

## COLLECTIVE ORGANIZATIONAL ENGAGEMENT: LINKING MOTIVATIONAL ANTECEDENTS, STRATEGIC IMPLEMENTATION, AND FIRM PERFORMANCE

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We present a comprehensive theory of collective organizational engagement, integrating engagement theory with the resource management model. We propose that engagement can be considered an organization-level construct influenced by motivationally focused organizational practices that represent firm-level resources. Specifically, we evaluate three distinct organizational practices as resources—motivating work design, human resource management practices, and CEO transformational leadership—that can facilitate perceptions that members of the organization are as a whole physically, cognitively, and emotionally invested at work. Our theory is grounded in the notion that, when used jointly, these organizational resources maximize each of the three underlying psychological conditions necessary for full engagement; namely, psychological meaningfulness, safety, and availability. The resource management model also underscores the value of top management team members implementing and monitoring progress on the firm's strategy as a means to enhance the effects of organizational resources on collective organizational engagement. We empirically test this theory in a sample of 83 firms, and provide evidence that collective organizational engagement mediates the relationship between the three organizational resources and firm performance. Furthermore, we find that strategic implementation positively moderates the relationship between the three organizational resources and collective organizational engagement. Implications for theory, research, and practice are discussed.

The term *employee engagement* is used with great frequency in contemporary organizations. Indeed, perhaps because of the frequency with which the term is used by executives, employees, and consultants, some have accused “engagement” of merely being the latest buzzword of management. However, empirical evidence to date suggests that engagement—defined by Kahn (1990) as employ-

ees' willingness to fully invest themselves physically, cognitively, and emotionally into their work roles—is a robust motivational concept that provides a comprehensive explanation for individual-level performance outcomes (Rich, LePine, & Crawford, 2010). Moreover, while virtually all prior research on engagement has been conducted at the individual level of analysis, practitioners have long asserted that organizational-level engagement may be one way that organizations are able to impact performance at the firm level (Harter, Schmidt, & Hayes, 2002). In other words, there may be a so-called “business case” to be made for increased employee engagement at the firm level (Macey, Schneider, Barbera, & Young, 2009).

However, despite the suggested link between employee engagement and organizational performance, very little research examines engagement at the organization level of analysis (Harter et al., 2002). The little research that has been done has tended to be overly simplistic in its conceptualiza-

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tion and operationalization of organizational-level engagement, and has not addressed its antecedents or the role of engagement as a mechanism that links organizational practices to firm performance. This gap in knowledge is understandable, given that engagement is still a relatively new concept in the management research literature (Rich et al., 2010). Nonetheless, the lack of research on engagement at the organization level means that it may be an understudied organizational capability that helps firms achieve and sustain higher performance.

To increase our understanding regarding the role that employee engagement plays beyond the individual level of analysis, we respond to the call for more scholarly research (e.g., Rich et al., 2010) by developing a conceptualization of engagement as it functions at the organizational level of analysis, which we term *collective organizational engagement*. Consequently, we add to the rich theoretical and empirical research on employee engagement by displaying how collective organizational engagement may be manifested as a shared perception among organizational members that is distinct from aggregated individual-level engagement. Moreover, we go beyond simply demonstrating that employees can be collectively engaged at work by analyzing how firms can strategically structure and bundle firm resources to generate shared perceptions among employees that organizational members are collectively engaged at work, and, by so doing, create value for the firm, as demonstrated by increased firm performance.

To extend theory about our understanding of collective organizational engagement, we integrate engagement theory with the resource management model (Sirmon, Hitt, & Ireland, 2007). There are two basic tenets of the resource management model that serve as the foundation for the model we present in this study. First, organizational resources are acquired, developed, and then bundled together to generate unique organizational capabilities that can create value for the firm. Second, the process of bundling organizational resources is managed, synchronized, and leveraged by firm leaders in order to maximize the value that is created by the bundled resources. The resource management model provides an important lens through which researchers can take a process-oriented view that centers on collective organizational engagement as a unique capability that firms can develop by structuring a set of resources to motivate employees across the organization. The resource management model also recognizes that certain actions (i.e., strategic imple-

mentation) of the upper echelon can foster or “orchestrate” the pursuit of firm strategies as a way to enrich the effects firm-level resources have on organizational capabilities (Sirmon et al., 2007).

Using the insights gained by integrating engagement theory and the resource management model, we advance the literature by finding answers to three fundamental research questions. First, can employees choose to invest themselves into their work in a way that it becomes a shared firm-level motivational capability that is distinct from that occurring at the individual level and that adds value to the firm? Second, what organizational practices or resources affect this shared perception of firm-wide engagement? Third, what role do firm executives play in leveraging the motivational potential of organizational resources to magnify the firm’s collective organizational engagement? We contend that Sirmon et al.’s (2007) resource management model provides a key theoretical process-oriented explanation of the means through which firm resources combine with top managers’ strategic actions to foster collective organizational engagement, which, in turn, creates enhanced value to the firm as indicated by increased firm performance.

### COLLECTIVE ORGANIZATIONAL ENGAGEMENT

Since the introduction of Kahn’s (1990) engagement concept more than two decades ago, the overwhelming majority of related research has focused on individual-level engagement, with recent attention being directed at individual antecedents and performance-related outcomes (e.g., Harrison, Newman, & Roth, 2006; Rich et al., 2010). However, scholars have also suggested that engagement can potentially manifest itself as a property of organizations; that is, employees throughout the organization may share perceptions that members of the organization collectively invest their full selves into their work roles. This shared sense of engagement emerges in part through various affective and social processes in the organization (Hofmann & Morgeson, 1999). For example, affective-motivational states such as engagement are highly “contagious” and transferrable to other members of the organization (Pugh, 2001). Shared perceptions of engagement are then maintained as organizational members interact with one another and exchange cues regarding what is expected and rewarded in the organization (Klein, Conn, Smith, & Sorra, 2001). In addition to social processes, attraction–

selection–attrition processes in organizations may result in a degree of homogeneity among organizational members with regards to characteristics and values that are predictive of engagement (Schneider, 1987). These effects are especially likely in the context of small- to medium-sized firms, such as included in this study. As a result of all these processes, engagement can emerge as a property of organizations, and organizations can be differentiated by their level of collective organizational engagement (Rich et al., 2010).

Despite the strong conceptual link between collective organizational engagement and the pursuit of organizational goals, prior studies on organizational-level outcomes of engagement (e.g., Harter et al., 2002; Salanova, Agut, & Peiró, 2005) have not fully considered level-of-analysis issues relevant to developing higher-level constructs, or have failed to use measures that map onto the theoretical definition of engagement. In this study, we seek to remedy these limitations by defining the collective organizational engagement construct in terms of its *levels of conceptualization, origin and measurement*, and its *compositional model* (Chan, 1998; Klein & Kozlowski, 2000).

