Issues in Introduction of Concept of Employee Engagement in Japanese Companies

Morihiko Ikemizu[1*], Takaaki Hosoda [1], and Tokuro Matsuo [1†]

[1] Advanced Institute of Industrial Technology, Tokyo, Japan
`https://bslabo.org/`, `https://aiit.ac.jp/english/`

Abstract

According to research firms, employee engagement in Japan is extremely low compared with that in other countries. This is a major problem for Japanese companies, and they are implementing various measures to improve their employee engagement. However, this is a relatively new concept with no clear definition, and it is also unclear whether the concept of employee engagement fits the corporate culture of Japanese companies and the characteristics of Japanese people. Taking this point as a problem, and based on previous research on employee engagement and the current study, the authors concluded that a theoretical system suitable for Japan, different from the Western concept of social exchange theory, might be necessary to define employee engagement in Japan.

Keywords: employee engagement, social exchange theory, meaningfulness, reasonably safe, resourced proportionately

Introduction

In Japan, the population is declining due to decreasing birthrate and aging population. As a result, the shortage of human resources has become more serious. Japanese companies hope to reduce the turnover and increase employee retention. In this context, many Japanese companies focus on the concept of employee engagement. Practitioners and researchers in the academic field have defined employee engagement in different ways. However, a definite concept of employee engagement does not exist. Many researchers believe that employee engagement is a measure of whether employees feel compelled to contribute to the company.

How many employees with high employee engagement exist in Japan? In 2017, Gallup measured the employee engagement of approximately 13 million people worldwide using a measurement technique called Q12. Japan ranked 132nd out of the 139 countries. The percentage of employees with high employee engagement was 31% in the United States, whereas it was 6% in Japan (GALLUP, 2017). This shows that employees' engagement is extremely low in Japan.

The Japanese government has taken steps to address this critical situation. In 2020, the Ministry of Economy, Trade and Industry (METI) published the "Report of the Study Group on Improvement of Sustainable Corporate Value and Human Capital" (Ministry of Economy, Trade and Industry, 2020). The report identifies three perspectives and five common elements required for human resource strategy, and as one of the five elements, it argues for the need for employee engagement. Similarly, Japanese companies recognize the importance of employee engagement and try to introduce the concept into their human resources (HR) management systems. They assume that the turnover rate will increase with the shift from traditional membership-type employment to job-type employment. Companies also assume that it will be difficult to recruit effectively due to future decline in the workforce. Each company takes measures to increase employee motivation and increase employee retention. However, they have not been successful in increasing employee engagement. In addition, these measures have not been widely adopted by companies.

Why does employee engagement not take root in Japanese companies? All HR management measures will not work in Japanese companies without sufficient insight into the characteristics of Japanese people and their corporate culture. Japanese companies can never succeed by simply introducing engagement concepts that have become popular overseas or by following best practices.

Therefore, this study aims to identify the issues that need to be addressed to effectively introduce the concept of employee engagement in Japanese companies.

