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Employee Engagement – A literature review and analysis of HR and engagement practices' relationship with employee aspects based on the 'European Employee Engagement Maturity Survey' research

Organisations operate in a much more complex, dynamically changing and less predictable environment than a few decades ago. As prices, products and technology can be easily reproduced by competitors, organisations recognise that their real competitive advantage rather lies in intangible assets, such as their human resources. To be able to successfully meet the requirements of a more challenging business environment organisations need to manage their human resources more effectively than ever before. Therefore pioneering organisations are persistently looking for new approaches to be able to face with the constantly emerging new challenges. Employee engagement has turned to be a hot topic, because it became a widely accepted notion that engaged employees drive outstanding business results (e.g. Kular et al. 2008; Gallup 2010; Spreitzer and Porath 2012).

The first main section of this paper intends to provide a literature review about the various conceptualisations of the engagement construct, while also introduces a new engagement model developed upon the authors' interpretation. Following part of the article discusses the phenomenon of Engagement-Performance Paradox by presenting various research findings and articulates several suggestions for further academic researches.

The second main section of the paper introduces the 'European Engagement Maturity Survey', which was conducted with the participation of European HR professionals in 2010 and 2012. Main objectives of the research were to reveal how certain employee aspects (such as employee morale and engagement as well as organisations' ability to attract and retain talent) changed within a two-year period prior to the enrolment of the survey. It also explored the variety of different HR and engagement practices being applied by the represented European organisations. Furthermore analysis of the survey data investigated the relationships between employee aspects and applied HR and various engagement practices as well as certain further factors such as the size, region and business context of the organisations.

Literature Review

The meaning of employee engagement

By studying the engagement literature we can conclude that there is not a single common understanding of the term 'employee engagement'. It can be interpreted in a wide variety of ways depending on the objectives and viewpoint of the examiner. Some representations of the engagement concepts focus on the *individual* itself, others capture engagement as connected to the *organisation* and we can also separate *job* or *occupational* related explanations (e.g. Saks 2006). According to some theories the source of engagement is within the employee, 'it is something that the individual brings to the workplace' (Kular et al. 2008: 10). These theories focus on the *internal* drivers of engagement. Other theories claim that engagement is rather formed by the environment the organisation shaped for its employees; therefore *external* drivers are put under the magnifying glass. Another differentiator in approaches apprehends the *attitudinal* and *behavioural* engravings of engagement.

In the academic literature Kahn (1990: 694) described engagement as 'the harnessing of organisation members' selves to their work roles: in engagement, people employ and express themselves physically, cognitively and emotionally during role performances'. According to Kahn's individual-focused approach engagement has three main components: physical, cognitive and emotional. An engaged employee is not only physically present at work but identifies with his or her work at a cognitive and emotional level as well.

Rothbard's (2001) definition is very similar to Kahn's as he also approaches engagement as a psychological presence at work. He highlights two elements of engagement; attention and absorption. Attention means a 'cognitive availability and the amount of time one spends thinking about a role' (p. 656), in the meantime absorption means 'being engrossed in a role and refers to the intensity of one's focus on a role' (p. 656).

Another individual-focused theory is developed by Csíkszentmihályi (1975: 36), who constructed the term 'flow' to describe the 'holistic sensation that people feel when they act with total involvement'. Flow is a special mental state in which the individual lives so deeply in the moment that he or she does not sense time, care about problems or worry about success. In flow the individual closes off the environment and with all his/her senses focuses on the activity he/she is doing. Flow is an autotelic experience, when 'the goal is self-fulfilling, the activity is its own reward' (Pink 2009: 113).

Other academics, such as Maslach and Leiter (1997) also approach engagement as a psychological state, however consider it as the positive antithesis of burnout. They analyse burnout with three dimensions: exhaustion, cynicism and ineffectiveness and regard engagement as energy, involvement and efficacy.

Schaufeli and Bakker (2004: 295) 'define engagement as a positive, fulfilling, work-related state of mind that is characterized by vigor, dedication, and absorption'.

Meyer and Allen's (1991) 'affective commitment' construct corresponds well with numerous engagement interpretations as they define an affectively committed employee as someone who strongly identifies with and wants to belong to the organisation, because there is congruence between the values of the individual and the organisation.

Macey and Schneider (2008) differentiate three components of engagement; (1) trait, (2) state and (3) behavioural engagement. Trait engagement describes the disposition of the individual, e.g. positive views of life and work, proactive and autotelic personality. This component of engagement is an internal factor, which is brought by the individual. Engagement as a psychological state represents feelings of absorption, attachment, energy, enthusiasm, passion. A sense of self-identity with one's work is also an important element of state engagement. Behavioural engagement is a performance construct reflecting effort or observable behaviours, with a 'sense of doing more and/or something different' (p. 24). Thus, behavioural engagement can be regarded as a manifestation of antecedent factors such as trait and state engagement.

While academic conceptualisations rather tend to focus on the psychological state and antecedents of engagement, business and practitioner approaches preferably highlight the behavioural facet and consequences of engagement in relation to the organisation such as willingness 'to go the extra mile', discretionary effort, awareness of business goals, higher productivity, employee's desire to stay with the organisation.

Robinson et al. (2004) summarise behaviours related to employee engagement as follows:

- belief in the organisation,
- desire to work to make things better,
- understanding of business context and the 'bigger picture',
- respectful of, and helpful to colleagues,
- willingness to 'go the extra mile',
- keeping up to date with developments in the field.