First, in terms of the level of conceptualization, the crux of a collective construct is that it is based on *shared perceptions* regarding some property of the organization—in this case, the level of engagement. As such, collective organizational engagement is a firm-level construct and an indicator of the overall *motivational environment* within the firm, and thus has a more *descriptive* focus. In contrast, individual-level engagement is based on the perception of one's *own engagement* and thus has a more *evaluative* focus (Klein & Kozlowski, 2000). Second, in terms of the level of origin, collective organizational engagement involves psychological processes occurring within individuals as they interpret and ascribe meaning to the motivational environment in which they work, and thus the level of origin is at the individual level (Seibert, Silver, & Randolph, 2004). Thus, the level of measurement is at the individual level of analysis. However, operationalizing collective organizational engagement is more nuanced than simply aggregating individual-level engagement measures using a *direct-consensus* composition model (Chan, 1998), as has been done in previous studies on firm-level engagement (e.g., Harter et al., 2002). This is because a direct consensus approach fails to capture organizational members' shared perceptions of the extent to which people in the firm as a

whole are engaged because the referent of the items is one's self rather than the collective, and mean scores are, in effect, aggregated indicators of individuals' perceptions of their own engagement (Kozlowski & Klein, 2000). The more appropriate way to establish the conceptual space and to operationalize a higher-order form of an individual-level construct is by using a *referent-shift* composition model, in which the referent of the measurement items shifts from the self to the collective (Chan, 1998). For our study, this means that, while the level of measurement of the engagement construct remains unchanged (i.e., individual level), the referent of the items is changed from one's self to the collective, thus shifting the focus from evaluating one's own level of engagement to describing the level of engagement in the organization. When aggregated across members of the organization, these shared perceptions are reflective of a shared organizational property (Seibert et al., 2004).

In addition, it is essential that the measurement of collective organizational engagement clearly and precisely matches the theoretical definition of the construct. Some scales used to measure group-level engagement have been criticized as using items that confound engagement with its antecedent conditions, or that are not aligned with the conceptual definition of the construct (Rich et al., 2010). We suggest that Kahn's (1990) conceptualization of engagement represents a more comprehensive description of the investment of one's affective, behavioral, and cognitive energies at work, and, in so doing, represents a more holistic view of the investment of one's self as compared to other conceptualizations of engagement, or other narrower evaluations of one's connection with one's work role, such as job satisfaction, job involvement, or intrinsic motivation (Rich et al., 2010). Thus, based on the foregoing arguments, we build upon Kahn's (1990) conceptualization of engagement and define collective organizational engagement as the *shared perceptions of organizational members that members of the organization are, as a whole, physically, cognitively, and emotionally invested in their work*.

## THEORETICAL FRAMEWORK & HYPOTHESES

With this new conceptualization of collective organizational engagement, we develop and test a comprehensive theoretical model that explains its antecedents, boundary conditions, and effects on firm performance, an important outcome of collective organizational engagement that is founded

upon the integration of Sirmon et al.'s (2007) resource management model and Kahn's (1990) engagement theory.

### Resource Management Model

The resource management model (Sirmon et al., 2007) asserts that effectively managing resources is fundamental to value creation because the manner in which resources are evaluated, manipulated, and deployed leads to different outcomes across firms possessing similar resources and operating in similar environments. Resource management "is the comprehensive process of structuring the firm's resource portfolio, bundling the resources to build capabilities, and leveraging those capabilities with the purpose of creating and maintaining value for customers and owners" (Sirmon et al., 2007: 273). Firms build their resource portfolio by purchasing resources from external markets, developing them internally, and divesting themselves of less-valued resources. Firms then integrate or "bundle" existing resources in order to create new capabilities or to alter existing ones, which they then leverage to create enhanced value for customers (Sirmon, Hitt, Ireland, & Gilbert, 2011). In order to optimize the value created by this process, it is essential that the firm's top leaders take concerted managerial actions to clarify the link between these resources and implement the organization's strategies to further magnify gains from this organizational capability.

Management scholars have long argued that the people within an organization can be a source of a sustained competitive advantage (e.g., Becker & Huselid, 2006; Chadwick & Dabu, 2009). While intuitively appealing, the application of the resource-based theory to human resource management (HRM) research has also met its share of criticism (e.g., Messersmith, Patel, & Lepak, 2011; Priem & Butler, 2001). Key among these is that research taking this perspective has not adequately demonstrated *how* firm leaders can manage human resources in order to create value for customers (Messersmith et al., 2011; Sirmon et al., 2007). We seek to address this criticism by proposing that one unique, human resource-focused capability available to firms is having an internal workforce that views itself as being collectively engaged.

In a similar vein, strategy scholars recognize that one of the unresolved shortcomings of the resource-based view is that it remains a "black box," and that little is understood about how leaders transform organizational resources into capabilities that cre-

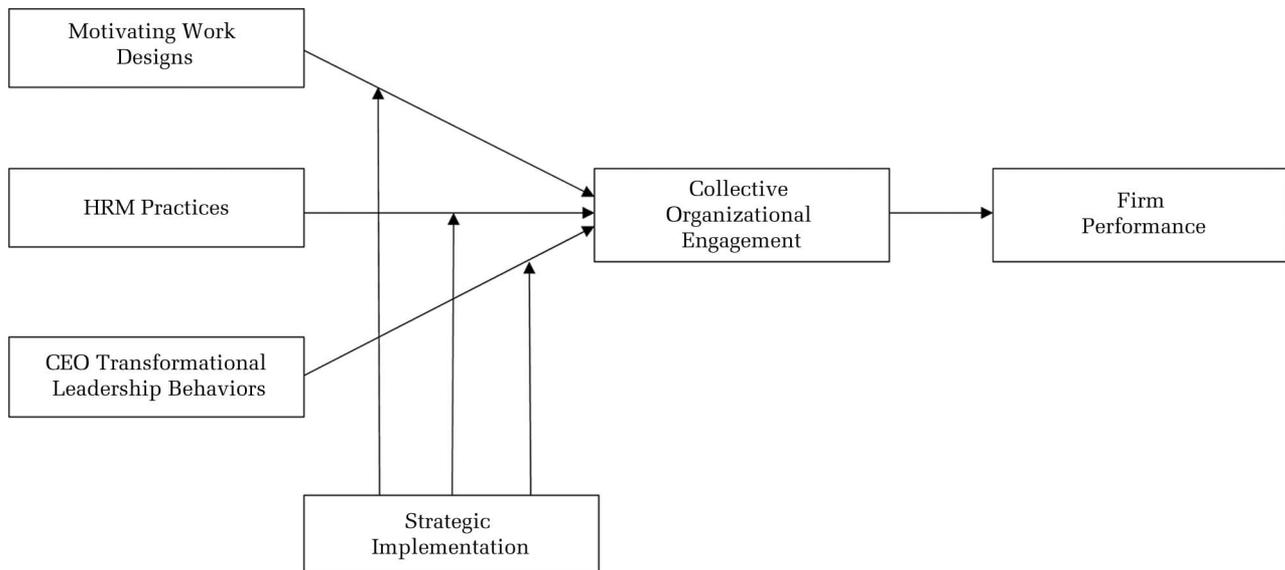
ate value for the firm (Sirmon et al., 2011). In this study, we peer into this black box and provide a unique application of the resource management model and its theoretical components that center on collective organizational engagement as a distinctive capability through which firms can create value as indicated by firm performance. To do so, we propose that the organization-level resources of motivating work design, HRM practices, and CEO transformational leadership—all of which impact employee motivation (e.g., Combs, Liu, Hall, & Ketchen, 2006; Humphrey, Nahrgang, & Morgeson, 2007; Wang, Oh, Courtright, & Colbert, 2011)—can be strategically structured to produce the capability of collective organizational engagement.

