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The Impact of Employee Engagement and a Positive Organizational Culture on an Individual’s Ability to Adapt to Organization Change

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ABSTRACT

The purpose of this paper is to explore the connections between employee engagement, positive organizational psychology and an individual’s ability to adapt to ongoing organizational change. We review the literature on individual adaptability, positive organizational psychology, and employee engagement and propose a model that suggests that a positive work culture enhances employee engagement and in specific cases leads to increased adaptability. Suggestions for future research are provided with the intent to further the academic research in this area.

Keywords: Positive Organizational Psychology, Employee Engagement, Organizational Change, Employee Adaptability
Introduction

In today’s dynamic business environment, employees are faced with new challenges daily. In fact, change and turmoil in the workplace seem to be the norm rather than the exception. Most agree that consistently successful organizations adapt to change better than the unsuccessful ones. Importantly, the key to successfully managing change starts with the organization’s members. Indeed, an engaged, positive workforce can “make or break” an organization (Lockwood, 2007). However, it is often difficult for employees and employers to maintain a positive connection at work during turbulent times. Dysfunctional employee attitudes and a negative organization climate can be devastating to effective organizational change.

Currently, there is a wealth of research that addresses these issues. Much of the research focuses on creating and maintaining engaged employees (e.g. Avey, Wernsing, & Luthans, 2008; Bakker & Schaufeli, 2008; Marchington & Kynighou, 2012). Another area of study that is connected to effective change is positive organizational behavior (Luthans, 2002). In the following paper, we examine organizational change and individual adaptability in order to better understand the impact that a positive work environment and employee engagement can have on change management.

Specifically, we offer a model and testable propositions on the relationships among positive organizational culture, two types of engagement (organizational and job engagement) and individual adaptability to organizational change. We contend that while engagement is positively related to individual and organizational metrics such as greater satisfaction and productivity, higher levels of job engagement in contrast to organizational engagement may actually hinder adaptability to change. Figure 1 depicts our model. Below we review the literature that our model is based upon.
Organizational Change and Individual Adaptability

A constant feature of today’s work environment is large-scale change (Robinson and Griffiths, 2005). Organizations are forever changing the way they do business in response to growing international competition, a diversifying workforce, increasingly complex work environments, and shareholder pressures (Lawler, 1986; Pettigrew, Woodman, & Cameron, 2001; Robinson and Griffiths, 2005). Although these change strategies should accelerate an organization’s strategic and financial goals by streamlining organizational processes and offering cost saving solutions, this is often not the case because individuals find these transitions difficult to experience (Marks, 2006). Whether the change initiative comes in the form of restructuring, downsizing, implementing new technology, mergers or acquisitions, organizations are placing greater job demands on their employees. In this constant state of flux, individuals must adapt to their environment in order to survive and prosper. There is also a growing consensus that a key factor in determining the success of any organizational change involves employees’ acceptance of it (e.g., Bartunek, Rousseau, Rudolph, & DePalma, 2006) and participation throughout the change process (Parent, Sullivan, Hardway & Butterfield, 2012). Certainly, an individual’s ability to adapt to change is a key phenomenon for managers to understand and promote within their organizations.

As such, individual adaptability is an important area of study. Extant research has consistently shown that change can be traumatic for individuals within an organization (Amiot, Terry, Jimmieson, & Callan, 2006; Ashford, 1988; Burke, 1988; Callan, Terry & Schweitzer,
As Robinson and Griffiths (2005) point out, “transformational organizational change is a significant life event for employees.” (p. 204). Carver (1998) and Scheier and Carver (1992) advance a model of adaptive responses to trauma that can be incorporated within an organizational context. Basing their research on patients dealing with coronary by-pass surgery, early stage breast cancer surgery and post-partum depression, they found that patients adapt differently to traumatic changes based on a number of variables.

Although researchers in the field of trauma attend to both physical and mental aspects of the individual, most agree that the key to thriving after a trauma occurs at the mental level and is not dependent on physical recovery (see Carver, 1998; Janoff-Bulman, 1982 and 1992; Morgan and Janoff-Bulman, 1994; O’Leary and Ickovics, 1995).