MacLeod and Clarke (2009) take the employee engagement concept one step further. They believe that not only attitudes and behaviours, but outcomes, such as lower accident rates, higher productivity, fewer conflicts, more innovation, lower fluctuation and reduced sickness rates are also an integral part of the employee engagement definition.

According to the Gallup Organization (2010) 'employee engagement is a force that drives performance outcomes'.

Towers Perrin (2008) defines engagement as 'employees' willingness and ability to contribute to company success.'

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- work
 - job
 - people
 - discretionary effort
 - motivate
 - etc.

These words are rather related to the organisation and the consequences of having an engaged workforce. Interestingly terms such as passion, energy, enthusiasm, emotional attachment, which are frequently part of the academic definitions rarely occur in the practitioner representations.

As a conclusion of the previously presented approaches components of various employee engagement definitions are summarised as follows (Table 1):

Attitudes	Behaviours	Results
-identification with the organisation's values, mission and goals -emotional attachment -passion, enthusiasm, energy -internal drive, intrinsic motivation -pride in the organisation -willingness to 'go the extra mile'	- understanding the 'big picture' - awareness of the business context - keeping up to date with developments in the field - demonstrated discretionary effort - going 'above and beyond' expected	- higher productivity - outstanding performance - loyalty - lower turnover - lower accident rates - more innovation - less conflicts

Table 1: Summary of different employee engagement definitions

Source: Own edition

As Figure 2 illustrates in the authors' conceptualisation employee engagement is a construct that is related *to the organisation*; an engaged employee strongly identifies with the organisation, its mission, values and objectives. However the source of engagement cannot be purely external to the individual. While the environment is at least as important complex component in engaging employees, it is similarly essential that the *individual's intrinsic motivations* are also there as main drivers in behaviours. If an employee is motivated only by external factors (e.g. the expected rewards provided by the organisation), than it is not considered employee engagement. Furthermore, self-identity with one's *job* is also considered as another key element in defining employee engagement. It is not possible to maintain enduring engagement without finding meaning in the job itself. Although *psychological states* such as passion, energy, feelings of being inspired, enthusiastic are indeed significant antecedents of engagement, examining these factors without the subsequent observable *behaviours* would be a notable compromise in the intention of conceptualising a holistic picture of employee engagement. Thus behavioural constituents, such as demonstrated discretionary

effort, going above and beyond expected, doing something more and/or different are also an integrative part of the employee engagement concept.

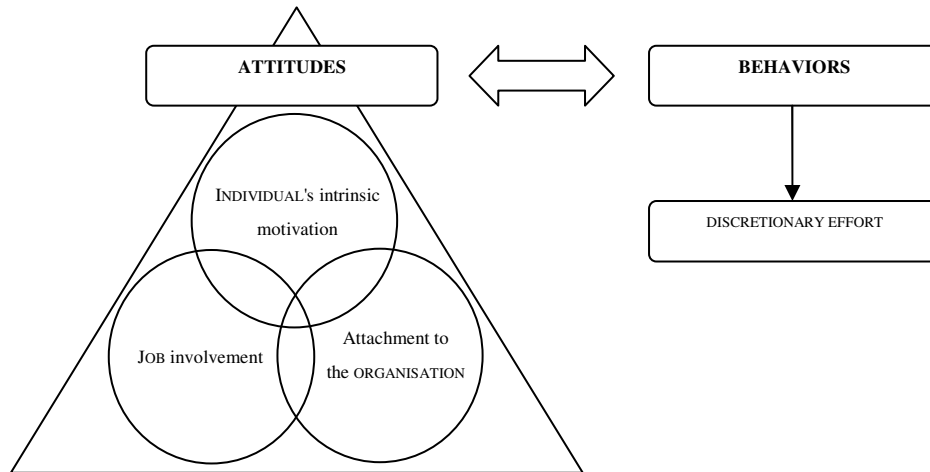


Figure 2: Components of employee engagement
Source: Kassim 2012 (slightly modified)

While some approaches regard not only attitudes and behaviours, but also outcomes as an integral part of the employee engagement concept in our conceptualisation outcomes are not components of the employee engagement definition. If an individual has the 'right' attitude, which manifests in the related behaviours than he/she can be considered as an engaged employee regardless of the outcomes of his/her efforts. Similarly, according to our conceptualisation, a high-performer employee is not necessarily an engaged one.

Engagement-Performance Paradox

There is a general accordence that an engaged workforce drives outstanding results (e.g. Kular et al. 2008; Gallup 2010; Spreitzer and Porath 2012). Even though it seems unequivocal that engaged employees outperform their less engaged counterparts as of now academic research has failed to prove strong correlation between engagement and performance.

Roots of investigating relationship between employee attitudes and performance go back to the '40s since when more and more studies intended to certify that happier workers are more productive and this notion was widely promoted by contemporary scholars of social sciences (Perrow 1972). At first two psychologists, Brayfield and Crockett (1955) initiated a comprehensive research by thoroughly examining previous studies in the field. They found that happy employees did not

necessarily feel urge to work more productively. Another extensive analysis conducted by Vroom (1964) based on 23 previous research findings found the mean correlation between satisfaction and productivity to be only 0.14, which reflects a fairly weak relationship. By reviewing 30 earlier studies Lawler and Porter (1967) also came to the same conclusion, which led them to assume that the causality relationship may be converse; higher outcomes cause satisfaction, supposing that the worker is concerned about high achievement. They confirmed their hypothesis by a study examining 148 lower and mid-level managers across five organisations. Schneider et al. (2003) also argue that the causal arrow between employee attitudes and performance can be reciprocal, which was supported by their 8-year longitudinal analysis among 12-35 U.S. corporations.