The resource management model also suggests that firm leaders play a critical role in leveraging organizational resources to generate valuable capabilities (Sirmon et al., 2011). Hence, it is likely that firm leaders' knowledge and behaviors regarding a firm's strategy contingently affect collective organizational engagement based upon how effectively they orchestrate the firm's organizational resources. To augment our understanding of the role of these managerial actions, we examine how the setting and monitoring of progress toward the firm's strategic goals augment the effects of the organizational resources in creating the collective organizational engagement capability. We offer one theoretical explanation by proposing that managers must synchronize all components of the resource management model through a process we term *strategic implementation*. Specifically, we argue that senior executives can enhance the effects of the motivationally focused organizational resources on collective organizational engagement by aligning their departmental goals with the firm's strategic objectives and by actively monitoring progress toward these goals. Thus, we present a model of collective organizational engagement, as shown in Figure 1.

### Antecedents of Collective Organizational Engagement

By viewing collective organizational engagement as an organizational capability (as defined by the resource management model), the antecedents of collective organizational engagement must be a set of resources available to the firm. Barney, Wright, and Ketchen (2001) explicitly described a firm's organizational resources and capabilities as bundled assets, which may include a firm's manage-

**FIGURE 1**  
**Proposed Theoretical Model**



ment skills and organizational processes and routines. Applying this definition, we suggest that the design and modification of entry-level jobs to enhance motivation, the application of specific HRM practices, and the exhibition of transformational leadership by the CEO may be considered organization-level resources related to firm processes, routines, and management skills that can be used to create a sustained competitive advantage. We propose that these three organizational resources serve as antecedents of collective organizational engagement by influencing the three psychological conditions necessary for engagement; namely, meaningfulness, psychological safety, and psychological availability (Kahn, 1990). According to Kahn (1990), meaningfulness is defined as a feeling that the individual is receiving a return on the investment of one's physical, cognitive, and emotional energy by feeling useful, valuable, and not being taken for granted; that one is needed, that much is expected of the person, and that he or she is making a difference. Meaningfulness is influenced by task and role characteristics along with work interactions. Psychological safety is the feeling that one is comfortable investing oneself into one's role "without fear of negative consequences to self-image, status or career" (Kahn, 1990: 708). A firm's HRM practices influence whether the work setting is characterized as safe such that individuals can engage their full selves. Psychological availability refers to how ready one is to engage one's whole self

by having sufficient physical, emotional, and psychological resources to willingly invest one's full self into role performance (Kahn, 1990). It is influenced by the level of confidence one feels in one's abilities related to work, as well as in relation to one's status within the organization (Rich et al., 2010). Availability is also determined by the level of one's emotional and physical resources available for investment into one's performance and the level of one's perceived fit within the organization, its values, and goals (Kahn, 1990).

Recall that, although we conceptualize collective organizational engagement as shared perceptions among organizational members regarding the engagement of the entire workforce, the level of origin of that perception is within the individual. Thus, we focus on these three firm-level resources due to their combined influence not only on the psychological conditions occurring within each employee, but also because organizational members are more likely to see these psychological conditions being met collectively. Drawing upon previous research, we propose that work design primarily influences shared meaningfulness, HRM practices primarily influence shared psychological safety, and CEO transformational leadership primarily influences shared psychological availability. We also recognize, however, that the impact each organizational resource has on engagement does not exclusively operate through only one psychological condition, but, rather, that each of the three organizational

resources also impacts the other two psychological conditions, although perhaps to a lesser degree relative to the primary link. For example, consistent with extant transformational leadership research, we propose that CEO transformational leadership primarily impacts collective organizational engagement via enhanced shared psychological availability, but also via enhanced shared meaningfulness and psychological safety (Piccolo & Colquitt, 2006). Thus, the combination of all three organizational resources simultaneously maximizes the extent to which employees perceive themselves and others in the organization as having sufficient psychological meaningfulness, safety, and availability necessary for them to choose to collectively engage.

**Motivating work design.** The first organizational resource that cultivates shared perceptions of engagement is the firm-wide use of motivational work designs (Campion, Papper, & Medsker, 1996). Research on work design has evolved toward a focus on how organizations can enrich employees' work to increase their motivation (Humphrey et al., 2007). The literature is replete with evidence that the primary link between motivating work design and key outcomes such as employee motivation and performance is experienced meaningfulness (Humphrey et al., 2007). Kahn (1992) argues meaningfulness is largely influenced by employees' task and role characteristics and work interactions. Thus, we draw upon Hackman and Oldham's (1976) job characteristics model (autonomy, skill variety, task significance, task identity, and feedback) and propose that, when firms broadly implement these job characteristics to enhance motivation at lower levels of the organization, employees collectively sense that their work has value and purpose, which generates a shared perception of psychological meaningfulness throughout the firm (Rosso, Dekas, & Wrzesniewski, 2010). When employees perceive that their roles and others' roles in the firm provide them with control (autonomy), ownership over their work (task identity), opportunities to utilize a variety of skills and to be creative (skill variety), opportunities to make a difference (task significance), and quality interactions with others (feedback), they are more likely to find their work meaningful because they feel useful and valuable, and they are more likely to sense that others in the organization feel useful and valuable as well (Humphrey et al., 2007). Though job design characteristics primarily impact experienced meaningfulness, it is likely that feedback from the job, and especially from others, also enhances a shared

sense of psychological safety and availability by helping to establish organizational norms (Salancik & Pfeffer, 1978), and by reducing insecurity through greater information exchange regarding roles and status within the organization (Gustafson & Cooper, 1985). Similarly, more autonomy at work may increase shared perceptions of psychological safety due to employees feeling that they have greater control over their work (Deci & Ryan, 2000). Finally, through increased task identity and task significance, employees may also feel a greater sense of alignment between their values, goals, and objectives, and those of the organization, thereby increasing their shared sense of psychological availability.

*Hypothesis 1. Enriching entry-level motivating work design (i.e., autonomy, task significance, task identity, variety, and feedback) will be positively related to collective organizational engagement.*

**Human resource management practices.** We propose that certain HRM practices represent a second organizational resource that may be used to create collective organizational engagement by shaping the nature of the employee–firm relationship. Taking a social exchange view of the employee–firm relationship, HRM practices can be categorized along two dimensions: (1) those practices that focus on the firm's expectations of employees (HRM expectation-enhancing practices) and (2) those that enhance the employees' expected rewards and outcomes (HRM inducements and investments) (Shaw, Dineen, Fang, & Vellella, 2009). When both expectation-enhancing practices and HRM inducements are high, the employee–firm relationship shifts away from a short-term, economic-based exchange of employee contributions and monetary rewards toward a long-term, open-ended relationship in which both employees and the firm commit to and invest in one another's future growth and development (Blau, 1986). In this balanced, mutual-investment relationship, employees are expected to view unit or organizational interests to be as important as one's own core job duties, and to fulfill whatever roles or assignments are needed by the firm. In exchange, the firm is more attentive to employees' well-being and perceptions of fairness and makes a long-term investment in the employees' career development within the firm (Osterman, 1988). We suggest that the use of HRM practices characterize a balanced, mutual-investment employee–firm relationship that encourages

collective organizational engagement by fostering psychological safety as well as the other conditions necessary for engagement. More specifically, formal performance appraisals and merit-based compensation provide clarity and increase consistency regarding performance expectations the firm has for its employees (Batt & Colvin, 2011). Pay equity and job security are HRM inducements and investments that signal to employees that the firm is committed to them, values their well-being and stability, and is investing in their long-term career development (Shaw, Delery, Jenkins, & Gupta, 1998). These HRM practices increase shared perceptions of psychological safety by establishing organizational norms, increasing trust and consistency, and reducing uncertainty and unpredictability, which provides clarity regarding organization members' past performance and future expectations (Guest & Conway, 2002). In addition to their primary impact on psychological safety, HRM practices also influence shared perceptions of meaningfulness and psychological availability. These practices signal to employees that the firm is investing in them and is willing to provide constructive information regarding areas in which the employees can perform better and attain additional rewards, thus increasing shared meaningfulness among employees as they feel valued and appreciated (Tsui, Pearce, Porter, & Tripoli, 1997), especially when the performance appraisal process is widely viewed by employees as being respectful and as providing positive feedback (Renn & Vandenberg, 1995). Developmental appraisals reinforce employees' sense of competence and self-efficacy related to their work roles, which increases the psychological resources available to them to draw upon in their work (Bandura, 1991). Greater job security also increases employees' psychological availability as it provides information to them regarding their status within the organization.

