.

This findings are consistent with literature as posited by Harter *et al.*  $(2002)^{[4]}$ , Schaufeli and Bakker  $(2004)^{[5]}$ . Xanthopoulou *et al.*  $(2007)^{[6]}$ , Salanova *et al.*  $2005^{[7]}$ , Bakker *et al.*  $2007^{[8]}$ , Hakanen *et al.*  $2006^{[9]}$ , Hallberg *et al.*  $(2007)^{[10]}$  and Saks  $(2006)^{[11]}$ ) that employee engagement could be a strong factor for organizational performance and success, as it seems to have a significant potential to affect employee retention, their loyalty and productivity, and also with some link to customer satisfaction, organizational reputation and the overall stakeholder value.

#### 8. Conclusion

In conclusion, this study provides a great value to knowledge of employee engagement as one of the pioneering work in advocating that employee engagement should be examined by distinguishing between job engagement and organization engagement. This distinctiveness will help explain the strategic importances of employee engagement because it will examine the job role and organization role of every member of an organization in alignment with the organizational business goals and its human capital strategy in a wide range of attitudes, behaviors and intentions that have great impact on performance, productivity and strategy delivery. No doubt, there is no one-size-fits-all answer to employee engagement. It

is a win-win state of affairs, vastly engaged employees will resiliently identify with the success of their organization and win fulfillment from their contributions. Therefore, this study engagement model will help Inland Revenue Board of Malaysia and other organizations identify that co-employee support is the most cost-effective individual factor of employee engagement to sustain a long-term engagement. In Summary, the result of the regression analysis provided a substantial support that individual factors of employee engagement could influence work outcomes. This means that although the factors of engagement have a significant contribution to employee attitude towards work (work outcomes), yet with the mediating effect of employee engagement, the contribution of the engagement factors variables and the work outcomes variables are strongly mediated by employee engagement (job engagement and organization engagement). These findings support Saks (2006)<sup>[11].</sup> hence, employee engagement can be utilized as a mediator to enhance the behavior, intention and attitudes of employees towards a better work performance.

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