One of the biggest cross-industrial employee engagement meta-analysis was conducted by the Gallup Organization (Buckingham and Coffman 1999). First they identified 12 specific questions (also referred as Q12) that would separate the highest-performer employees from the average. These questions investigate the presence of certain environmental conditions such as clearly defined expectations, praise and recognition, development opportunities among others. Those employees, who responded the most positively to these questions, were found to be the highest-performers of the organisation. However, worth-noting that they did not specify based on what aspects individual performance was evaluated. In the second section of the research they tested the 12 questions and found that 'those employees who responded more positively to the twelve questions also worked in business units with higher levels of productivity, profit, retention and customer satisfaction' (Buckingham and Coffman 1999: 25).

Based on these findings they concluded that engaged employees drive business performance. According to our understanding those employees who responded the most positively to Q12 may be the highest-performers of the organisation, but considering these employees to be the most engaged as well is just an assumption. The attributes conceptualised in Q12 refer to a range of environmental factors, which may be indeed important external enablers to high performance, but do not measure the main components of engagement, such as the internal drives of employees, their emotional attachment to the organisation or to their job or their concrete behaviours.

A Towers Perrin (2003: 19) study conducted in 2003 among 40,000 employees in the U.S. and Canada claim to have revealed 'a clear relationship between increased engagement, improved retention of talent and better financial performance'. Their definition of engagement was reflecting a set of rational and emotional attitudes towards one's organisation. By using a set of publicly available company financial metrics they found that those employees who responded more positively to the engagement measuring questions were more likely to work for organisations, which exceeded the industry average one-year revenue growth.

Based on these results they concluded that 'Companies with higher employee engagement outperform those with lower employee engagement, relative to industry benchmarks.' (p. 20). In our understanding just because the more engaged employees were more likely found to work for companies exceeding the industry average revenue growth does not necessarily mean that those companies can claim an overall higher level of engagement. Notwithstanding according to the Towers Perrin cross-industrial research engaged employees are more likely to work at above average performing companies, which allows us to assume that there may be a relationship between engagement and business results. However further statistical analysis would be necessary to examine whether the relationship is significant. Also, without analysing the concrete individual performance of those who had been identified as highly engaged employees we do not know whether their positive attitudes were indeed manifested in high-performing behaviours or perhaps working for a successful company made their perceptions and attitudes more positive towards their organisation.

Another research aiming to investigate correlation between work engagement and financial results was conducted by Xanthopoulou et al. (2009) across three branches of a Greek fast-food company. They differentiated general work engagement from day-level work engagement, which was measured five consecutive workdays. General engagement was measured by the 17-item Utrecht Work Engagement Scale (UWES), which measures engagement as a positive psychological state. For measuring day-level work engagement they used an adapted 6-item version of the UWES questionnaire. Financial results were measured only on day-level (total amount of money earned within a particular shift) and were found to be moderately correlated with day-level work engagement ($r=0.34$) and weakly correlated with general work engagement ($r=0.22$). We can conclude that even though relationship between engagement and performance was found to be in a significant relationship, the strength of the relationship was not found to be strong.

When interpreting these findings we should take into account that financial results were measured only on a daily basis. It is questionable whether levels of daily engagement have an immediate effect on the daily financial results. Also, UWES captures only the individual's positive attachment to his/her job leaving out of consideration other components of employee engagement.

Conclusion and suggestions for further research

The critical approach in representing survey methodologies and interpreting research findings intended to give emphasised prominence on the importance of carefully evaluating universally drawn conclusions such as 'an engaged workforce

drives outstanding results' (Gallup 2010). The challenge in interpreting research findings in a universal way lies in various areas.

First, all researches are taken under a different terminology. Some researches capture the attitudinal facet of engagement (e.g. Towers Perrin, UWES), while others include individual performance in the engagement definition (e.g. Gallup Q12). The measuring protocols are varying research by research, taking into consideration a wide range of various elements in measuring diverse components of engagement as well as individual and organisational performance. It is problematic that questionnaires being used to measure engagement are rarely validated. Komlósi (2013) also argues that measurement instruments need to undergo a thorough examination and verification in regards to psychological theory and construct conceptualisation.

Current researches rather tend to focus on measuring the attitudes of employees without examining whether these attitudes manifest in related engaged behaviours e.g. demonstrated discretionary efforts. For further researches it would be beneficial to link observable behavioural elements to the attitudinal facets of engagement measurement. Although it must be acknowledged, that there is an intense dispute among academics whether the construct of 'behavioural engagement' is a distinct notion. As a response to Macey and Schneider's (2008) state-, trait- and behavioural classification of engagement, Griffin et al. (2008) argue that distinguishing engaged behaviours raises more complications than it solves. They explain that 'Because all behaviors are multidetermined, it is not possible to link a specific form of behavior with a specific motivational state.' (p. 48). Furthermore, Griffin et al. (2008) argue that the boundaries between discretionary efforts and in-role obligations are also weak at best. These points are valid, indeed. Therefore environmental context needs to be taken into consideration when unfolding relationship between attitudes and related behaviours. On the other hand, Newman and Harrison (2008: 35) argue that the construct of employee engagement – if described as attitudes or with Macey and Schneider's (2008) term; state and trait engagement –, than it 'adds nothing beyond the higher order 'overall job attitude' construct'. They believe that the employee engagement notion should be understood in terms of behaviours, which would be more useful from a practitioner's point of view, too. Furthermore, both Newman and Harrison (2008) as well as Saks (2008) argue that engaged behaviours should not only be considered discretionary effort or doing something more or different (Macey and Schneider 2008), but doing one's job well or in a way that it is supposed to be done should also be viewed as engaged behaviour. According to our interpretation, distinguishing the attitudinal and behavioural facet of engagement is beneficial, because engaged behaviours play a mediating role between positive attitudes and concrete individual performance. Many researches fail to prove a strong correlation between engagement and performance because they define engagement in terms of