Both Carver (1998) and O’Leary and Ickovics (1995) assert that there are four potential responses to change/trauma. These four responses to change are to succumb, to survive, to be resilient, and to thrive. To dive (or succumb) is the lowest level of functioning after a change. An individual will not be able to perform his/her duties and may exit the organization. To survive (with impairment) is when an individual survives the change but functions at a lower level than s/he did prior to the change. A “reviver” is someone who is resilient; that is, after a period of adjustment, the individual performs at the same level as before the change—no ultimate harm has been done and no real gain has occurred. Finally, a “thriver” is someone who thrives and grows through change. The thriving individual emerges from the change event with newly developed skills and abilities. These individuals go beyond the original level of psychological functioning to grow vigorously and to flourish. In the organizational change process, managers are ultimately aiming for employee thrivers.
It is helpful for managers to frame employees’ reactions to change in adaptability terms in order to better facilitate positive change. While part of an individual’s ability to adapt to change comes from relatively stable personality characteristics, much of this ability can be controlled by the organization. In a study of the antecedents and outcomes of individual adaptation to a changing work environment, a model of both individual factors and organizational factors affecting individual responses to change was tested with interesting results. The researchers found that the strongest relationships to adaptability were participation, role clarity and optimism (Parent, et al., 2012). To a certain extent, an organization can influence all three of these factors. Therefore, managers can take heart in that most of the variables associated with successful adaptation are under the organization’s influence.

**Positive Organizational Culture and Individual Adaptability**

Positive psychology is concerned with people’s strengths and how they grow and thrive (Luthans, Youssef, & Avolio, 2007). The term Positive Organizational Behavior (or Positive OB) is used when applying the concept of positive psychology to the workplace (Luthans, 2002). Positive OB is thought to be the application of positively oriented human resource strengths and psychological capacities that can be measured, developed and effectively managed for performance improvement (Avey, Wernsing, & Luthans, 2008). Companies with a positive organizational culture focus on rewarding employees and creating an environment where employees can develop, grow and operate at their full potential (Robbins and Judge, 2012).

Sok and colleagues (2014) found that supportive organizational cultures reduce negative work-home spillovers, allow for more flexible work-home arrangements and attract and retain more high quality valuable employees. Positive organizational cultures were also found to buffer the ill effect of bad news (French and Holden, 2012), which is particularly instrumental during
the change process. While not all change is perceived as benefiting the employee, positive organization change is considered any change that does more good than harm for an organization while considering aspects of employees’ psychological resources, behavior and performance that may be affected by the change (Avey, et al., p. 50).

Given the attributes of a positive organizational culture, we assert that an individual’s adaptability for change will be enhanced in these types of company environments. Specifically, we propose:

**Proposition 1:** A positive organizational culture is positively related to an individual’s ability to adapt to organizational change.

**Employee Engagement**

When an employee is engaged within their organization, everyone benefits. Engaged employees are builders. Employees use their talents, develop productive relationships, and multiply their effectiveness through those relationships. They perform at consistently high levels. They drive innovation and move their organization forward (Van Allen, 2013). Surveys conducted by Gallup and reported in the Harvard Business Review found that at any point in time about 30 percent of any company’s staff are actively engaged while 20 percent are actively disengaged (Sanford, 2002). It is interesting to think of the organizational outcomes that could be achieved with a 100% actively engaged workforce. Recent estimates predict low employee engagement costs the US Economy $370 billion per year (Moreland, 2013).

There are many examples of the benefits of employee engagement. In a study of almost 50,000 businesses that included roughly one and a half million employees in 34 countries, results indicated that work organizations scoring in the top half of employee engagement have double the odds of success of those in the bottom half. Those companies in the 99th percentile of
engagement have four times the success rate (Van Allen, 2013). Furthermore, the study showed that compared with bottom-quartile units, top-quartile units reported the following: 37% lower absenteeism, 25% lower turnover (in high-turnover organizations), 65% lower turnover (in low-turnover organizations), 28% less shrinkage, 48% fewer safety incidents, 41% fewer patient safety incidents, 41% fewer quality incidents (defects), 10% higher customer metrics, 21% higher productivity, and 22% higher profitability (Van Allen, p. 2).