1 Research on Engagement

1.1 Various Definitions of Engagement

Among the many researchers on engagement, Kahn (1990) was the first to propose the concept of personal engagement. Kahn, who was a psychologist, defined personal engagement as "the harnessing of organizational members' selves to their work roles; in engagement, people employ and express themselves physically, cognitively, and emotionally during role performances." (Kahn, 1990) In addition, Kahn mentions, "the simultaneous employment and expression of a person's 'preferred self' in task behaviors that promote connections to work and to others, personal presence (physical, cognitive, and emotional), and active, full role performances." (Kahn, 1990) To do so, the following conditions were required: "their work meaningful, reasonably safe, and resourced proportionately" (Kahn, 1990). Figure 1 shows a model of employee engagement with Kahn's concept (Meskelis, 2017), which describes the psychology of engagement before it occurs. Based on this concept, subsequent researchers have continued to study what engagement entails and have tried to apply it to human resource development (HRD), as shown in Figure 1.
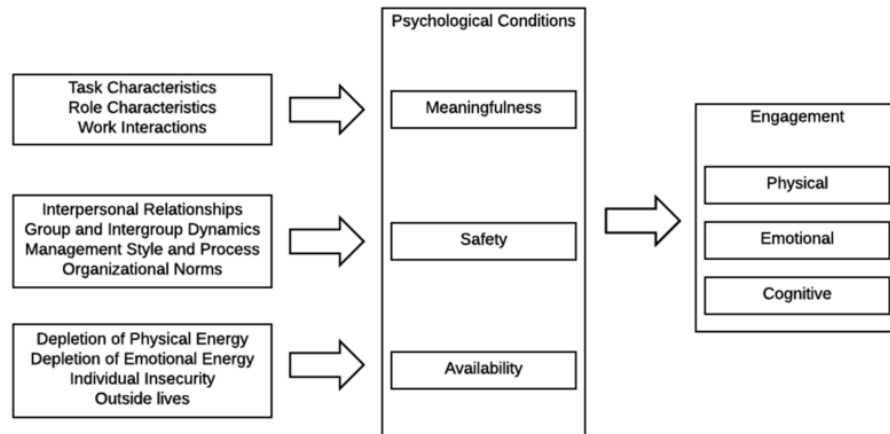
Figure 1: Kahn (1990) Model of Employee Engagement

Schaufeli et al. (2002) defined work engagement as "a positive, fulfilling, work-related state of mind that is characterized by vigor, dedication, and absorption" (Schaufeli, Salanova, González-Romá, & Bakker, 2002). Based on this idea, Schaufeli and Bakker developed the Utrecht Work Engagement Scale, which measures the degree of engagement. This scale comprises 17 items: six for vigor, five for dedication, and six for absorption, based on the definition of vitality, enthusiasm, and immersion as scale components (Schaufeli W. B., 2003) Schaufeli et.al describes each of these components as follows (Schaufeli & Bakker, 2010):

  * "Vigor is characterized by high levels of energy and mental resilience while working, the willingness to invest effort in one's work, and persistence even in the face of difficulties."

  * "Dedication refers to being strongly involved in one's work and experiencing a sense of significance, enthusiasm, inspiration, pride, and challenge."

  * "Absorption is characterized by being fully concentrated and happily engrossed in one's work whereby time passes quickly and one has difficulties with detaching oneself from work."

Figure 2 shows an integrative model of work motivation and engagement (Schaufeli & Bakker, 2010).
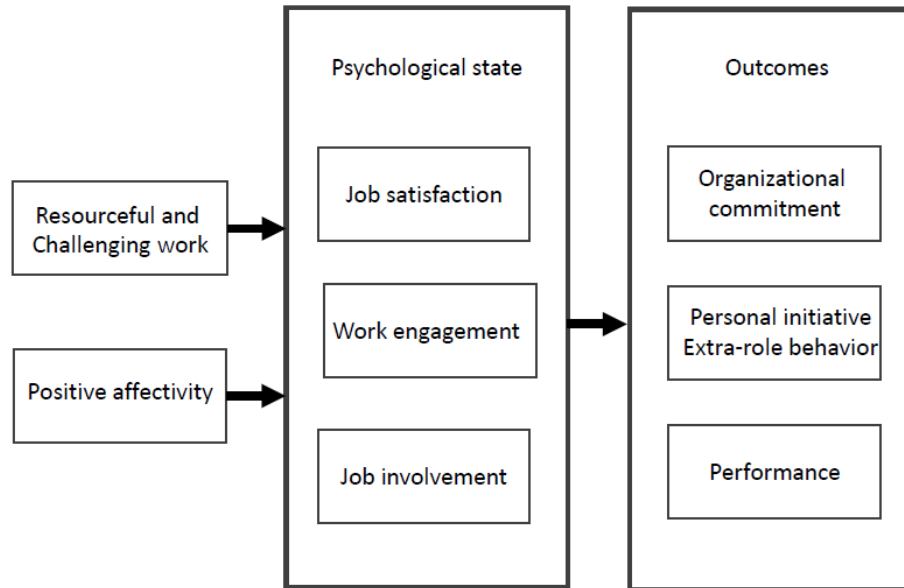
Figure 2: An integrative model of work motivation and engagement