attitudes and relate them to performance outcomes that may not be directly influenced by employees. Observable engaged behaviours may be a better predictor of individual job performance, than mere attitudes; however the concept of Q12—which labels high-performer employees as 'engaged' without questioning their attitudes, e.g. emotional attachment to the organisation, involvement in their job or their intrinsic motivations—is highly questionable. Furthermore, if we define engagement in terms of level of performance, then it should not be a surprise that highly engaged employees perform better, since we defined engagement as high-performance in the first place. Notwithstanding, investigating relationship between individual job performance and observable behaviours rather than attitudes could be considered as another endeavour in re-conceptualising the engagement construct in order to fit into the prove-to-be pre-assumptions. Therefore engaged behaviours are suggested to be examined in relation to the underlying engagement attitudes in the context of analysing the work environment in order to map the possible existence of constraints external to the individual that may refrain expressed efforts to materialise in concrete results. It must be acknowledged that such intentions would be highly complex and in the meantime would also necessitate the development of an appropriate research methodology that goes beyond 'simple' questionnaires currently widely used to measure engagement.

While employee engagement became a popular term, considerably less attention has been paid to the negative form of engagement and its consequences. We share the standpoint of Masson et al. (2008: 58), who raise their concerns that further investigation should also focus on the possible outcomes of active disengagement, 'where employees may be investing effort in a deliberate attempt to undermine the organization and its objectives'. Buckingham (2001: 37) reinforces that actively disengaged employees 'intent on sharing with colleagues the many reasons for which they believe their organization is such a rotten place to work.'

Masson et al. (2008) also point to another interesting question, whether active engagement may always lead to favourable outcomes. Britt (2003) found evidence that in certain circumstances, e.g. when a range of organisational obstacles render difficult to achieve high performance, then it has more negative impact on actively engaged employees, who attribute higher importance to their job. In this case the more engaged employees are, the more demoralised they may become. Wright and Cropanzano (1997) also highlighted that employees who has a more positive affect towards their job are more likely to feel dissatisfied when constraints engender. From the opposite angle Frese (2008) argues that engaged behaviours often derive from dissatisfaction, when employees find a situation not satisfactory and that leads them to initiate change.

We can see that it is not so obvious that engagement's consequences are all positive. Many researches that failed to prove a significant relationship between satisfaction or engagement and performance, thus justification of the importance of

these constructs tend to be expressed by the possible negative consequences of the lack of satisfaction or engagement. Szlávicz (2010) also arrives to the conclusion that even though satisfaction may not result in higher productivity, it is still an important construct, because dissatisfaction most likely leads to undesirable consequences, such as absenteeism, lateness, fluctuation or protest behaviours.

Another problematic area of research analysis that performance measures usually include the results of a longer period of time in the past, while engagement or satisfaction measures reflect employee's opinion about certain work-related aspects in that specific moment of responding to the survey questions. Dalal et al. (2008) raise their concerns that even though the multidimensional complexion of engagement is widely affirmed it is more often regarded and measured as a stable construct than a variable one. They agree with Macey and Schneider's (2008) state and trait engagement concept and argue that 'a state typically conveys the idea of within-person variation occurring over a period of 1 week or less (and, frequently, over a period of hours or even minutes); conversely, a trait typically conveys the idea of within-person stability over periods of at least several weeks or months' (p. 52). Kahn (1992) also assumes that one can experience daily fluctuations in the level of work engagement. Sonnentag (2003) conducted a research, which investigated the participants' engagement level once a day for a 5-day period and drew the conclusion that within-person engagement is moderately volatile. Therefore Dalal et al. (2008: 53) suggest that 'engagement has both trait-like and state-like components' and propose that for an accurate measure of the engagement level of an individual data should be collected multiple times over a longer period to be able to filter intraindividual differences that may occur in the retrospective duration.

We also raise our concern that engagement measures are usually referring to the exact moment of the survey, while performance measures are reflecting the results of a past period although currently expressed efforts may have their results in the future. Therefore it is suggested that the engagement-performance relationship should be examined by taking into account the possibly necessary time frame between the moment of measuring engagement and its possible effects in related performance at a later time.

Finally, there is another debate in the literature whether employee engagement is a useful construct at all or just 'old wine in a new bottle'. Saks (2008: 43) argues that 'if the engagement concept is unique, it requires a distinct meaning and needs to be role specific rather than a cocktail of related constructs'. Newman and Harrison (2008) share the point of Saks that the notion of employee engagement does not have any new conceptual content in relation to already well-established other constructs such as job satisfaction, organisational commitment, job involvement or proactive or citizenship behaviour. On the contrary however they argue that it is still a useful contract if it is defined from a behavioural point of

view. Pugh and Dietz (2008) suggest that employee engagement would be more useful if it was interpreted at an organisational-level as decision-makers of an organisation usually work with aggregated data. In doing so, they also note that organisational-level engagement should not be a simple aggregation of the individually collected responses. They emphasise that an adequate composition theory would be needed to develop appropriate measurement methodology in order to capture aspects specific to the organisation-level. From a practitioner's viewpoint Masson et al. (2008) argues that employee engagement matters to managers because in a fast-changing environment the pressures of competitiveness and productivity are enhanced. Building the capability of organisational proactivity does not leave room for precisely specified roles and responsibilities, thus organisations need to engage employees in order to ensure alignment to objectives.

