DETERMINANT OF EMPLOYEE ENGAGEMENT AND KNOWLEDGE MANAGEMENT FOR ENHANCING EMPLOYEE ENGAGEMENT

Norasiken Abdul Rahman
Faculty of Management
Universiti Teknologi Malaysia
norasiken9291@gmail.com

ABSTRACT
This article argues that from an organization diffusion perspective, drivers of employee engagement and knowledge management has the potential to increased employee engagement. Organization today use engaged employee as a tool for a strategic partner in the business. The aim of this paper is to review research on to find a relationship between determinant of employee engagement and knowledge management to employee engagement. The study explores the concept of employee engagement and also throws light on key drivers of employee engagement by analyzing three divers, namely goals setting, leadership and feedback specifically. This study also explores how knowledge management can enhance employee engagement. Other than that, this studies identifies gaps in the current body of knowledge, which justify future research direction. Based on the findings, all the drivers and knowledge management can enhance to employee engagement. Implications of the results and future research directions are also presented.

Keywords: Goal setting, Leadership, Feedback, Knowledge Management, Employee engagement, Systematic review

1. Introduction

Randstad World of Work Report stated in The Malaysian Insider, 70% of employers acknowledged that staff turnover from businesses operating in Malaysia. Why does it happen? In recent times, due to rapid globalization, companies have realized that employee talent is the key to their growth, and the one strategic resource that any enterprise truly needs. However, one of the toughest challenges confronting the CEOs, Human Resource Development (HRD) and the business leaders in many business firm and organizations that their need to ensure that when their employees check in every day, they not only do it physically but also mentally and emotionally (Bedarkar & Pandita, 2014). In other word, the employer needs to ensure that their employees engaged. Employee engagement has emerged as a critical driver of the organization, and it practically affects the employee morale, productivity, reason for retaining and also individual satisfaction (Sanborn & Oehler, 2014).

The topic of employee engagement and knowledge management in the workplace were writing in tremendous amount (Medlin and Jr, 2009). The past decade has seen the number of empirical studies about employee engagement and knowledge management have found in internet source and online database in various business and organization type (e.g Sanborn & Oehler, 2014; Truss, Shantz, Soane, Alfes and Delbridge, 2013; Jeung, 2011; Simpson, 2009). It is essential to provide more empirical study about the relationship between knowledge management and employee engagement and the impact to organization performance. However, past researcher not given attention to how knowledge management can enhance employee engagement and in future impact to organization performance.
Saks (2011) and Andrew & Sofian (2012) mentions that employee engagement is a key driver of individual attitudes, behavior, and performance as well as organizational performance, productivity, retention financial performance, and even shareholder return. Tubigi and Alshawi (2015) highlights that knowledge is generated by individuals. The development of knowledge, ideas, and innovation takes place mainly through the interaction of individual. The combination of drivers of employee engagement and knowledge management process can improve an employee engagement and also organization performance (Simon, 2011).

2. Rationale

Firstly, this study attempts to look which covered the relationship between drivers of employee engagement and knowledge management to employee engagement and organization performance. Employers know that employees who are engaged in their work more productive, and, every organization needs to know what is the top determinant of employee engagement. Also, how to organize knowledge so that the employee can maximize their effort to achieve their work objective and at the same time fulfill the organization performance. There are many drivers to employee engagement. This paper discusses three drivers in employee engagement – goals setting, leadership, and feedback.

From knowledge management perspective, it can affect an organization performance and employee satisfaction on their job. Knowledge management can maintain its long-term competitive advantages (Deng, 2015; Gonzalez & Martins, 2014) sustain high performance (Bedarkar & Pandita, 2014b; Sanders & McClellan, 2012) and become more innovative (Gonzalez & Martins, 2014; Xu & Thomas, 2011), especially in the current business environment, which is conceived of as a knowledge-driven economy.

I have conceptualized a model analyzing specifically these drivers of engagement and knowledge management, which lead to the employee and organizational performance. Secondly, the existing literature shows that there is a dearth of academic studies discussed determinant of employee engagement and knowledge management together. The novelty of this research lies in integrating knowledge management and employee engagement; both tracks give impact to management and organizational performance.

