

Determinants of employee engagement mediated by work-life balance and work stress

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CHRONICLE

ABSTRACT

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Employee engagement is one of the most important issues in human resource management in order to ameliorate the turnover intention in organizations. Employers often face different challenges of finding ways to increase the interaction with their employees in order to have good labor force. This paper investigates the effects of different factors on employment engagement in Vietnam industries. The results indicate that work-life balance and work stress positively impact on employee engagement. However, our results do not confirm that working condition could positively impact on employee engagement nor did we find any evidence to believe that relationship with supervisor could positively impact on employee engagement. In terms of mediation effect, work-life balance, in this survey, mediates the relationship between working condition and employee engagement. Also, work-life balance mediates the relationship between the relationship with supervisor and employee engagement. Moreover, work stress mediates the relationship between working condition and employee engagement. Finally, work stress mediates the relationship between relationship with supervisor and employee engagement.

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1. Introduction

Employee engagement has become a strategy not only as a way of doing business but also as the greatest resource of any company. Therefore, most managers emphasize and consider the employee engagement as an essential component for their organizations in order to improve business performance (Bates, 2004; Richman, 2006; Robinson et al., 2004). In Vietnam, particularly, in Fast-moving consumer goods (FMCG) field, the turnover rate in all levels of managements occurs. According to Mercer's Attraction and Retention Survey report (2017-2018), the percentage of turnover in FMCG field stood at 17.3%, ranking 3rd place compared with retail and real estate sectors. Turnover rate directly affected the additional costs for recruitment of new employees, which means that managers should have think deeply with employee's interaction. Because of the gradually growth in use of non-cash rewards, the declined trend of based-payment reward appeared in employee treatment and switching into other intrinsic rewards, that affected on employee intention to stay longer with firms, followed by vertical career progression and leadership development. As a result, the non-financial reward elements are viewed as having a moderate impact on employee engagement and retention including job security, work life balance, work stress, career development, working conditions and culture and relationship with supervisors. The purpose of this paper is to measure progress and determine what needs improving. It will include the measurement of attitudes, morale, and motivation of the workforce.

2. Literature review

2.1. Direct effect among variables

Employee Engagement (EE)

According to Kahn's (1990, 1992) personal engagement theoretical framework, people express themselves physically, cognitively, and emotionally in the roles they occupy; people are more excited and content with their roles when the organization put the right employees on the job to perform their roles. Therefore, engagement refers to one's psychological presence in or

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focuses on role activities and may be an important ingredient for effective role performance (Kahn, 1990, 1992). In addition, Engagement can be described by working conditions which the organization provided to employee (Macey & Schneider, 2008). Particularly, that terminology implies on how to achieve a company's strategic goals by creating the conditions for human resources to thrive and for each employee member, manager and executive to eagerly deliver their best efforts in the best interest of the business (Schaufeli & Bakker, 2004). One may easily confuse engagement with other concepts which are similar like job satisfaction, employee commitment and employee empowerment. In fact, in the view of management, employees' satisfaction with their jobs does not mean they are committed or engaged. To further complicate matters, an employee can be both engaged and satisfied, but not be committed. Resulting from above arguments, employee engagement occurs when employees know what to expect, possessing the resources to complete their works, participating in opportunities for growth and giving feedback, and feeling that they play an important role of contribution toward organization (Harter et al., 2002).

Working condition (WC)

Working conditions is one significant factor that was identified in this study and determines employee engagement. Studies prove that employee engagement is something that is produced by aspects in the workplace (Harter et al., 2002). Deci and Ryan (1987) indicated that management approaches, which fostered a supportive working environment, typically demonstrated as the one taking care about concerns of need and emotion of employee, giving feedback in the positive aspects, and encouraging the stand up for employee's demand. In addition, employee engagement can be gained by working condition through creativity of organization climate, the encouragement of autonomy and pride, and colleagues' relationship (Robinson, 2006). Therefore, working environment and value culture are very important to organization.