Maslach et al. (2001) defined engagement as "characterized by energy, involvement, and efficacy, the direct opposite of the three burnout dimensions of exhaustion, cynicism, and inefficacy" and developed a burnout measurement method based on this definition (Maslach, Schaufeli, & Leiter, 2001). Maslach et al. defined the three burnout dimensions as follows:

* Exhaustion is emotional exhaustion.

* Cynicism is a distant attitude toward a job.

* Inefficacy reduces personal accomplishment.

Schaufeli et al. discovered that all burnout and engagement scales are negatively related (Schaufeli, Salanova, González-Romá, & Bakker, 2002). Contrary to expectations, the results of Schaufeli et al.'s study showed that a model with two factors—burnout and engagement—did not show a superior fit to the data. They found two potential factors in their validation. One was fatigue (the core of burnout) and the other was the three work engagement scales. These two factors were found to be negatively related. This supports the fact that burnout and engagement are opposites.

Shuck and Wollard (2010) surveyed prior studies by several researchers on employee engagement. Consequently, there exist many definitions of employee engagement, each of which is related to the unique field of each researcher. Shuck and Wollard concluded that the definition of employee engagement is not constant and can be misleading. Their findings defined it as "an individual employee's cognitive, emotional, and behavioral state directed towards desired organizational outcomes." (Shuck & Wollard, 2010). Figure 3 shows the hypothesized moderation model of employee engagement (Shuck & Reio, 2014). Shuck and Reio (2014) argue that "employee engagement is more state based than trait based." The concepts of stability and persistence are connected to the state nature of employee engagement. The psychological experience of employee engagement, while flexible enough for moment-to-moment flux and variation, ultimately builds or erodes over time (e.g., a cumulative effect). Employee engagement is based on the state of the person at the time, rather than based on their inherent characteristics. The state nature of employee engagement includes the concepts

of "stability" and "persistence". The psychological state of employee engagement responds to momentary changes and fluctuations. As time passes, employee engagement builds or disappears. Employee engagement is not a matter of performing work hard, but a momentary state expressed by the intensity of energy to achieve work goals in what the individual perceives to be meaningful work. Cognitive and emotional representations are used to develop schemas that inform decisions about momentary actions. It is the appraisals that are relevant to both current and future experiences. The potential functions of employee engagement evolve from cognition to emotion to action. Even after action, the process of employee engagement does not stand still, but is always in a series of cycles. Information about the behavioral context of actual outcomes is provided, and that socio-emotional and physical environmental feedback is looped into cognitive evaluations that create a continuous stream of meaning and value. (Shuck, Osam, Zigarmi, & Nimon, 2017).
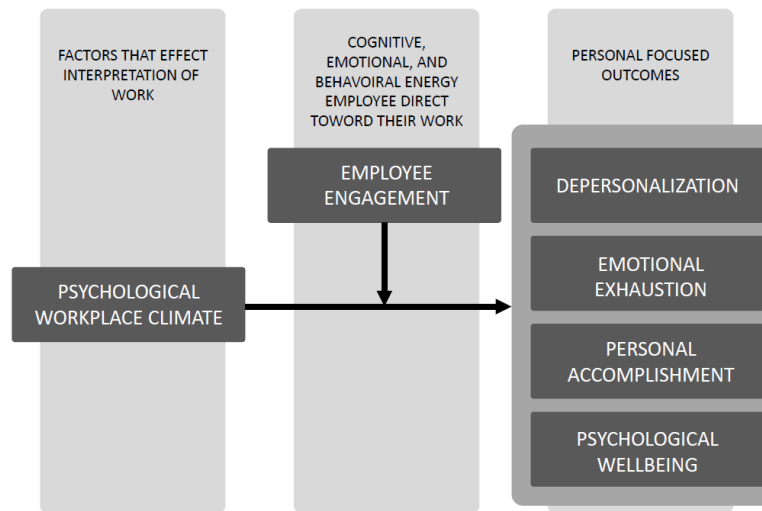