3. Employee engagement – Meaning, Definitions, Scope, and Nature

Employee engagement has received a great deal of attention especially in the popular press and among consulting firms (Gruman & Saks, 2011). Most of researchers argue that there is no single and generally accepted definition of the term employee engagement (Menguc, Auh, Fisher, & Haddad, 2013; Shuck, Rocco, & Albornoz, 2011; Richardson, 2010). The definition and meaning of employee engagement has been problematic and lacking consensus, especially in the practitioner literature where it has often been defined in ways that overlap with better-known constructs such as job satisfaction, organizational commitment, and organizational citizenship behavior (Saks, 2011).

The verdict and definition forwarded by Robinson, Perryman and Hayday (2004) gives a clear insight from Institute For Employment Studies (IES) definition that employee engagement is:  

“A positive attitude held by the employee towards the organization and its values. An engaged employee is aware of business context and works with colleagues to improve performance within the job for the benefit of the organization” (Robinson et al., 2004,p.xi)
Many research have argue that Employee engagement is defined in general as the level of commitment and involvement an employee behavioral facets in that it involves energy, enthusiasm and focused effort (J., 2014; Gruman & Saks, 2011) and express themselves physically, cognitively, and emotionally during role performance (Saks, 2011). From another perspective, Luong (2012) mention terms employee engagement as organizational commitment, particularly affective commitment, continuance commitment, and extra-role behavior. The definition is similar with Markos and Sridevi (2010) when they argue that employee engagement is used to describe the extent to which employees are involved with, committed to, enthusiastic, and passionate about their work. From all definition above, employee engagement can conclude that employees are engaged when they investing their hands, head, and heart and are psychologically present when occupying and performing an organizational role (Shantz, Alfes, Truss, & Soane, 2012).

An empirical study of employee engagement was first demonstrated by Kahn (1990) when he suggested that three psychological conditions serve an antecedent of personal engagement are meaningfulness (work elements), safety (social elements, including management style, process, and organizational norms) and availability (individual distractions). Since that, many studies about engagement among workers have been carried out by researcher whether from social science fields or business.

Many writers have argued that employee engagement can lead to enhanced performance and key driver of individual attitudes, behavior, and performance as well as organizational performance, productivity, retention financial performance, and even shareholder return (Saks, 2011). These findings are supported by a growing number of studies arriving at a positive relationship between engagement and individual performance (J., 2014; K. Truss et al., 2011; Markos & Sridevi, 2010; Medlin & Jr, 2009). Studies of employee engagement have consistently found that almost all workers are engaged when they begin a job, but the proportion of engaged employees decreases dramatically after that (Marrelli, 2011). He also suggests that managers play a key role in building employee engagement and thereby driving high employee performance.

4. Drivers of Employee Engagement

Taking the perspectives from the above literature and other relevant items, this study consolidated some factors that contributed employee engagement. Various factors that facilitate of employee engagement were identified and were empirically tested and found to be valid determinants of employee engagement. In this study, the factors enhancing employee engagement was based on an engagement management model, which is developed by Gruman and Saks (2011). This model was developed to focus on employee engagement to produce higher levels of performance.
The model begins with performance agreement, which outlines the goals and objectives that employees will be expected to accomplish. Also to goal setting, this component includes a review and an agreement of a psychological contract. The second component is engagement facilitation, which focuses on providing resources that facilitate the development of engagement. These resources include job design, leadership, coaching, supervisor support, and training. The third component is performance and engagement appraisal and feedback, which focuses on perceptions of justice and trust as drivers of engagement. In summary, these three components contribute to higher levels of engagement, which is then associated with enhanced performance.

5. Knowledge management process

Knowledge is a crucial organizational asset that comes from individual’s mind, belief or values, and it creates value for improving competitive advantages (Ducker, 1990). It is a judgment based on individual beliefs. Hence, it varies from one person to another and could not be easily transferred (Nonaka, 1994). According to Sokhanvar, Matthews and Yarlagadda (2014) knowledge management is “systemic and organizationally specified process for acquiring, organizing and communicating both tacit and explicit knowledge of employees so that other employees may make use of it to be more effective and productive in their work”. It is management’s conscientious efforts to use tools and approaches to create, acquire, refine, transfer or share and utilize knowledge assets available to the company (Mazdeh & Hesamamiri, 2014).