*Hypothesis 2. HRM investments and expectation-enhancing practices (i.e., pay equity, job security, developmental feedback, and pay for performance) will be positively related to collective organizational engagement.*

**CEO transformational leadership.** The third resource included in the resource bundle that influences collective organizational engagement is CEO transformational leadership. We specifically focus on transformational leadership behaviors because they collectively impact all three psychological conditions—in particular, psychological availabil-

ity—relative to other leadership styles. In addition, although transformational leadership can be exhibited by leaders at any level of the firm, we focus specifically on the CEO's leadership as an organization-level construct shared by all employees. Thus, when exhibited by the CEO, transformational leadership behaviors, such as sharing compelling visions, intellectually stimulating followers, and setting challenging goals and expectations (Bass, 1985), uniformly influence the organization as a whole. Also, the CEO has great influence over all operations of the firm and is in a position to motivate members at every level of the firm, particularly in small- to medium-sized firms (Ling, Simsek, Lubatkin, & Veiga, 2008). We posit that transformational CEOs enhance employees' existing levels of physical, cognitive, and emotional resources available for the pursuit of organizational goals and objectives. Transformational leaders generate increased enthusiasm, energy, and commitment within their employees, which leads them to exert extra effort and to perform beyond expectations (Bass, 1985). Considerable research has also shown that transformational leadership leads to positive group- and unit-level outcomes by collectively influencing employees' perceptions of group potency (Bono & Judge, 2003). In doing so, transformational CEOs positively affect the perception among employees that they and others in the firm are competent and have the skills to successfully accomplish organizational goals. Finally, one of the fundamental goals of a transformational leader is to encourage followers to rise above their own self-interests in pursuit of organizationally valued objectives (Conger & Kanungo, 1987). Brown and Treviño (2009) revealed that, through inspirational motivation and idealized influence, transformational leaders convey to organizational members value-based visions that result in enhanced value congruence between firms and employees. Kahn (1990) argues that, when individuals' values, goals, and objectives are more aligned with those of the firm, they are more willing as a whole to make themselves available to engage in their work (Rich et al., 2010).

Through intellectual stimulation and inspirational motivation, transformational leaders also encourage followers to take risks, be resilient in the face of setbacks, and provide a clear vision for the entire firm, all of which are leader behaviors that, according to Kahn (1990), lead to increased psychological safety. Much of the extant literature has also shown that many of the outcomes of transformational leadership are tied to followers' reactions

toward the leader in the form of trust in, satisfaction and identification with, and perceived fairness of the leader (Pillai, Schriesheim, & Williams, 1999). We suggest that such studies provide evidence that transformational leaders influence employees' collective sense of psychological safety by reducing the fear of negative consequences to their status or career.

Finally, transformational CEOs use inspirational motivation and individualized consideration to create, change, and sustain employees' shared experienced meaningfulness by shaping their subordinates' experiences and guiding them toward a common "interpretation of reality," a process called "management by meaning" (Piccolo & Colquitt, 2006; Smircich & Morgan, 1982: 261). Transformational CEOs augment their organization's social identity by promoting a centralized vision and creating opportunities for employees to connect with other members of the organizational community, thus allowing them to feel a greater sense of agency, collective purpose, and impact (Rosso et al., 2010). In turn, these leadership actions are linked to perceptions by employees that organizational members are collectively engaged at work.

*Hypothesis 3. CEO transformational leadership will be positively related to collective organizational engagement.*

### The Moderating Role of Strategic Implementation

Strategy researchers have long theorized that the effective implementation of strategic choices is fundamental to the firm's ability to create value (Child, 1972; Cyert & March, 1963). According to the resource management model, it is essential that leaders strategically combine resources together to form capabilities in order to extract the value potential contained within those resources (Sirmon et al., 2007). Therefore, organizational leaders play a critical role in this value-creation process by strategically structuring, bundling, and leveraging resources into capabilities, which requires synchronizing all elements of the resource management process. Recently, scholars have demonstrated that firm leaders' resource management actions impact firm performance, and that managers differ in terms of their resource management abilities, which differentially impact firm-level outcomes (e.g., Ndofor, Sirmon, & He, 2011).

We seek to build upon these insights by looking at the strategic actions that the firm's top-level ex-

ecutives take in order to direct the firm's resource management process. In line with strategic choices theory, we focus on actions that demonstrate that firm leaders have specified strategic implementation objectives and are tracking and monitoring progress toward them (Child, 1972). Schendel and Hofer (1979) argued that for an executive team to be truly effective, it must not only formulate an organizational strategy, but also play a prominent role in ensuring that the strategy is suitably implemented. Hence, we define strategic implementation as the top management team (TMT) members' willingness to specify and pursue strategic objectives, and to adopt clearly defined metrics to dynamically monitor progress. We propose that the links between the organizational resources and collective organizational engagement are enriched by virtue of the *clarity of direction* that implementation of the firm's strategy gives to the workforce (Boal & Hooijberg, 2001).

We propose that high strategic implementation enhances the relationship between organizational resources and collective organizational engagement for three reasons. First, we propose that, when an upper-echelon team persistently implements the firm's strategy, this enhances the level to which employees find a shared sense of meaning and thus share perceptions of engagement through motivating work design (Piccolo & Colquitt, 2006). Kahn (1990) proposed that individuals' meaningfulness is augmented when they are given "clear delineation of procedures and goals" (705). When strategic implementation is high, employees are more likely to see how their and others' roles contribute to firm performance, which, in turn, gives employees a greater collective sense of value and purpose. Even though employees are likely to derive some sense of meaningfulness from working in a job that has been designed to be motivating alone, that meaningfulness will be enhanced when coupled with high strategic implementation because employees will see how the firm's mission and success is impacted by the work of various organizational members.

Second, we propose that, when the upper echelon concentrates on carrying out the firm's strategy, it creates an even more salient culture throughout the organization that is consistent and predictable with how motivated, productive employees are rewarded and recognized, as leaders manage the employment system via HRM investments and expectation-enhancing practices (Batt & Colvin, 2011). Specifically, when the upper-echelon team under-

stands and monitors the firm's strategy, they are able to be more consistent with how they compensate and evaluate the performance of employees because they can more precisely assess the level to which employees' activities and outputs are contributing to the firm's strategic goals. According to Kahn (1990), employees experience psychological safety when they perceive that they are being treated consistently and fairly with little ambiguity or uncertainty. Moreover, by possessing a more acute understanding of the firm's strategy and by closely monitoring goal attainment, the TMT can provide more detailed feedback and support during performance evaluations, which Kahn (1990) also found translates into enhanced safety. This culture of rewarding performance that aligns with the firm's strategic goals, coupled with role-modeling TMT members who implement the firm's strategy, helps employees trust their leaders, which further promotes enhanced psychological safety in their work.