Figure 3: Hypothesized moderation model of employee engagement between psychological workplace climate and individual-level outcomes

In Japan, Arai et al. defined engagement as "a willingness to contribute voluntarily based on one's relationship to the organization and one's job" (Arai yoshihide, 2018). In more detail, Hashiba (Hashiba, 2013) defined it as a state in which employees can take actions that lead to results by combining a voluntary attitude, willingness, and stance to contribute to the organization through their work with the knowledge, understanding, and abilities to actually make a contribution. Before stating this definition, Hashiba gave an overview of the major definitions of engagement by researchers, consultancies/consultants, and research organizations. He mentioned that there was considerable difference between each definition surveyed.

As established, various researchers have interpreted the concept of engagement. However, the definitions in prior studies concur that the motivation individuals have for their work has a significant impact on their engagement (Hashiba, 2013).

1.2   Previous Research on Employee Engagement

Engagement can be thought of as a concept that exists for customers, organizations, and jobs. In the 1990s, the concept of employee engagement was first used by Gallup in the United States. (GALLUP, 2017)

May et al. (2004) discovered in an experiment with insurance company employees that three of Kahn's conceptual elements (their work meaningful, reasonably safe, and resourced proportionately) of personal engagement are important. The three factors showed a significant positive relationship with engagement. The strongest positive relationship was found for their work meaningful. The next strongest factor was psychological safety, which was also positively related to having "resourced proportionately" in place to achieve it (May, Gilson, & Harter, 2004).

Saks (2006) organized the concept of employee engagement as "job engagement" (performing the job role) and "organization engagement" (performing a role as a member of an organization), as seen in Figure 4. He proposed the model of employee engagement shown in Figure 5 (Saks, 2006). The model depicts the antecedents and consequences of employee engagement. The antecedents of work act as inputs for employee engagement and the resulting engagement is expressed in the form of consequences.
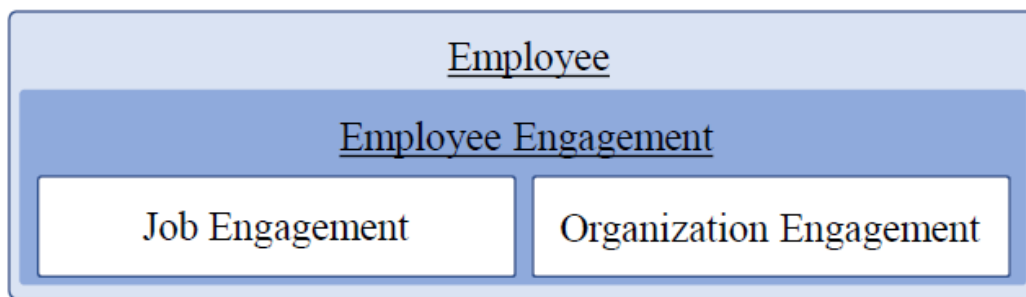

Figure 4: Concept model of Employee Engagement by Saks

Figure 5: A model of the antecedents and consequences of employee engagement

Saks set up antecedents and consequences in the employee engagement model Saks (2006), as shown in Table 1.