Mulyaningsih, Yudoko, and Rudito (2014) highlights the need to leveraging of existing human capital/intellectual assets to help generate, capture, organize and share knowledge that is relevant to the mission of the organization. It provides the capability the business structure (e.g. formal, informal), functions, and processes in order for the industry to survive and prosper in this dynamic environment (G. Allen, 2013; Wu & Chen, 2014). Knowledge management offers ways to improve practices and procedures, develop and enhance employee engagement and performance, decrease the learning curve associated with new employees or new tasks, improve customer service, and reduce cost (Garstenauer, Blackburn, & Olson, 2015). Martín-Pérez, Martin-Cruz, & Estrada-Vaquero (2012) claims that knowledge management is the effective application of management best practices and information technology tools to deliver the best available knowledge to the right person at just the right time to solve a problem, make a decision, or capture expertise while
performing their work. Moreover, the implementation of a knowledge management process can increase effectiveness, efficiency, and innovation employee (T. H. Kim, Lee, Chun, & Benbasat, 2014).

Figure 2: Knowledge management process model

![Knowledge Management Process Model](image)

Source: Adapted from Botha, Kourie, and Snyman (2008)

Figure 2 show knowledge management process model. This model attempts to offer a more realistic overview of the knowledge management process. The three broad categories overlap and interact with one another. The focus is on managerial initiatives. Here too the strategic focus (the "when" and the "why" as opposed to the "what") is omitted. It is noteworthy that this model does include the creation of new knowledge as a specific KM initiative.

6. Methodology

To continue with my work on how knowledge management can enhance employee engagement, this paper is based on a systematic review of the literature on employee engagement that seeks to synthesize the current thinking and evidence. Emphasis is drawn on specifically on three drivers of engagement at “2014 Trends in global engagement report”. As shown in Figure 2, three drivers of employee engagement were (1) performance agreement (2) engagement facilitation (3) performance and engagement appraisal and feedback and knowledge management process (1) knowledge creating (2) knowledge capturing (3) knowledge transfer / sharing (4) knowledge reusing which have an impact on employee engagement. Literature for this study was predominantly sourced from online databases such as EBSCOHost, Emerald, ProQuest, and ScienceDirect.

7. A research model

As discusses earlier in this paper, I have focused on the three specific drivers of engagement and knowledge management process (refer Exhibit 1). I assumed that drivers to employee engagement and knowledge management process impact on employee engagement that ultimately results in higher organization performance.
Exhibit 1: Proposed research model

The association between drivers of employee engagement and knowledge management to employee engagement is as follows:

### 7.1 Goals setting and employee engagement

Numerous studies (e.g., J., 2014; Mone, Eisinger, Guggenheim, Price, & Stine, 2011; Simon, 2011; Medlin & Jr, 2009) have discussed effective goal setting’s positive impact on employee outcomes within organizations (Medlin & Jr, 2009). Goals are extremely important for initiating the employee engagement process because goals stimulate energy, focus, and intensity or the feeling of engagement (Gruman & Saks, 2011).

In the performance management literature, performance agreement involves the negotiation of goals that employees will accomplish (Markos & Sridevi, 2010). Gruman and Saks (2011) notes that although an employee's work goals should support higher-level organizational objectives, an individual's developmental needs can also be considered when establishing goals. To produce engagement, not only should employees’ needs be considered, their needs, goals, and desires should be a significant part of the goal setting process. Medlin and Jr (2009) suggests that goals should take into account the achievement of corporate objectives, but should also allow individuals to formulate their goals within the broader organizational context. Allowing employees to have a say in setting goals may be more likely to produce engagement than requiring them to satisfy imposed goals because the former will take into account employees' values and interests which represent their true selves (Gruman & Saks, 2011).
7.2 Leadership and employee engagement

Leaders are a vital ingredient in the success of performance management. For example, the quality of the exchange relationship between leaders and subordinates has been shown to be positively related to subordinates' satisfaction with their performance appraisals and motivation to improve (Markos & Sridevi, 2010). Leaders also play a crucial role in fostering the engagement of subordinates. Leaders who are high in task behavior and support behavior have been shown to be particularly effective in promoting engagement (Demerouti & Cropanzano, 2010).

Xu and Thomas (2011) state that leadership is a key antecedent of engagement. From their study of the relationship between position and engaged, their found that certain job characteristics are associated with employee engagement. Specifically, those in more senior positions in organizations have greater autonomy over how they do their work, and are more likely to be in interesting roles that allow for cognitive, emotional, and physical engagement in work.

Leadership research shows that certain leadership behaviors have a clear association with engagement constructs such as motivation, job satisfaction, organizational commitment, proactive behaviors and organizational citizenship behavior (Nguyen & Mohamed, 2004). Trust in leader, support from the leader, and creating a blame-free environment are considered as components of psychological safety, a condition proposed by Kahn, which leads to employee engagement (Bedarkar & Pandita, 2014a).