Third, we propose that, when the TMT focuses on the firm's strategic objectives, the link between CEO transformational leadership and collective organizational engagement will be strengthened because it facilitates even more psychological availability on the part of employees. When employees perceive that the CEO's direct reports (with whom they are likely to have more contact with than the CEO) are urgent about carrying out the firm's strategy, they are more likely to sense that executives are engaged at work and should thus become more engaged themselves via a process of emotional contagion (Barsade, 2002), as well as developing a broader sense of social identity throughout the firm. This generates additional psychological and emotional resources among employees and motivates them to be willing to expend those resources by engaging in their work even more than they would due to the CEO's leadership influence alone.

*Hypothesis 4. Implementation of the strategic objectives will moderate the relationship between the three organizational resources and collective employee engagement. Specifically, when TMT members implement the firm's strategic objectives, (a) motivating work design, (b) HRM investments and expectation-enhancing practices, and (c) CEO transformational leadership will be more positively associated with collective organizational engagement.*

### **Impact of Collective Organizational Engagement on Firm Performance**

The ultimate goal of the resource management process is the accumulation, combination, and exploitation of the firm's resources and capabilities in order to create and maintain value for the firm (Grant, 1991; Sirmon & Hitt, 2003). Value creation occurs when firm leaders are able to optimize the resource management process and provide solutions to customers more effectively and efficiently than competing firms (Ireland & Webb, 2006). A fundamental proposition of our model is that collective organizational engagement can be considered a unique, value-creating organizational capability. Thus, we examine whether firms characterized as having strong collective organizational engagement outperform other firms.

We propose that collective organizational engagement will create value to the firm for several reasons. First, when employees interact with one another, there may be a type of contagion effect where shared affective, motivational, and behavioral elements among employees are enhanced, including performance-related attributes such as perceived collective efficacy and high group potency (Bakker & Schaufeli, 2000). Second, through the social comparison process, individuals compare their own job-related inputs to those of others within the firm and then adjust their own inputs accordingly. Then, as some employees become more engaged in their work, others around them will likewise increase their engagement due to the normative influence of their peers (Stewart, Courtright, & Barrick, 2012). Indeed, this normative influence resulting from shared perceptions of engagement is ultimately what makes collective organizational engagement a more powerful predictor of firm performance than aggregated individual engagement. Specifically, perceiving that others in the firm are engaged makes it more likely that individual employees will act on their personal engagement through behaviors that benefit the firm, facilitating, in turn, a relationship between collective organizational engagement and firm performance. Third, leaders may be able to increase the level that employees feel connected to and identify with the firm and its goals, which, in turn, motivates them to set aside their own self-interests in order to pursue organizationally valued objectives (Piccolo & Colquitt, 2006). For these reasons, we posit collective organizational engagement as an important organiza-

tional capability that increases firm value in the form of increased firm performance.

*Hypothesis 5. Collective organizational engagement will be positively related to firm performance.*

### Integrated Model

Though scholars have linked each of the three organizational resources discussed in this study (i.e., motivating work design, HRM practices, and CEO transformational leadership) to increased performance at the organizational level, much less is known about the mechanisms by which these resources affect outcomes at the organizational level. Based on Hypotheses 1, 2, 3 and 5, we propose that collective organizational engagement is one such mechanism, and that collective organizational engagement will mediate the effects of motivating work design, HRM practices, and CEO transformational leadership on organizational performance. However, based on Hypothesis 4, we also propose that strategic implementation moderates these mediated relationships, such that the indirect effects of organizational resources on organizational performance (through collective organizational engagement) tend to emerge when TMT members strive to implement the organization's strategic objectives. Thus, based on the foregoing hypotheses, we propose an integrated moderated-mediation hypothesis as follows:

*Hypothesis 6. The positive indirect effects of the three organizational resources (motivating work design, HRM practices, and CEO transformational leadership) on organizational performance (through collective organizational engagement) are strongest when strategic implementation by the TMT is high.*

## METHODS

### Sample Procedures and Participants

The participation of 83 small- to medium-sized credit unions located throughout the United States was arranged by a not-for-profit research organization as part of a larger project focused on promoting the best leadership practices in credit unions. As we sought to examine the impact of various practices to increase collective organizational engagement, an overarching concern was to minimize random and systematic measurement error in our

firm-level estimates to the greatest extent possible. To comprehensively assess perceptions of the CEO and the various management practices throughout the organization, four participants from each of three hierarchical levels (TMT members, mid-level managers, and entry-level employees) were selected by the CEO because they were well positioned to assess perceptions of each of the phenomena across levels within the firm. Specifically, an average of 10.9 participants of the 12 initially contacted in each credit union provided data for the study (a 91% response rate), or an average of 3.6 TMT members, mid-level managers, and entry-level employees in each credit union. The final sample consisted of 302 TMT members, 301 mid-level managers, and 300 entry-level employees. This captures approximately 10% of the available workforce, based on the number of full-time employees per firm (median number of employees is 113, with 40% having 75 or fewer employees and 20% having 200 or more employees). Of the participants, 33% were men (47%, 28%, and 23% by level: TMT, mid-level managers, and entry-level employees, respectively); 85% were Caucasian (93%, 80%, and 81%, respectively, by level); the mean age was 38 years old (46.1, 41.4, and 32.5 years old, by level); the average tenure in the current position was 5.63 years (7.1, 6.0, and 3.8 years by level); and approximately 52% held a minimum of a four-year college degree (75%, 46%, and 36%, by level).

The following data collection procedures were undertaken. The CEO sent an initial email to the 12 subjects soliciting their voluntary participation, assuring them that no one in their firm, including the CEO or their managers, would know their individual responses to the survey. To assure confidentiality, all future correspondence was with the senior author and there was no further contact made by the CEO. If they chose to participate, employees were allowed to complete the Web-based survey on company-paid time or at home. Measures of the three organizational practices—individual engagement, collective organizational engagement, and strategic implementation—were obtained through the survey administered by the senior author. Firm performance data were collected six months after the collection of the employee survey data. In general, participants responded within four days of receiving notice about the survey. Two reminders were sent after two and three weeks, respectively, to those individuals who had not yet responded to the survey.

**Measures.** All measures except firm performance utilized a five-point Likert scale (1 = *strongly disagree*; 5 = *strongly agree*). Our data were collected from three different levels: TMT members, mid-level managers, and entry-level employees. HRM practices, CEO transformational leadership, collective organizational engagement, and individual engagement were rated by all respondents to capture multiple perspectives; strategic implementation was rated by just TMT members to capture the senior managers efforts to attain the firm's strategic goals and objectives; and job design was rated by just entry-level employees to depict the extent of motivating work design that exists in non-managerial jobs.

We sought to reduce common method bias through various means. First, we relied on key informants for the independent variables and archival sources for the performance criterion. Second, we conducted confirmatory factor analyses to examine the factor structure of the survey measures. Third, we estimated an alternative model to rule out the possibility that common method effects account for the variance in responses. Fourth, we limited ratings to just one employee group for two of the constructs (strategic implementation and job design) where it made conceptual sense to do so. We also revised the measures for strategic implementation, HRM practices, and collective engagement. To validate these adapted measures, we conducted a validity study using a sample consisting of 381 Executive Master of Business Administration degree students (managers from many firms) who received developmental feedback for participating. Using an exploratory factor analysis (EFA) with principal axis factoring and varimax rotation, we ensured each item accurately mapped onto each relevant construct. A scree plot displayed a three-factor solution (eigenvalues exceeded 2.00, 53% variance explained) and EFA loadings provided strong empirical validation for strategic implementation ( $\alpha = .87$ ), HRM practices ( $\alpha = .84$ ), and collective engagement ( $\alpha = .72$ ) (See Appendix A for data and items).