H₁: Working condition positively impacts on employee engagement.

Relationship with supervisor (RS)

According to Wagner (2006), the primary factor, which affected on employee psychology and emotion toward being looked after by organization, is relationship with their immediate supervisor. The quality of relationship including communication between management and employees not only impacts the employees themselves but also has impact to an organizational effectiveness by effecting productivity and turnover rates (Brunetto & Farr-Wharton, 2006). When employee was completely engaged through offering them the support and resources, not only the satisfaction level increased but also the interaction between them and organization was accelerated, respectively.

H₂: Relationship with supervisor positively impacts on employee engagement.

Work-life Balance (WB)

In order to engage the employees in work, companies should actively balance the demands on employees with opportunities for appropriate renewal from period of stress. Working life for employee is very important for organization. Key areas that we focus on as part of the Great Place to Work program include giving employees discounted health club memberships as well as on-site exercise classes, Fika session, summer hours, flexible working time, and a Cycle to Work scheme, staff product discount. According to Richman et al. (2008) an organization's flexible work-life balance has a significant positive impact on employee engagement.

The imbalance perceived of work-life occurs when employees believe that workload is out of their capabilities or unable to handle (Avery et al., 2010; Leiter & Schaufelli, 1996) or need to finish assigned tasks within the limited time plus constrained resources (Greenglass et al., 2003).

H₃: Work-life balance positively impacts on employee engagement.

Work Stress (WS)

Work stress today has become a common problem faced by employees in many organizations. Work stress has been increased significantly and most of the employees have come into sight of disappointed with these trends. Overloaded employee can be irrational work assigned for examples impossible deadlines, stressful and tension or else is kind of abusive or bullying management in the workplace (Avery, et al., 2010; Tepper, 2007).

Overload by the works make employees upset and cause them to make mistakes, or offense toward their coworkers or employers, cause poorer health, experience high level of stress and create turnover intention (Galisky, et al., 2001; Kalleberg, 2008). Thus,

H₄: Work stress positively impacts on employee engagement.

2.2. The mediating effect among variables

Mediating role of Work-Life Balance

There is no doubt that there is a difference between given conditions of working place and employee's balance consciousness. As stated on the previous section of this part, the attributes of employee engagement should be the result of the correlation between working circumstances and employee's perceived of balance (Avery et al., 2010; Leiter & Schaufelli, 1996; Greenglass et al., 2003). In addition, the two-way interaction between supervisor and subordinates at work also contributes to the perceived of Work-Life balance, thereby, the high effective in relationship with supervisors may lead to the better engagement with employee (Richman et al., 2008). As a result, the hypotheses are proposed as follows:

H₅: Work-Life balance mediates the relationship between Working condition and Employee Engagement.

H₇: Work-Life balance mediates the relationship between Relationship with Supervisor and Employee Engagement.

Mediating role of Work stress

Apparently, the perceived of pressure in organization results from given circumstances of work place and relationship with peers or supervisors (Avery, et al., 2010; Tepper, 2007 Galisky, et al., 2001; Kalleberg, 2008), hence, in order to contribute in employee engagement practices, Work stress plays an important role as a mediator between employee and organization. Therefore, the following hypotheses are proposed:

H₆: Work stress mediates the relationship between Working condition and Employee Engagement.

H₈: Work stress mediates the relationship between Relationship with Supervisor and Employee Engagement.