Antecedents	
Job characteristics	Employees who are provided with enriched and challenging jobs will feel obliged to respond with higher engagement.
Rewards and recognition	Employees' will be more likely to engage themselves at work to the extent that they perceive a greater amount of rewards and recognition for their role performances. When employees

	receive rewards and recognition from their organization, they will feel obliged to respond with higher levels of engagement.
Perceived organizational and supervisor support	When employees believe that their organization is concerned about them and cares about their well-being, they are likely to respond by attempting to fulfill their obligations to the organization by becoming more engaged.
Distributive and procedural justice	When employees have high perceptions of justice in their organization, they are more likely to feel obliged to also be fair in how they perform their roles by giving more of themselves through greater levels of engagement. On the other hand, low perceptions of fairness are likely to cause employees to withdraw and disengage themselves from their work roles.

Consequences	
Job satisfaction	Engagement is an individual-level construct and if it does lead to business results, it must first impact individual-level outcomes. Along these lines, there is reason to expect employee engagement to be related to individuals' attitudes, intentions, and behaviors.
Organization commitment and organizational citizenship behavior	Individuals who are more engaged are likely to be in more trusting and high-quality relationships with their employer and will, therefore, be more likely to report more positive attitudes and intentions toward the organization.
Intention to quit	Engagement has been found to be positively involved to organizational commitment and negatively involved to intention to quit. Engagement is believed to also be involved to job performance and extra-role behavior.

Table 1: Antecedents and Consequences in the employee engagement model

To test the model, Saks (2006) collected data from 102 employees working in a variety of jobs and organizations. The results of the statistical processing of the data are as follows (Saks, 2006):

* "While job and organization engagement are related, they are also significantly different from with participants."

* "The antecedents are related to job and organization engagement."

* "Job and organization engagement were significantly positively related to job satisfaction, organizational commitment, and organizational citizenship behavior, and negatively related to intention to quit."

These results suggest that the relationship between the antecedents and consequences are partially mediated by job and organization engagement.

In the next section, we will examine the foundation of employee engagement, which comprises job engagement and organization engagement, with its definition in Saks' (2006) research.

2 A theoretical framework for employee engagement based on social exchange theory

Engagement relationships are established between employees and their organizations and jobs. Saks introduced the concept of social exchange theory (SET) to explain why employees feel engaged with their job and organization (Saks, 2006).

Research on SET, which is one of the theories of social psychology that explains the formation of human relationships, has been conducted from a variety of perspectives. The fundamental to SET is that a series of interdependent transactions can produce some sort of inter-personal attachment. Social exchange relationships develop when employers "take care of their employees," with beneficial results. In other words, the social exchange relationship is a mediator or intervening variable. There are advantageous and fair transactions between strong relationships. And these relationships produce effective work behavior and positive employee attitudes. Cropanzano et al. categorized social exchange relationships in the workplace into five categories based on the literature of other researchers. A) Perceived organizational support and leader-member exchange B) Support to commitment C) Adding team support to organizational support D) Adding supervisory support E) Trust. ” Committed workers are more desirous of maintaining their associations and will become more motivated on behalf of their employers. (Cropanzano, 2005)

Saks states, “SET argues that obligations are generated through a series of interactions between parties who are in a state of reciprocal interdependence;” then “A basic tenet of SET is that relationships evolve over time into trusting, loyal, and mutual commitments as long as the parties abide by certain “rules” of exchange;” and then “Rules of exchange usually involve reciprocity or repayment rules such that the actions of one party lead to a response or actions by the other party.” Saks also mentions, “engagement as a two-way relationship between the employer and employee,” and “employees will choose to engage themselves to varying degrees and in response to the resources they receive from their organization” (Saks, 2006).

SET is the theoretical foundation for employee engagement. Employees are unlikely to feel uncomfortable offering their own labor in exchange for the resources provided by the organization. Moreover, they feel obliged to provide greater levels of engagement. Saks argues that “employees who perceive higher organizational support are more likely to reciprocate with greater levels of engagement in their job and in the organization; employees who are provided with jobs that are high on the job characteristics are more likely to reciprocate with greater job engagement; and employees who have higher perceptions of procedural justice are more likely to reciprocate with greater organization engagement. Engaged employees are also more likely to have a high-quality relationship with their employer, leading them to also have more positive attitudes, intentions, and behaviors.”