**Collective organizational engagement.** To capture our conceptualization of organizational-level engagement, we asked individuals throughout the organization to assess how engaged the employees of the organization are as a whole, not just themselves as individuals. Thus, our measure of collective organizational engagement was assessed by individuals within each organization, but the referent of the item (all members of the organization) is

consistent with the theoretical nature of the construct. We also asked these same individuals to assess their own individual engagement in order to ensure discriminant validity between aggregated individual-level engagement and collective organizational engagement. We used a six-item scale corresponding to Rich et al.'s (2010) scale measuring the three dimensions (physical, cognitive, and emotional) of collective organizational engagement (see Appendix A). We averaged ratings over all employees within each credit union to obtain a collective organizational engagement score for each firm ( $F(81, 822) = 1.87, p < .01$ ; ICC[1] = 0.09; ICC [2] = 0.54). Cronbach's alpha was .82.

**Motivating work design.** The job design characteristics were measured using the 25 items from Morgeson and Humphrey's (2006) Work Design Questionnaire. Respondents were *entry-level employees* who were asked to indicate the level to which each attribute is present in their jobs using statements such as: "The job involves doing a number of different things" (variety), "The job allows me to plan how I do my work" (autonomy), "The job provides me the chance to completely finish the pieces of work I begin" (identity), "The job itself is very significant and important in the broader scheme of things" (significance), and "The job itself provides me with information about my performance" (feedback). Ratings were averaged within each credit union to obtain an aggregate rating for each characteristic ( $F(81, 822) = 2.11, p < .01$ ; ICC[1] = 0.08; ICC [2] = 0.50). Cronbach's alphas ranged from .74 to .90 with a composite of .92.

**HRM practices.** Following Shaw, Gupta, and Delery (2005), the 10-item measure was analyzed as an additive index of HRM investments and expectation-enhancing practices—job security, developmental performance management, performance-based use of incentives, rewards, and promotions, and competitive and fair compensation. Existing HRM scales tend to emphasize a breadth of practices rather than focusing on a balanced mutual-investment approach as was done here. Consequently, we added and adapted items from existing surveys (Datta, Guthrie, & Wright, 2005; Messersmith et al., 2011) to specifically assess HRM inducements, investments, and expectation-enhancing practices. The items (see Appendix A) followed the format used by Messersmith et al. (2011), which does not require an estimate of the proportion of employees involved, but, rather, allows each rater to respond based on their own knowledge and experiences. Participants were asked the extent to

which they agreed or disagreed that each practice was being utilized in the organization. Ratings were averaged over all employees within each credit union to obtain an aggregate rating for each credit union's use of these HRM practices ( $F(81, 822) = 2.91, p < .01$ ; ICC[1] = 0.21; ICC [2] = 0.78). Cronbach's alphas ranged from .70 to .81 for the four facets.

**CEO transformational leadership.** We used Bass and Avolio's (1995) Multifactor Leadership Questionnaire to measure the CEOs transformational leadership behaviors. Employees, managers, and executives rated the frequency with which the CEO exhibited the behaviors by using a five-point Likert response scale (1 = *not at all* to 5 = *frequently, if not always*) for each item. Consistent with previous research (e.g., Bono & Judge, 2003; Colbert, Kristof-Brown, Bradley, & Barrick, 2008), we averaged ratings over all employees within each credit union to obtain an aggregate rating of leadership for each credit union CEO ( $F(81, 822) = 2.94, p < .01$ ; ICC[1] = 0.20; ICC [2] = 0.74). Cronbach's alpha was .91 for the overall scale, and ranged from .79 to .87 for the four facets.

**Strategic implementation.** TMT members rated the extent to which they implemented the firm's strategic objectives within the organization using six items based on Mathieu, Heffner, Goodwin, Salas, and Cannon-Bowers's (2000) measure of team processes. These items were drawn from the *monitoring progress toward goals, goal specification, and monitoring resources* facets of the measure. Items were revised to focus on the TMT's progress in implementing firm goals and strategies (listed in Appendix A). Ratings were averaged over all TMT members within each firm to obtain an aggregate rating for implementation of strategic vision ( $F(80, 212) = 1.91, p < .01$ ; ICC[1] = 0.18; ICC [2] = 0.71). Cronbach's alpha was .92.

**Subsequent firm performance.** We assessed the performance of each firm over a six-month period following survey administration. This lagged research design allows the predictor and mediator variables to be separated in time from the outcome, as hypothesized. Although measuring organizational performance can be challenging (Miller, Washburn, & Glick, 2013), Sully de Luque, Washburn, and Waldman (2008) argued that a broad accounting-based measure of business performance is particularly sensitive to extra effort and employee engagement. Return on assets (ROA) is viewed as the best indicator of firm performance in the industry, as noted by a sample of credit union CEOs. Archi-

val measures of ROA for the six months following the survey were obtained from data collected by the National Credit Union Association (Barrick, Bradley, Kristof-Brown, & Colbert, 2007).

**Control variable.** We included firm size (i.e., number of full-time employees) because of its potential impact on firm performance (Hambrick, 1994). Firm size was obtained via archival data when subsequent firm performance was obtained.

**Analyses.** In addition to establishing the factor structure of revised measures with a validity study (see Appendix A), we also evaluated the factor structure of the measures in this sample through a confirmatory factor analysis of the latent variables in our model, including motivating work design, HRM practices, CEO leadership, strategic implementation, and collective organizational engagement. The hypothesized five-factor model, in which each multi-item scale loaded on a separate first-order latent factor, fit the data well ( $\chi^2[83] = 117.09$ ; CFI = .96; RMSEA = .07; SRMR = .06). To rule out the possibility that common method bias accounts for these results, an alternative three-factor model included one latent factor composed of those variables that were rated by all participants (HRM practices, CEO leadership, and collective engagement), a second latent factor based on the variables that were rated just by entry-level employees (work design), and a third factor that relied solely on TMT member ratings (strategic implementation). The fit of this model was poor ( $\chi^2[85] = 309.04$ ; CFI = .75; RMSEA = .18; SRMR = .16) and was significantly reduced ( $\chi^2[2] = 191.95, p < .01$ ).

Finally, to establish the discriminant validity of the shared perceptions of engagement of all members of the organization (collective organizational engagement) from aggregated individual engagement, we tested a third model containing just these two latent factors. The fit of this model was good ( $\chi^2[8] = 16.16$ ; CFI = .99; RMSEA = .03; SRMR = .04), indicating collective organizational engagement is distinct from aggregated individual engagement. Evidence that collective organizational engagement is distinct from aggregated individual engagement is shown in three ways. First, collective organizational engagement is only moderately correlated with aggregated individual engagement ( $r = .57$ ). Second, collective organizational engagement displays a larger predictive validity with firm performance than aggregated individual engagement ( $r = .28$  vs.  $r = .20$ , respectively). Third, collective organizational engagement is a significant predictor of firm performance after accounting for the control

variables and the three organizational resources, whereas aggregated individual-level engagement is not.

## RESULTS

Table 1 presents the means, standard deviations, and correlations among the key variables. As expected, all independent variables were significantly correlated with collective organizational engagement ( $r$  ranged from .33 to .55), but only two of these variables were significantly related to firm performance ( $r = .23$  and .28, respectively, for CEO transformational leadership and collective organizational engagement).