European HR and engagement practices

Objectives of the research, hypotheses and methodology of analysis

In the spirit of revealing typical HR and employee engagement practices and its possible effects on certain employee aspects a Europe-wide survey research was conducted under the title of 'Employee Engagement Maturity Survey' with the participation of 149 European HR professionals in 2010 and 127 in 2012.

The main objectives of the research were to reveal the following areas:

- How did the perceptions about the business context and certain employee aspects (i.e. employee morale and engagement as well as organisations' ability to attract and retain talent) of European HR professionals change during the downturn and in the last two years?
- How important was employee engagement within organisations across Europe?
- How consciously was employee engagement managed by European organisations?
- What were those HR practices that had been applied the most commonly in organisations across Europe?
- What are the possible effects of different HR and employee engagement practices on certain employee aspects?

Demographics of research participants

Majority of respondents (80% in 2010 and 65% in 2012) were HR Directors and HR Managers.

The Central and Eastern European (CEE) region was represented by 50% of respondents in 2010 and 41% in 2012. In 2010 a considerable group (35%) were

coming from the UK or Ireland, while in 2012 there was a more balanced distribution of respondents among the European regions out of CEE.

Respondents were representing a wide variety of different industries. In 2010 the sectors of financial services (11%) and fast moving consumer goods (10%) were the most represented, while in 2012 professional services (13%), manufacturing (11%) and information technology (10%).

In 2010 70% of organisations had less than 2,500 employees, while in 2012 62% of respondents represented large organisations employing more than 5,000 employees, while the ratio of micro-, small- and medium-sized enterprises was 19%.

Importance of employee engagement in Europe

Almost all responding European HR professionals (98% in 2010 and 100% in 2012) agreed that improved employee engagement has a direct and positive effect on the organisation's better business performance. In the light of these results it is not surprising that in majority of represented organisations (79% in 2010 and 81% in 2012) employee engagement was considered to be a top priority or very important. In both years approximately two thirds of respondents (65% in 2010 and 68% in 2012) reported to have a clearly or somewhat defined employee engagement strategy, moreover in 2012 72% of these strategies were clearly linked to business results.

We can conclude that among European HR professionals participating in the current research it is a widely accepted notion that engagement directly contributes to business results. The research shows that within the current sample high importance is assigned to employee engagement and efforts are expressed in order not only to develop defined engagement strategies but also to clearly link engagement measures to business results. According to Ulrich and Smallwood (2005) even though it is accepted that the investments in developing HR practices contribute to an increased level of employee engagement, which may predict higher profitability, it is substantial that return on investments could be measured clearly. The findings of the current research support the observation of a positive change into this suggested direction.

Measurement of 'Employee Aspects'

The research was carried out in a period of time, when the business environment was characterized by dramatic changes due to the world-wide economic crisis followed by a slow recovery period. In order to investigate whether this was reflected within certain employee aspects participants of the research were asked the following questions (in each year referring to a two-year period):

- How has employee morale changed?
- How has the engagement level of your employees changed?
- How has your ability changed in attracting talent?
- How has your ability changed in retaining talent?

Based on the responses to these questions principal component analyses (PCA) were conducted. Since the original variables were measured on a five-point Likert scale, while PCA can be conducted only on variables measured on a ratio scale or alternatively dichotomous variables (Sajtos and Mitev 2007; Székelyi and Barna 2008) answers were re-coded into dichotomous variables, where 'significantly worse' and 'somewhat worse' answers were coded as '0' and 'remained the same', 'somewhat better' and 'significantly better' responses were coded as '1'.

As shown in Table 2 the KMO measures are both above the 0.5 required limit (Sajtos and Mitev 2007; Székelyi and Barna 2008), therefore the new principal components are appropriate to represent the original variables. This is reinforced by the Bartlett-tests, where level of significance were both below the 0.05 required limit (Sajtos and Mitev 2007; Székelyi and Barna 2008). Henceforth the constructed principal components are referred as '*Employee Aspects*'.

KMO and Bartlett's Test		2010	2012
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.581	.700
Bartlett's Test of Sphericity	Approx. Chi-Square	101.006	172.276
	df	3	6
	Sig.	.000	.000

Table 2: KMO and Bartlett's Test for 2010 and 2012

Source: Own research

As Table 3 illustrates in 2010 ability to retain talent, employee morale and employee engagement were included into the 'Employee Aspects' principal component, while in 2012 ability to attract talent was also included. Ability to attract talent showed a somewhat different pattern than the other 3 components. This may be explained by the economic environment as during the downturn—which was characterized by a high-level of uncertainty—people may have been less willing to leave their organisations, therefore a notable proportion of respondents perceived their ability to retain talent as somewhat or significantly better than before the downturn. At the same time—hit by the downturn—a lot of organisations were forced to lay off a huge number of employees, which made it possible for other organisations to attract more talents than before, consequently talent attraction ability was also perceived as somewhat or significantly better in the corresponding period. From 2010 a slow recovery in economy could be observed which may explain that a growing ratio of respondents perceived their

ability to retain talent somewhat or significantly worse comparing to the retrospective period.

Component Matrix ^a 2010		Component Matrix ^a 2012	
	Component		Component
	1		1
Talent retention	.636	Employee attraction	.747
Employee morale	.859	Talent retention	.806
Employee engagement	.901	Employee morale	.895
		Employee engagement	.805

Extraction Method: Principal Component Analysis.

a. 1 components extracted.