Based on the literature review, the research model and Hypotheses have been developed as follows:

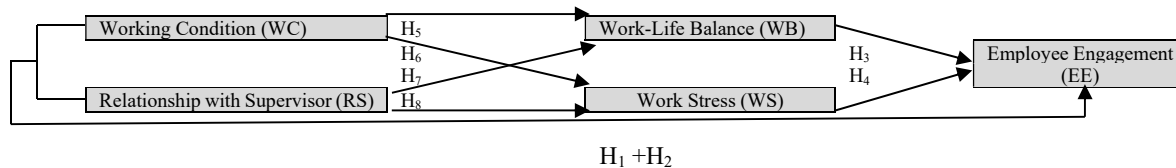


Fig. 1. Conceptual model

3. Research methodology

A survey questionnaire was designed to determine the critical factors made by the above identified factors on employee engagement. Thus, the instrument measured Employee engagement, Relationship with supervisor, Work stress, Work - life balance and Working conditions. Survey questionnaire was built based on the items of four dependent variables and one independent variable as mentioned before. Therefore, in order to verify the reliability of the scale, the applying of Cronbach's Alpha value was conducted for eliminating variables with correlation coefficient less than 0.3. Criteria to choose the reliable scale as it has Cronbach's Alpha reliability value ≥ 0.7 . The scale of Cronbach Alpha reliability value ≥ 0.6 is also selected when it is first used (Nunnally & Burnstein, 1994). In conclusion, Cronbach Alpha is as high as possible. The study uses the method of extracting the Principal component with Promax rotation at the stop when extracting Eigenvalue factors > 1 . Any scale with a total variance of 50% or more is accepted (Gerbing & Anderson, 1988). Factor loading variables less than 0.5 will be rejected. At each concept, the largest weight difference (Factor loading) and any gain must be ≥ 0.3 (Jabnoun & AL-Tamini, 2003). In factor analysis, the necessary requirement is that KMO coefficient (Kaiser - Meyer - Olkin) must have a great value ($0.5 \leq KMO \leq 1$), this indicates that factor analysis is appropriate. Hair et al. (2010) stated that exploratory factor analysis is a statistical analysis method helping us reduce a set of observable variables in a set of factors having more meanings and being smaller than in numbers as well as consisting almost information of origin variables. In the main analysis, the authors use confirmatory factor analysis, structural equation modeling, and bootstrap test with AMOS program to confirm the validity of the constructs and test proposed hypotheses. Some criteria such as Chi-square or probability of it; CMIN/degree of freedom (CMIN/df); root mean square error of approximation (RMSEA); comparative fit index (CFI); goodness of fit index (GFI) are used to indicate the overall model fit. Table 2 shows the thresholds for these criteria (Hair et al., 1998, 2010; Taris, 2002, 2010; Ernest et al., 1991). When measurement model fits the empirical data, and there is no correlation between error variables we can conclude on the unidimensional of scales. Convergent validity requires some standards such as Standardized Regression Weights > 0.5 , Standardized Residual (SR) < 4 , Composite Reliability (CR) > 0.7 and Average Variance Extracted > 0.5 . Structural equation modeling is a second stage in the two-stage approach proposed by Anderson and Gerbing (1988). In this stage, we estimate the structural model. The structural model shows the relationship between the latent variable dimensions of relationship quality and relationship quality construct as the developed hypotheses. Next, we evaluate the fit of model to data and check standardized regression weight and p-value. Finally, we conclude about the hypotheses and whether or not we accept the hypotheses.

4. The results

Table 1
Reliability and Validity result

Variables	Items	M	SD	Factor Loading		Cronbach's Alpha
				Model	CFA	
RS	RS2	4.660	1.489	0.71	0.761	0.746
	RS3	5.040	1.385	0.78	0.622	
	RS4	4.941	1.614	0.80	0.788	
WB	WB2	4.898	1.555	0.53	0.693	0.728
	WB5	4.578	1.652	0.71	0.614	
WS	WS1	4.908	1.507	0.73	0.779	0.757
	WS3	4.977	1.495	0.68	0.733	
WC	WC3	4.832	1.585	0.41	0.691	0.802
	WC5	4.716	1.522	0.31	0.756	
EE	EE1	4.815	1.385	0.77	0.682	0.843
	EE3	4.716	1.455	0.58	0.719	
	EE6	4.673	1.583	0.68	0.721	
Instrument total	KMO		0.876			
	p-value		0.000			

According to Table 1, the metric serves satisfactorily all criteria of validity and reliability stated in research methodology part, at KMO value equal to 0.876 (sig < 0.05) and all Cronbach's alpha greater than 0.7.