Hypotheses 1 to 3 predicted that the three organizational resources of motivating work design, HRM practices, and CEO transformational leadership would positively predict collective organizational engagement. In addition, Hypothesis 4 predicted that each of the direct effects of the organizational resources on collective organizational engagement would be moderated by strategic implementation, such that the relationships will be enhanced when strategic implementation is high. After standardizing the variables to create interaction terms, we used regression techniques to test the direct effects and moderation hypotheses (Preacher, Rucker, & Hayes, 2007). Results for the analysis are found in Table 2. Model 1 reveals that motivating work design was significantly related to higher collective organizational engagement ( $\beta = .30, p < .01$ ) and that strategic implementation moderated these effects ( $\beta = .28, \Delta R^2 = .05, p < .01$ ). Model 2 shows that HRM practices had a significant positive effect on collective organizational engagement ( $\beta = .30, p < .01$ ), and that these effects were likewise moderated by strategic imple-

mentation ( $\beta = .19, \Delta R^2 = .03, p < .05$ ). Similarly, Model 3 shows that CEO transformational leadership was significantly and positively related to collective organizational engagement ( $\beta = .40, p < .01$ ), and that these effects were also moderated by strategic implementation ( $\beta = .20, \Delta R^2 = .04, p < .05$ ). Overall, the three predictors and their respective interactions with strategic implementation accounted for 36% of the variance in collective organizational engagement after accounting for firm size and the direct effects of strategic implementation (see omnibus test in Model 4). In essence, the results in Table 2 show that the three organizational resources are each positively related to collective organizational engagement. In addition, the plots of the interactions reported in Figures 2, 3, and 4 provide consistent support for Hypothesis 4 by revealing that the positive relationships between the use of motivating work design, HRM practices, and CEO transformational leadership on collective employee engagement were significantly stronger when the TMT was also striving to implement the organization's objectives and strategies. Thus, Hypotheses 1 to 4 were supported.

Hypothesis 5 predicted that collective organizational engagement would be positively related to firm performance (see Table 3). As predicted, collective organizational engagement significantly and positively affected firm performance ( $\beta = .25, p < .05$ ). In fact, it was the only variable among our predictors, moderator, and control variable that had a significant direct relationship with firm-level performance, as seen in Table 3. Thus, not only was Hypothesis 5 supported, but these results suggest that the effects of the predictor variables on firm performance could be mediated through collective organizational engagement.

**TABLE 1**  
Descriptive Statistics and Zero-Order Correlations of Study Variables<sup>a</sup>

Variable	Mean	SD	1	2	3	4	5	6
1. Firm Size	146.1	147.2						
2. Motivating Work Design	3.83	0.41	.26**					
3. HRM Practices	4.08	0.34	.38**	.37**				
4. CEO Transformational Leadership	4.01	0.36	.25*	.37**	.41**			
5. Strategic Implementation	3.94	0.38	.24*	.25*	.45**	.40**		
6. Collective Organizational Engagement	3.81	0.30	.39**	.40**	.49**	.55**	.33**	
7. Firm Performance	0.80	0.50	.07	.12	.14	.23*	.11	.28**

<sup>a</sup>  $n = 83$  organizations. "Firm size" is number of full-time equivalent employees. "Firm performance" is ROA.

\*  $p < .05$ , one-tailed

\*\*  $p < .01$ , one-tailed

**TABLE 2**  
**Moderated Regression Analyses of Motivational Interventions and Strategic Implementation when Predicting Collective Organizational Engagement<sup>a</sup>**

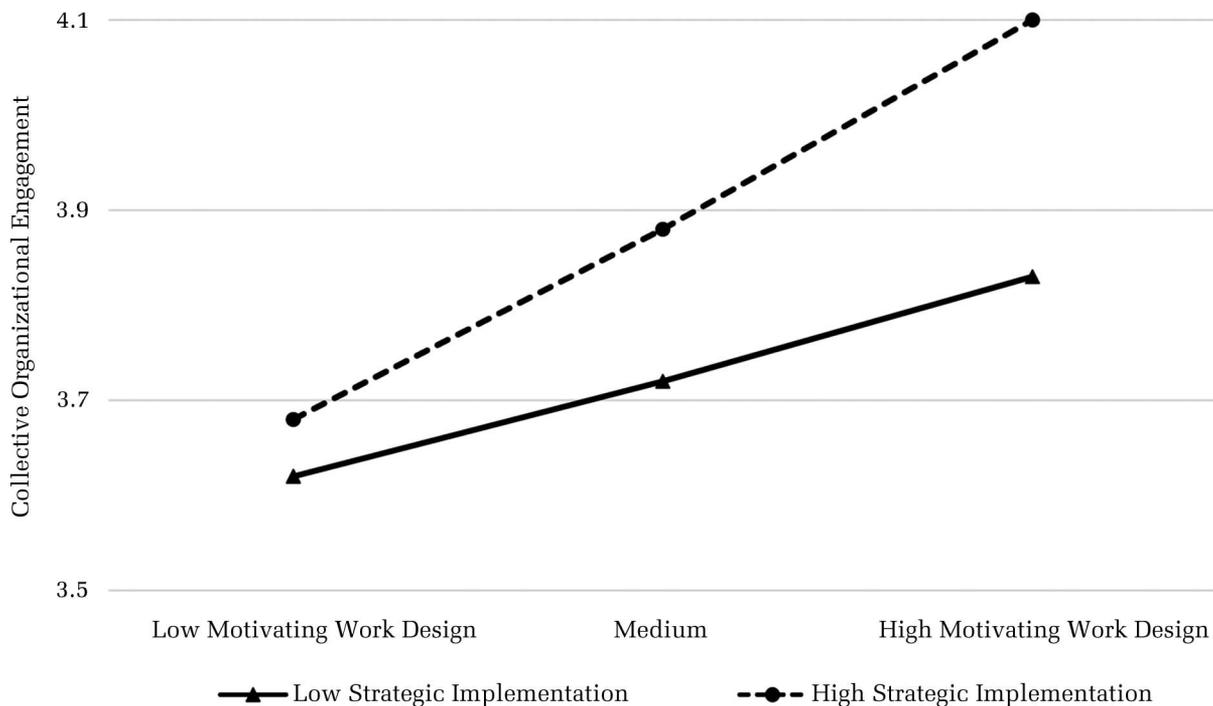
	Model 1			Model 2			Model 3			Model 4		
	B	SE	$\beta$									
(Constant)	-.21	(.12)		-.23	(.13)		-.24	(.13)		-.26	(.13)	
1. Firm Size	.00	(.00)	.15*	.00	(.00)	.14	.00	(.00)	.17*	.00	(.00)	.14
2. Motivating Work Design	.30	(.11)	.30**	.14	(.09)	.14	.17	(.10)	.17*	.27	(.11)	.27**
3. HRM Practices	.18	(.11)	.18*	.30	(.11)	.30**	.22	(.10)	.22*	.23	(.12)	.22*
4. CEO Leadership	.36	(.10)	.37**	.36	(.10)	.36**	.40	(.10)	.40**	.39	(.10)	.39**
5. Strategic Implementation	.06	(.10)	.06	.01	(.10)	.01	.02	(.10)	.02	.02	(.10)	.02
Interactions:												
6. Motivating Work Design $\times$ Strategic Implementation	.22	(.08)	.28**							.16	(.09)	.20*
7. HRM $\times$ Strategic Implementation				.20	(.10)	.19*				.08	(.11)	.07
8. CEO Transformational Leadership $\times$ Strategic Implementation							.18	(.08)	.20*	.10	(.08)	.12
R <sup>2</sup> (control variable)	= .15**			= .15**			= .15**			= .15**		
$\Delta$ R <sup>2</sup> (main effects)	= .29**			= .28**			= .28**			= .29**		
$\Delta$ R <sup>2</sup> (interactions)	= .05**			= .03*			= .04*			= .07**		