Table 3: Component matrix for 2010 and 2012

Source: Own research

The 'Employee Aspects 2010' principal component included 65.1% of information content of the original variables, while 'Employee Aspects 2012' included 66.4% (Table 4).

Error! Reference source not found. An 'Employee Aspects' score was generated and assigned to each respondent in both years. The higher the 'Employee Aspects' score is the higher degree of increase in employee morale and engagement as well as a higher increase in the level of ability to retain (and in 2012 also to attract) talent was reported based on the perceptions of responding European HR professionals.

Measurement of HR practices

The research also revealed those HR practices which were the most commonly used among European organisations represented in the research. Participants were asked to indicate those HR practices—from a pre-defined list—that were being applied within their organisations on a regular basis. Table 5 illustrates the ratio of respondents who indicated the use of referred HR practice on a regular basis.

Applied HR practices	2010	2012
Regular performance reviews	89%	89%
Training and development programs	87%	85%
Leadership development programs	66%	77%
Employee Engagement surveys	59%	62%
Behavioural interviews in recruitment process	59%	62%
Succession planning	61%	60%
Identifying talent pool	55%	59%
Flexible work arrangements	n.d.*	58%

Coaching	62%	58%
On-boarding / induction programs	71%	57%
360 degree evaluation	49%	57%
Employer branding	39%	53%
Talent management programs	n.d.*	52%
Overall competency model	49%	51%
Employee Satisfaction surveys	63%	50%
Career planning	50%	47%
Competitive remuneration	55%	45%
Mentoring	n.d.*	43%
Social media	n.d.*	43%
Management trainee programs	47%	37%
Assessment Centres (AC) in recruitment process	37%	36%
Participating in 'Best Employer' surveys	29%	34%
Work-life balance programs	28%	34%
CSR programs	36%	33%
Development Centres (DC)	25%	23%
Individually customized incentives	17%	22%
Individualized job design	20%	17%
Interim managers	n.d.*	11%
Participating in 'Family Friendly Employer' surveys	7%	8%
Total	100%	100%

Ratio is in proportion to the total number of respondents of the present question in the corresponding year

* No data

Table 5: HR practices indicated as used on a regular basis

Source: Own research

HR practices were operationalised by standardising each HR practice based on occurrence frequency within the sample, where more frequent HR practices were taken into account with lower weights, while higher weights were allocated to less frequent HR practices. An '*HR Practices Index*' was developed and assigned to each represented organisation by summing up the standardised values of each HR practice that was indicated as being used on a regular basis within the organisation. Hence, the higher the '*HR Practices Index*' is the more progressive the organisation may be considered based on the variety and nature of HR practices being applied on a regular basis.

Relationship between 'Employee Aspects' and the 'HR practices Index'

Hypothesis 1: 'Employee Aspects' and 'HR Practices Index' are positively related to each other.

In order to test Hypothesis 1, a correlation analysis was conducted between the created variables of 'Employee Aspects' principal component and the 'HR Practices Index' both in 2010 and 2012. As Table 6 illustrates in both years correlation between 'Employee Aspects' and the 'HR practices index' was found to be significant at a 5% significance level however the strength of this relationship can be considered only as weak, because the Pearson correlation coefficients were only 0.225 in 2010 and 0.220 in 2012 (Sajtos and Mitev 2007; Székelyi and Barna 2008).

Correlations							
2010		PC Employee Aspects 2010	Stand HR Practices Index 2010	2012		PC Employee Aspects 2012	Stand HR Practices Index 2012
PC Employee Aspects 2010	Pearson Correlation	1	,225*	PC Employee Aspects 2010	Pearson Correlation	1	,220*
	Sig. (2-tailed)		.013		Sig. (2-tailed)		.032
	N	120	120		N	95	95
Stand HR Practices Index 2010	Pearson Correlation	,225*	1	Stand HR Practices Index 2010	Pearson Correlation	,220*	1
	Sig. (2-tailed)	.013			Sig. (2-tailed)	.032	
	N	120	149		N	95	127

*. Correlation is significant at the 0.05 level (2-tailed).

Table 6: Correlations between 'Employee Aspects' and 'HR Practices Index'

Source: Own research

Based on these results we can accept Hypothesis 1, thus 'Employee Aspects' and 'HR Practices Index' are positively related to each other. Therefore we can conclude that in the current sample of European organisations the more various and progressive HR practices were used within an organisation the higher level of positive increase in employee morale and engagement could have been anticipated as well as the higher level of increase in the ability of retaining (and in 2012 also attracting) talent based on the perceptions of responding European HR professionals.

This result allows us to assume that investments into the development of various HR practices contributes to a positive change in certain employee aspects such as the level of engagement and morale of employees as well as the organisations' ability to attract and retain talent. Even though the relationship between the

'Employee Aspects' and the 'HR Practices Index' was found to be significant, the strength of correlation wasn't proved to be strong within the current sample. This means that the operation of certain HR practices itself may not necessarily lead to the high level of 'Employee Aspects'. We assume that the quality of way certain HR practices are being applied may also have a notable effect on 'Employee Aspects'. For instance, an organisation may have the most cutting-edge performance management system in place if managers are not skilled in providing clear, objective and constructive feedback to their subordinates than it may rather disengage than engage employees.

Further analyses

In order to test the forthcoming hypotheses analyses of variance were conducted in SPSS between 'Employee Aspects' as well as the 'HR Practices Index' and the corresponding survey responses.