Saks, on the other hand, states, “When the organization fails to provide these resources, individuals are more likely to withdraw and disengage themselves from their roles. Thus, the amount of cognitive, emotional, and physical resources that an individual is prepared to devote in the performance of one’s work roles is contingent on the economic and socioemotional resources received from the organization.”

Saks’ model (Figure 5) of employee engagement uses SET to explain the premise on which the engagement relationship is established. This model successfully depicts the engagement relationship in the United States and Europe, which is based on the employment relationship established by the strong individualism of employees and the ease with which companies can fire employees. Therefore, companies in the United States and Europe are working to provide work styles and office spaces that are commensurate with the price of labor and not just monetary compensation, to retain talented people. Thus, Saks’ concept of employee engagement is a well-established concept of engagement in American and European companies.

3 Challenges to Making Employee Engagement Work in Japanese Companies

The following discussion is based on data retrieved from the authors' experience and observations and results inferred from a literature review rather than based on evidence from the objective surveys. We propose this discussion as a hypothesis and use it as a subject for future discussion.

We believe that Saks' concept of employee engagement is applicable to a certain extent in Japanese companies pertaining to the relationship between employees and companies based on employment contracts. Many employees in Japanese companies try to perform their assigned jobs duties efficiently. It promotes organization engagement, which is a sense of working towards rewards such as salary and benefits from the company.

Job engagement and organization engagement are established in Japanese companies too. However, the authors believe that they are not solely based on the economic aspect of Saks' SET.

For example, Saks states, "the amount of cognitive, emotional, and physical resources that an individual is prepared to devote in the performance of one's work roles is contingent on the economic and socioemotional resources received from the organization." However, the authors have observed that employees in Japanese companies are occasionally motivated by gratitude and rewards from their superiors, subordinates, and colleagues rather than just direct rewards. For example, in Japan, employees of public organizations and large companies generally receive higher salaries and better benefits than employees of small and medium-sized companies and micro-companies. The Ministry of Health, Labor, and Welfare has proved this. Even though differences in salaries and benefits among similar companies exist, many of the current employees do not want to leave the company to which they belong (Ministry of Health, Labor and Welfare, 2007). In addition, Japanese companies are obligated by law to hire older workers; efforts to hire workers up to the age of 70 began in April 2021. The same company hired approximately 83% of the retired employees as they wished to continue working there (Ministry of Health, Labor and Welfare, 2020). In many cases, although the salary level was reduced in post-retirement employment, majority of the employees did not want to leave their current positions (Ministry of Health, Labor and Welfare, 2019).

Employee engagement in Japanese companies can also be observed in the employee engagement survey mentioned at the beginning of this paper. The fact that the percentage of highly engaged employees was only 6% in Japan is not only a result of low engagement, but also suggests that it is difficult to measure employee engagement in Japanese companies using only SET-based concepts. For example, employee engagement in the United States is 32%, but the percentage of employees who have been with one company for 20 years or more is 10.3%. In Japan, employee engagement is 6%, but the percentage of employees who have been with one company for 20 years or more is 22.5% (The Japan Institute for Labour Policy and Training, 2019). Therefore, employee engagement alone does not necessarily lead to these results.

We assume that one of the reasons for this is membership-based employment, which is simultaneous recruitment of university graduates; seniority-based, indefinite employment; and no restrictions on job duties or work location. In addition, the larger the public organization or company, the more vertically integrated is the organizational structure. In the case of membership-based employment, employees may work based not only on their engagement with the job or organization but also on non-direct rewards based on relationships such as indebtedness and gratitude to supervisors, subordinates, or colleagues. This relationship may not necessarily be reflected in the employee engagement scores of Japanese companies. However, in the case of job-based employment, in which people with the skills to perform specific duties are hired, the traditional relationship in which a supervisor kindly educates subordinates becomes less common. Therefore, we believe that employee engagement based on SET can be established.