Table 2
Index for the overall model fit

Measure	Thresholds	Model
CMIN/df	≤ 2-5	1.667
Goodness of fit index (GFI)	≥ 0.9	0.92
Comparative fit index (CFI)	≥ 0.9	0.97
Root mean squared error of approximation (RMSEA)	≤ 0.08	0.042
Probability close (P)	≥ 0.05	0.000

Table 2 shows the thresholds after conducting the CFA technique, and we have come to the conclusion that CMIN/df = 1.667, GFI > 0.9 (0.92), CFI > 0.9 (0.97) and RMSEA < 0.08 (0.042). Thus, it can be asserted that the model responded well to data.

Table 3
Convergent Test

	CR	AVE	MSV	Max r
RS	0.7	0.5	0.6	0.7
WB	0.8	0.5	0.6	0.8
WS	0.8	0.5	0.5	0.9
WC	0.6	0.4	0.6	0.9
EE	0.7	0.6	0.5	0.9

The convergent test results are extracted after applying SEM technique, Table 3 shows the satisfied metrics accordingly to the given criteria as CR > 0.7, AVE > 0.5, MSV < AVE, and $\sqrt{AVE} > \text{Max correlation}$. In other word, all figures of convergent tests have confirmed the requirements of model assessment.

Table 4
Hypotheses Summary (SEM)

Hypothesis	Description	Estimate	Result
H ₁	WC → EE	0.173	Rejected
H ₂	RS → EE	-0.33	Rejected
H ₃	WB → EE	0.227*	Supported
H ₄	WS → EE	0.419***	Supported

Table 5

Results of the mediation analyses

Hypotheses	Path	Total	Direct	Indirect	Mediation
H5	WC→WB→EE	0.72***	0.252 (NS)	0.468**	Full Mediation
H6	WC→WS→EE	0.656*	(-0.411) (NS)	1.066*	Full Mediation
H7	RS→WB→EE	0.641**	(-0.038) (NS)	0.679**	Full Mediation
H8	RS→WS→EE	0.869***	0.415 (NS)	0.454***	Full Mediation

***p-value < 0.000

**p-value < 0.001

*p-value < 0.05

The results of Table 4 and Table 5 are accounted to test the mediation and it indicates that by the existence of mediators as Work-Life balance and Work stress were significantly essential in contributing to build the better employee engagement approaches. Apparently, H₃ and H₄ are supported in Table 4 and full mediation of H₅ to H₈ in table 5.

5. Recommendation

Managers in FMCG sector might be able to increase the level of engagement by adapting the mediators as Work stress, and Work-Life balance. These are critical to the organization as enhancing employee's performance and creating meaningful contributions. Many factors can be put in order based on the significant value of beta obtained in this paper. In other words, larger beta values indicate the importance of the factors on engagement. Firstly, the factor of Work Stress offered the highest impact factor and mediator. Apparently, it contributed as a significant component to employee engagement. Therefore, Manager, in order to enhance the engagement with employee, should provide the scope of work planning and working long hours, though this process, the match between organizational and individual employee goals is observed. Moreover, workloads also increase motivation and productivity, manager should conduct and asset annually on training skills and working experience on the job for individual discussion. Otherwise companies may also consider job description for each employee and allow to share it to relevant employee. Secondly, the result implied that supervisors and manager are part of the equilibrium consciousness cycle to help employee see the alignment of their jobs with the organizations' objectives and their personal issues, as well as cultivating the perceived of Work-Life balance for employee. Managers should establish open and two-way communications with their subordinates to build trust and create a culture that supports employee in order to deal with not only organizational tasks, but also their concerns about looking after the personal life. The engagement of employee can foster though inner and outer forces that drive employee to achieve organizational goals and to be happy with their family respectively.

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