Similarly, at Standard Chartered Bank it was found that branches with highly engaged employees produced 20% higher returns than branches with lower engagement scores. Marks & Spencer reported that a 1% improvement in employee engagement produced almost a 3% increase in sales per square foot. JCPenney reported that their stores with top engagement scores generate about 10% more sales per square foot and have a 36% greater operating income than similar stores with low engagement scores (Gallup, 2006; Dow Jones Business News, 2007). Further, Molson Coors Brewing Company reported multi-million dollar safety savings through strengthening employee engagement (Singh, 2013).

Moreover, skills related to the perception and processing of emotions of self and others are important factors for determining how service encounters are perceived by customers (Giardini & Frese, 2008). Employees who are emotionally competent, i.e., aware of the emotions on oneself and others and able to regulate one’s own emotions, have a positive effect on customer experiences and satisfaction. For example, in a study of 394 service encounters among bank consultants it was found that employees’ positive affect was positively related to customers’ positive affect about their encounters. This in turn was positively related to increased customer service (Giardini & Frese, 2008). In another recent study of 482 service employees and
customers in the retail industry, it was found that greater engagement was related to more positive service employee performance (Menguc, Auh, Fisher, & Haddad, 2013).

While there are many ways to define and operationalize employee engagement, for the purposes of this analysis engagement is separated into two broad areas: job engagement and organization engagement. *Job engagement* is related to one’s job-related roles/tasks and can be conceptualized as a psychological presence with two components – attention to one’s tasks (cognitive ability and the amount of time one spends thinking about a role) and absorption in one’s task (the intensity of one’s focus on a role) (Saks, 2006). *Organization Engagement* is having energy, involvement, and efficacy surrounding one’s company (Maslach, Schaufeli, & Leiter, 2001) and thus is focused on one’s fit with their organization.

In its simplest form, *job engagement* is an individual’s emotional and cognitive (rational) focus on work-related goals. It is an emotional involvement in, commitment to, and satisfaction with work. It can be thought of as “getting carried away” at work. Job engagement is independent from job resources and positive organizational outcomes, and focuses on a positive, fulfilling, affective-motivational state of work-related well-being (Maslach, et al., 2001). Based on this conceptualization, a job engagement definition was developed and tested which consisted of three interrelated dimensions: vigor, dedication, and absorption (Schaufeli, Bakker, & Salanova, 2006). Theoretically speaking, both engagement as well as its opposite, burnout, can be integrated within the overarching comprehensive framework of the Job Demands-Resources (JD-R) model (Schaufeli & Bakker, 2004). Studies using the JD-R model illustrate how positive organizational behavior can outweigh negative behavior (Schaufeli, Bakker, & Van Rhenen, 2009).
In contrast, *Organizational engagement* is conceptualized as the individual’s involvement and satisfaction with as well as enthusiasm for their workplace (Harter, Schmidt & Hayes, 2002). It is the positive attitude held by the employee towards the organization and its values. An organizationally engaged employee is aware of the business context, works with colleagues to improve performance within the job for the benefit of the organization (Robinson, Perryman & Hayday, 2004). It can be augmented by a set of motivating resources such as support and recognition from colleagues and supervisors, performance feedback, opportunities for learning and development, and opportunities for skill use. A meta-analysis of studies including almost 8000 business units of 36 companies (Harter, et al. 2002), showed that levels of this type of employee engagement were positively related to business-unit performance (i.e., customer satisfaction and loyalty, profitability, productivity, turnover, and safety). Harter et al. concluded that engagement is “. . . related to meaningful business outcomes at a magnitude that is important to many organizations” (Harter et al., 2002, p. 276 in Bakker & Schaufeli, 2008).

**Positive Organizational Culture and Employee Engagement**

A positive organizational culture also aids in the engagement process due to the fact that a positive workplace supports its employees. Building employee engagement calls for many aspects of a positive organizational culture. Sirisetti (2012) notes that improved engagement happens when there are positive working relationships, employee input in decision making, and supporting growth and development with learning opportunities. In a study of job demands and their relationship with engagement, Schaufeli and Baker (2004) found that a measure of job resources that included support from colleagues predicted engagement. Further, while noting a meaningful difference between job engagement and organizational engagement, Saks (2006) found that organizational support predicted both types of engagement. His study measured both
antecedents and consequences of employee engagement in a variety of jobs and organizations. Given the attributes of a positive organizational culture, we propose:

*Proposition 2: A positive organizational culture is positively related to job engagement and organizational engagement.*