In addition, it can be considered that the characteristics of Japanese people's engagement are expressed in the fact that Japanese people implicitly express their intentions. Hosoda and Maruyama (2019) pointed out explicit and implicit purposes in decision-making (Hosoda & Maruyama, 2019). Japanese people perceive economic exchange, such as wages, as an explicit purpose. Meanwhile, they perceive things such as human relationships, which are difficult to express in an explicit form, as an implicit purpose. It can be said that Japanese people have a tendency to set and try to achieve milestones in human relationships as implicit objectives.

The authors have observed these two types of purposes in the management of an individual company's goals. Goals expressed in numbers have explicit economic objectives because the evaluation of achievement is also explicit. Process goals that account for a large percentage of the goals are difficult to clarify in goal management and therefore have implicit objectives. The percentage of incentives for the process goals is also high. In particular, process goals related to HR, such as the training of subordinates, are difficult to evaluate. For example, company superiors try to form good relationships with their subordinates through social gatherings and company trips, which are typical examples of implicit objectives.

In Japanese companies, there are also ambiguous instructions from superiors. For example, when developing a product "A", the only instruction is to "develop A." However, the superior believes they instructed their subordinate to develop the product at the lowest cost and in the shortest time possible. Subordinates will naturally try to accomplish this unspoken directive. If this is not accomplished, the superior would instruct their subordinate with the metaphor, For example, a boss said "The instruction to watch the fish cook means to cook the fish well. It does not mean watching it until it's blackened."

Based on the above example, the authors hypothesized that there might be a unique Japanese concept of engagement. It is not only the SET, which is the compensation for the employee labor with some resources from the organization. Moreover, the authors hypothesized that this might be due to the multilayered nature of the Japanese sense of engagement. One of the authors' tasks is to clarify the elements necessary for employee engagement in Japanese companies by gauging the accuracy of this hypothesis.

4 Future Research

This study confirms the fundamental idea of the concept of engagement and analyzes its characteristics, focusing on employee engagement, which has attracted particular attention from researchers. Based on the results of the analysis, the authors were able to formulate a hypothesis that, in addition to the idea of SET, which is the theoretical foundation of employee engagement proposed by Saks, there might be multi-layered aspects to the way Japanese people feel engaged in the employment structure in Japanese companies.

Japan's economic growth has been stagnant for a long time. It is hoped that it will recover to the same level of development as the rest of the world. The relationship between companies and their employees is expected to change dramatically.

In the future, the authors would like to construct a model of engagement in Japanese companies by observing the way employees work and clarifying the elements necessary for employee engagement to function in Japanese companies. It is crucial for the implementation of engagement in Japanese companies.

References

Arai yoshihide, M. h. (2018). *Soshiki no mirai ha engagenment de kimaru(The future of an organization is determined by engagement)* (Vol. 13). Eiji shuppan.

Cropanzano, R. M. (2005). Social Exchange Theory: An Interdisciplinary Review. *Journal of Management, Vol. 31 No. 6*, 874-900.

GALLUP. (2017). State of the Global Workplace. In *State of the Global Workplace.* 1330 Avenue of the Americas 17th Floor New York, NY 10019: GALLUP PRESS.

Hashiba. (2013). kougyousekiwo shikousuru kanrino sintyouryuu (New Trends in High Performance Oriented Management). *The Meijo Review, Vol.13, 4*, 255-279.

Hosoda, T., & Maruyama, H. (2019). The Differences between Japanese and Westerner in terms of "Purpose". *Pan-pacific Management Science, 2*, 67-79.

Kahn, W. A. (1990). Psychological Conditions of Personal Engagement and Disengagement at Work. *Academy of Management Journal, 33*(4), 692–724.