Table 7 illustrates the significance value (Sig.) of the ANOVA tables of each conducted analysis of variance. If the significance value is below 0.05 than the relationship between the examined factors is significant. Based on the analysis of variance we cannot make conclusions about the strength of the relationship between the two factors however we can see if the relationship is significant. If the relationship is significant than the 'Eta Squared' value shows the percentage of variance in the heterogeneity of the dependent factor (i.e. 'Employee Aspects' or 'HR Practices Index') explained by the independent factor (i.e. question responses) (Sajtos and Mitev 2007; Székelyi and Barna 2008).

	'Employee Aspects'				'HR Practices Index'			
	2010		2012		2010		2012	
	Sig.	Eta Squared	Sig.	Eta Squared	Sig.	Eta Squared	Sig.	Eta Squared
Size of the organisation	0.966		0.883		0.000	0.166	0.000	0.222
Region	0.652		0.713		0.122		0.198	
Business context	0.000	0.267	0.000	0.259				
Importance of employee engagement	0.023	0.062	0.001	0.177				
Having a defined engagement strategy	0.000	0.144	0.008	0.144				
Measurement	0.029	0.059	0.031	0.095				

of engagement								
Conducting employee surveys	0.346		0.734					
Sharing results of surveys	0.771		0.753					
Employee involvement in follow-ups	0.560		0.235					

Sig.: refers to whether the relationship is significant between the examined factors (significance is calculated at the 0.05 level)

Eta Squared: percentage of variance in the heterogeneity of dependent factor explained by the independent factor

Table 7: Analyses of variance

Source: Own research

Demographics' relation to 'Employee Aspects' and the 'HR Practices Index'

Hypothesis 2: Size of the organisation is not related to 'Employee Aspects', while related to the 'HR Practices Index'.

Based on the analyses results (Table 7) Hypothesis 2 can be approved and we can conclude that the size of the organisation is not related to 'Employee Aspects', while it does have a significant effect on the variety and nature of HR practices being used on a regular basis at the organisation. Interestingly however the latter relationship was not found to be linear. Even though the smallest organisations had the lowest 'HR Practices Index' scores and the largest ones had the highest scores, a similar order could not be observed in regards to the rest categories of organisation sizes. Therefore although the size of the organisation was found to be significantly related to the 'HR Practices Index' we cannot conclude that the higher the number of employees an organisation has the higher its 'HR Practices Index' is within the current sample.

Hypothesis 3: Region of the organisation is related to 'Employee Aspects' and to the 'HR Practices Index'.

As the ANOVA significance values were all above the 0.05 limit (Sajtos and Mitev 2007; Székelyi and Barna 2008) therefore we can conclude that in the current sample the region of the organisation did neither show a significant relationship with responding HR professionals' perceptions about the change in the level of employee morale and engagement nor their organisation's ability to retain (and in 2012 also to attract) talent. Furthermore, the region of the organisation

neither was found to be in a significant relationship with the variety and nature of HR practices being applied on a regular basis.

These results are somewhat contradictory to other research findings, where differences were identified in e.g. the engagement level of employees based on regional classification (e.g. Kenexa 2012). Other, more established and expansive researches (e.g. the CRANET research: Farkas et al. 2009; Poór 2009; Karoliny et al. 2010; Kohont and Poór 2011) have differentiated certain characteristics of HR management practices unique to Hungary and the CEE region compared to a wider worldwide data, which would have supported the assumption that there might be a difference in the variety of applied HR practices across different regions.

Relationship between the business context and 'Employee Aspects'

Hypothesis 4: Perceptions about the change of business context are positively related to 'Employee Aspects'.

As per Table 7 HR professionals' perceptions about the change of business context was found to be in a significant relationship with 'Employee Aspects', having the 'business context factor' explaining app. one quarter of the variance in the heterogeneity of 'Employee Aspects' in both years. Based on the mean calculation of each response categories we can conclude that the better the business context was perceived by the responding HR professional the more positive change was perceived in the related employee aspects, such as employee morale and engagement as well as the better ability of retaining (and in 2012 also attracting) talent. Therefore Hypothesis 4 can be approved within the current sample.

Because of the nature of analysis of variance (which provides information about the percentage of variance in the heterogeneity of dependent factor explained by the independent factor in case the relationship was found to be significant between the two factors) we cannot make conclusions whether higher 'Employee Aspects' scores had an effect on the business results of an organisation and therefore the perceptions of responding HR professionals about the business context. However the current finding supports the converse causality approach between employee attitudes and performance introduced by Lawler and Porter (1967) and reinforced by Schneider et al. (2003).

Relationship between engagement practices and 'Employee Aspects'

Hypothesis 5: Importance of employee engagement within the organisation is positively related to 'Employee Aspects'.

Hypothesis 6: Having a clearly defined employee engagement strategy is positively related to 'Employee Aspects'.

Hypothesis 7: Measuring employee engagement is positively related to 'Employee Aspects'.

Hypothesis 8: Conducting employee surveys is positively related to 'Employee Aspects'.

Hypothesis 9: Sharing the survey results with employees is positively related to 'Employee Aspects'.

Hypothesis 10: Involvement of employees in the development of action plans as a follow-up on employee surveys is positively related to 'Employee Aspects'.

Based on the results shown in Table 7 we can accept Hypotheses 5-7 and reject Hypotheses 8-10. We can conclude that within the current sample of European organisations the importance of employee engagement, having a defined employee engagement strategy and measuring employee engagement showed a positive relationship with 'Employee Aspects'. Interestingly in the meanwhile conducting employee surveys, sharing the results of the surveys with employees and involving employees in the development of action plans as a follow-up on employee surveys were not found to be in a significant relationship with 'Employee Aspects'.