**Engagement and Adaptability to Change**

Interestingly, engagement can increase during turbulent times because employees are fearful that they will be the ones losing their jobs (Singh, 2013). In fact, Marchington and Kynighou (2012) found varying responses to change depending on how much consultation with employees was completed during the change. In a study with respondents undergoing organization change with six different types of requests for engagement varying from “change imposed without employee consultation” to “formal consultation with employees” they found that employee involvement was critical to a company’s success when turbulent times occurred (Marchington & Kynighou, 3341). Johnson (2011) advances the idea that workplace deviance (i.e., behaviors that harm an organization) will decrease as employee engagement increases. The key theme is that management must continually engage, especially at the organizational level, constantly so that when change occurs they might not be affected as greatly as companies with disengaged employees.

In a study of the antecedents and consequences of employee engagement, Saks (2006) found differences in the consequences of job engagement and organizational engagement. Organizational engagement predicted individual organizational citizenship behavior but job engagement did not predict individual citizenship behavior. Applying these findings to our study, we assert that there will be a positive relationship between organizational engagement and an individual’s ability to adapt to change. However, we contend that when an individual
demonstrates high levels of job engagement they will have a more difficult time adapting to change because the change is directly related to the source of their joy or engagement. Specifically, we propose:

**Proposition 3a:** Organization engagement is positively related to an individual’s ability to adapt to organizational changes.

**Proposition 3b:** Job engagement is negatively related to an individual’s ability to adapt to organization changes.

**Discussion and Conclusion**

We propose that individual adaptability to change can be enhanced through a positive organizational culture. Moreover, we assert that organizations with a positive culture also foster both job and organizational engagement in their employees. However, we proposed that those employees with high levels of job engagement will actually be less adaptable to change. We suggest that it is more difficult to change when the change affects the source of the employee’s enjoyment. To date, no models exist linking positive organization culture, organization and job engagement and individual adaptability to change. This paper makes a contribution by linking positive organization culture to engagement and adaptability. Further, we suggest that not all engagement is created equal – in fact organization change can be more difficult for an individual with high job engagement because changes might alter the root of their engagement.

It follows that if organizations promote positivity and get their employees to become more engaged and in turn they will be better able to adapt to their changing environments. While this is no easy task, we suggest that the roots of change start with creating a positive culture within the organization. Culture is largely shaped by its management and its members. There is much evidence that the idea of positive psychology can be used to enhance employee
engagement and change an organization’s culture. Positive psychology can translate into benefits for companies, management and workers alike (Rousseau, 2006).

Today’s work environment is driven primarily by economic and shareholder pressures to continue to improve the bottom line. Large-scale organizational change, whether in the form of mergers, acquisitions, restructuring, or downsizing is a widespread feature of today’s ever changing work environment. Although change has been shown to adversely affect an individual’s well-being and productivity, research at the individual level on how people adapt to change is not as prominent as macro-level research on organization change.

The objective of this paper is to advance a model that incorporates the three critical elements of employee engagement, positive organizational psychology and adaptation to organizational change. At some point in our lives, everyone experiences changes in their work situation. Understanding of the interrelationships of these elements is critical to workplace success. Given the right conditions, individuals can thrive in the face of adversity and look upon change as a growth experience. The model suggests that it is well within the control of the organizations to enable successful change. Organizations can provide the right atmosphere for their employees by engaging employees in a positive manner through the creation of a positive culture.

The review of theory and research on the importance of an engaged, adaptable workforce leaves little doubt of the need for additional research in this area. The model outlined above can be tested in organizations that are undergoing changes through various methods of research. This model can serve as a starting point for future research designs by measuring both types of employee engagement and specific organizational factors indicating positive culture elements in
an organization’s culture as well as how these related to an individual’s ability to adapt to change.

Given that change will be ever-present in all forms of organizations, it is imperative to continue both theoretical and empirical pursuits in this area. Scholars and practitioners need to gain a more in-depth understand of how these factors in organizations are related to the change process. In addressing this year’s Eastern Academy of Management conference theme of organizational and individual authenticity, indeed creating positive work environments where people can “be their engaged, authentic selves” will enable successful change.
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FIGURE 1 – Proposed Model

Positive Organization Culture

Organizational Engagement

Job Engagement

Adaptability