Maslach, C., Schaufeli, W. B., & Leiter, M. P. (2001). Job Burnout. *Annual Review of Psychology, 52*, 397-422.

May, D. R., Gilson, R. L., & Harter, L. M. (2004). The psychological conditions of meaningfulness, safety and availability and the engagement of the human spirit at work. *Journal of Occupational and Organizational Psychology, 77*(1), 11-37.

Meskelis, S. (2017). *An Investigation of the Relationship Among Honesty-Humility, Authentic Leadership and Employee Engagement.* Dissertation. Retrieved November 7, 2021, from https://digitalcommons.udallas.edu/edt/21

Ministry of Economy, Trade and Industry. (2020). *Report of the Study Group on Improvement of Sustainable Corporate Value and Human Capital.* Ministry of Economy, Trade and Industry. Retrieved April 23, 2021

Ministry of Health, Labor and Welfare. (2007). *Heisei 19 nen koyoudoukoutyousakekka no gaikyou.* Ministry of Health, Labor and Welfare.

Ministry of Health, Labor and Welfare. (2016). Employment Status of Older Workers. 8.

Ministry of Health, Labor and Welfare. (2019). Koureisyakoyou no genjoutounituite. *Dai 88 kai roudouseisakusingikai syokugyouanteibunkakai koyoutaisaki kihonmondaibukai* (p. 41). Ministry of Health, Labor and Welfare.

Ministry of Health, Labor and Welfare. (2020). *Reiwa gannen [kounenreisya no koyoujoukyou]syuukeikekka.* Ministry of Health, Labor and Welfare.

Ministry of Health, Labour and Welfare. (2019). *Analysis of the Labour Economy -Challenges Facing Japan: Work Styles and Labour Shortages-.* Ministry of Health, Labour and Welfare.

O'Boyle, E. H., Forsyth, D. R., Banks, G. C., & McDaniel, M. A. (2012). A Meta-Analysis of the Dark Triad and Work Behavior: A Social Exchange Perspective. *Journal of Applied Psychology, 97*(3), 558-559.

Saks, A. M. (2006). Antecedents and consequences of employee engagement. *Journal of Managerial Psychology, 21*(7), 600-619.

Schaufeli, W. a. (2004). Job demands, job resources, and their relationship with burnout and engagement. *Journal of Organizational Behavior Vol.25*, 293-315.

Schaufeli, W. B. (2003). *Utrecht work engagement scale: Preliminary manual. .* Utrecht: Utrecht University, 26.

Schaufeli, W. B., & Bakker, A. B. (2010). Defining and measuring work engagement: Bringing clarity to the concept. *Work engagement: A handbook of essential theory and research, 12*, 21.

Schaufeli, W. B., Salanova, M., González-Romá, V., & Bakker, A. B. (2002). The Measurement of Engagement and Burnout: A Two Sample Confirmatory Factor Analytic Approach. *Journal of Happiness Studies, 3*, 71-92.

Shuck, B., & Reio, T. G. (2014). Employee Engagement and Well-Being: A Moderation Model and Implications for Practice. *Journal of Leadership & Organizational Studies, 21*(1), 48.

Shuck, B., & Wollard, K. (2010). Employee Engagement and HRD: A Seminal Review of the Foundations. *Human Resource Development Review, 9*(1), 89-110.

Shuck, B., Osam, K., Zigarmi, D., & Nimon, K. (2017). Definitional and Conceptual Muddling: Identifying the Positionality of Employee Engagement and Defining the Construct. *Human resource development review, 16*(3), 263-293.

Sonnentag, S. (2003). Recovery, work engagement, and proactive behavior: a new look at the interface between nonwork and work. *Journal of Applied Psychology, Vol. 88*, 518-28.

The Japan Institute for Labour Policy and Training. (2019). *Databook of International Labour Statistics 2019.* The Japan Institute for Labour Policy and Training.