7.3 Feedback and employee engagement

A key component of performance management and, in fact, a cornerstone of the process is the appraisal and evaluation of employee performance (Gruman & Saks, 2011; Mone et al., 2011). In the context of employee engagement, this process should also include an assessment of an employee’s engagement behavior (e.g., persistence, proactivity, role expansion, and adaptability) also to job performance. Also, the main activities during this stage are performance appraisals and feedback.

Recognition can be viewed as a form of feedback rooted in positive reinforcement and tied to an employee’s behavior or accomplishment of a specific goal or task. Research from Mone et al. (2011) suggests that recognition and reward are critical to employee engagement, and they enhance satisfaction, motivation, and morale. In addition, as reported in Shantz et al. (2012) beyond sending a positive message to employees in terms of value, research shows that recognition links to employee performance and company success; however, if employees are not recognized for their efforts, they could experience mental and emotional distress and burnout (Xu & Thomas, 2011).

7.4 Knowledge management and employee engagement

Based on the knowledge-based review, the emergence of knowledge management primarily concerns the creation, access, transfer and application of knowledge assets in all fields of human activities such that critical intellectual capitals are strategically combined and applied to built employee engagement and to improve organizational performance (Chen, Wu, & Chen, 2014). Vosloban (2012) examined the importance of knowledge management processes to logistics operations. The results indicated that a higher level of knowledge responsiveness results in faster response implementation, which increases the likelihood of meeting deadlines for pre-defined goals as well as impact employee engagement.
Implementing knowledge management process in any organizations is essential as it enhances learning capabilities of individual employees as well as a group of employees (Birasnav, 2014). According to Bedarkar and Pandita (2014) earning emerges at individual employee level, group level, and institutional level, which are integrated into knowledge process such as intuiting, interpreting, integrating, and institutionalizing. Implementing KM process is an essential activity that organizations must execute to achieve competitive advantage through encouraging employees to contribute toward developing organizational knowledge (Vosloban, 2012).

### 7.5 Employee engagement and organization performance

Why should companies invest in employee engagement? The answer is because employee engagement is interwoven significantly with important business outcomes. Studies by Markos & Sridevi (2010) have found a positive relationship between employee engagement and organizational performance outcomes: employee retention, productivity, profitability, customer loyalty, and safety. Researchers also indicate that the most engaged employees are, the more likely their employer is to exceed the industry average in its revenue growth.

Employee engagement is found to be higher in double-digit growth companies. Research also indicates that engagement is positively related to customer satisfaction (e.g., Bedarkar & Pandita, 2014; Dalal, Baysinger, Brummel, & Lebreton, 2012; T. T. Kim & Lee, 2013; Marrelli, 2011; West & Dawson, 2012; Xu & Thomas, 2011). Sanborn and Oehler (2014) write in Aon Hewit report 2014 when employee engaged their consistently demonstrates three general behaviors which improve organizational performance:

1. **Say**-the employee advocates for the organization to co-workers and refers potential employees and customers
2. **Stay**-the employee has an intense desire to be a member of the organization despite opportunities to work elsewhere, an
3. **Strive**-the employee exerts extra time, effort and initiative to contribute to the success of the business.

What will happen to an organization if its employees are disengaged? Employees who are not engaged are likely to be spinning (wasting their effort and talent on tasks that may not matter much), settling (certainly do not show full commitment, not dissatisfied enough to make a break) and splitting (they are not sticking around for things to change in their organization), have far more misgivings about their organization in terms of performance measures such as customer satisfaction (T. T. Kim & Lee, 2013; Marrelli, 2011).

### 8. Conclusion and Future Recommendation

Companies have to give their employees the liberty to make their work exciting and creating an environment for having an engaged work life. Employees are the key assets of any organization and if they are not given the right space and time to make a perfect blend of work and fun at workplace, then the sense of disengagement sets for the employees. Organization and employees are both dependent on each other to fulfill their goals and objectives. Therefore, employee engagement should not be a one-time exercise but it should be integrated into the culture of the company. Employee engagement should be a continuous process of learning, improvement and action. Thus, organizations today should actively look forward to fulfilling employee’s expectations and thus, create an impact on the performance of the employee, which directly affects the organization’s performance.
References


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