These latter results are contradictory to those widely accepted notions according to which providing opportunities for employees to voice their opinions or give feedback, maintaining honest communication with them and involving them in decision-making contribute to a higher level of overall employee engagement (e.g. Koncz 2004; Karoliny and Poór 2010; Fehér 2011). The reason behind these results may lie in the quality of applied HR practices. Based on the current research we do not have information about whether employees of the represented organisations were indeed asked with the right survey questions, whether they really perceived the results as sincere and straightforward or whether they were really provided the opportunity to contribute to action plan development in a truly meaningful way.

Limitations of the research

Even though the research provided an interesting insight into the relationship between certain employee aspects and applied HR as well as engagement practices, the research had its limitations as well. The sample cannot be considered representative, because of the exiguous number of respondents. Also, the structure of the sample does not reflect the real regional and industrial distribution of European organisations. Therefore even though the conclusions are true for the represented organisations, they cannot be generalised for the whole European region. Additional researches are suggested in order to further investigate the findings of the current survey.

Another limitation of the research was that data regarding the business context and employee aspects, such as employee morale and engagement as well as organisations' ability to attract and retain talent were based on the responding HR

professionals' perceptions and not on objective data. Perceptions are highly dependent on numerous factors related to the responding individual (Komor and Mihály 2011) that were not examined in the frame of this research. For example a research by Human Synergistics International (2006) found that top management's and HR managers' perceptions about the organisation's culture were typically much more positive than the employees'. Therefore the reliability of the data may be questionable. Also, the questions were constructed in a way that was revealing the change over a 2-year period both in 2010 and in 2012. Consequently, data was reflecting a relative position compared to a previous situation of the respondent organisation, however does not provide information that would allow a between-organisation comparison from an absolute perspective.

Furthermore even though the 'HR Practices Index' gives an opportunity to summarise into a single value the variety and nature of HR practices used by an organisation on a regular basis weighted by their frequency within the sample, it does not provide information about the quality of the related practices. The way a certain HR tool is being put into practice may have a significant effect on engagement.

Summary of research findings

Table 8 illustrates the summary of research findings.

	2010	2012
Agrees that engagement has a positive and direct effect on business results	98%	100%
Engagement is a top priority or very important	78%	80%
Having a clearly or somewhat defined engagement strategy	65%	67%
Engagement strategy is linked to business results	n.d.*	72%
'Employee Aspects' is related to 'HR Practices Index'	$r=22.5\%$	$r=22\%$
dependent factors	'Employee Aspects'	'HR Practices Index'
independent factors		
Size of the organisation	not related	related
Region	not related	not related
Business context	positively related	-
Importance of engagement	positively related	-
Having a defined engagement strategy	positively related	-
Measuring engagement	positively related	-
Conducting employee surveys	not related	-
Sharing results of surveys	not related	-
Employee involvement in follow-ups	not related	-

* No data

Table 8: Summary of research findings

Source: Own research

As a result of the current research we can assume that employee engagement became a widely recognised concept across European HR professionals. Almost all of the respondents considered employee engagement as a key driver of business results. Engagement became top priority or very important within the majority of represented organisations, therefore not surprisingly a notable proportion of respondents reported to have developed a clearly or somewhat defined engagement strategy, moreover in 2012 great majority of these strategies were directly linked to business results.

A significant, but not strong relationship was found between 'Employee Aspects' and the 'HR Practices Index' that allows us to assume that investments into the development of various HR practices contribute to a positive, but moderate change in certain employee aspects such as the level of engagement and morale of employees as well as the organisations' ability to attract and retain talent.

Research results also revealed that participating HR professionals' perceptions about the business context of their organisations was positively related to 'Employee Aspects' which supports the assumption of a possible converse causal relationship between employee attitudes (i.e. employee engagement) and performance.

According to the pre-assumptions importance of employee engagement within the organisation, conducting employee surveys and measuring engagement were found to be positively related to 'Employee Aspects'. Interestingly however conducting employee surveys, sharing the results of the surveys with employees and involving them in development of action plans in response to the survey results were not found to be in a significant relationship with 'Employee Aspects'. Explanation to these results may lie in the quality of applied HR practices and further research is suggested to reveal the real characteristics of these relationships.

Summary and conclusions

The concept of employee engagement is gaining more attention both in the practitioner as well as the academic literature. In the Literature Review section of this paper a structured summary was provided about the current engagement interpretations and a new conceptualisation of the employee engagement construct was introduced. Attitudinal and behavioural pillars of engagement were differentiated and individual's intrinsic motivation, job involvement and positive emotional attachment to the organisation were identified as the three main components of attitudinal engagement.

The phenomenon of Engagement-Performance Paradox was introduced by the presentation of various researches that intended to reveal the characteristics of the engagement-performance relationship. As a conclusion we could see that even in those researches where engagement was found to be in a significant relationship with performance the strength of the relationship was not found to be strong. Difficulties of operationalising employee engagement and link it to related individual and organisational performance were discussed and suggestions for possible directions in further academic researches within the area were articulated.

Based on the results of the 'European Employee Engagement Survey' we could conclude that even though the engagement-performance relationship is not proved indisputably in the academic literature practitioner participants of the current research considered engagement as a key driving force of business performance, therefore growing efforts are expressed in measuring engagement, developing clearly defined engagement strategies and directly link them to business results. These obviously reasonable and rational efforts however may raise a difficult question, whether organisationally implemented employee engagement initiatives may be perceived as genuine by employees. As engagement reflects a strong emotional attachment to the organisation it may not be achieved efficiently if pure material benefits are the real reasons behind the initiatives. However these concerns already lead to new perspectives of the engagement concept (i.e. drivers of engagement) which were not discussed within this paper.

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