<sup>a</sup> *n* = 83 organizations.  
 \* *p* < .05, one-tailed  
 \*\* *p* < .01, one-tailed

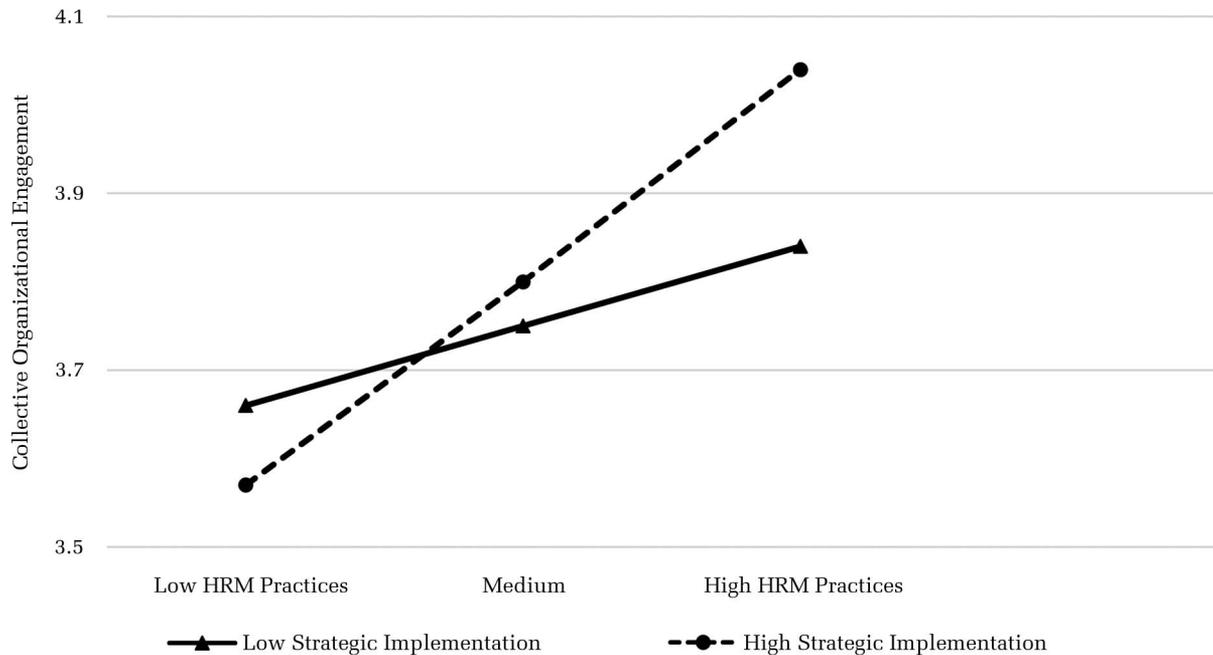
Hypothesis 6 proposed an integrated moderated-mediation model. Specifically, it predicted that the three organizational resources would affect firm

performance indirectly through firm-level engagement and that those effects are conditional on the degree of strategic implementation by the firm's

**FIGURE 2**  
**Interaction of Motivating Work Design and Strategic Implementation when Predicting Collective Organizational Engagement**



**FIGURE 3**  
**Interaction of HRM Practices and Strategic Implementation when Predicting Collective Organizational Engagement**



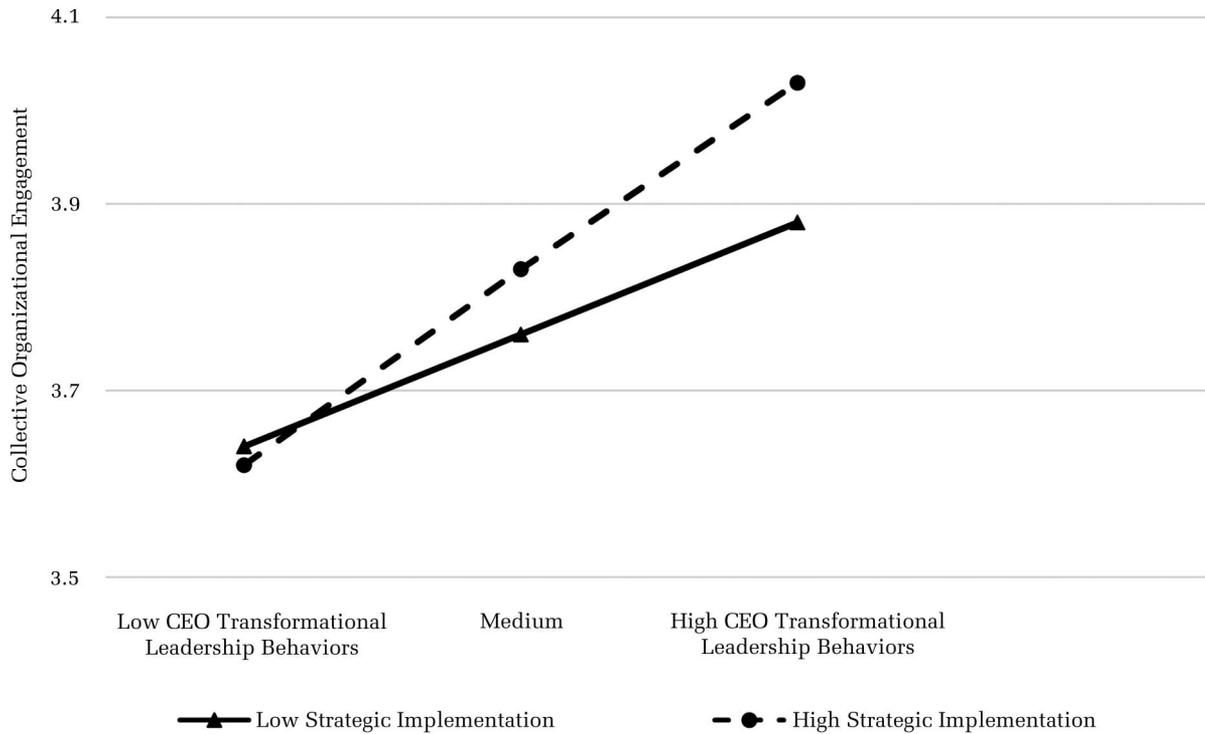
TMT. These effects, known as *conditional indirect effects* (Preacher et al., 2007), were tested using an SPSS macro by Preacher et al. (2007) and Hayes (2012) to assess moderated mediation. This method employs a bootstrapping method to generate confidence intervals without requiring any assumptions about the sampling distribution underlying the moderated mediation model. These confidence intervals test the significance of these conditional indirect effects at one standard deviation above and below the mean of the moderator (strategic implementation). Table 4 shows that the strength of the indirect effects from the three organizational resources on firm performance (through collective organizational engagement) were consistently positive and significant when TMT strategic implementation was higher, yet this was not the case when strategic implementation was lower. Furthermore, these results were consistent across all three resources ( $\gamma = .08$  versus  $\gamma = .01$  for motivating work design,  $\gamma = .04$  versus  $\gamma = .00$  for HRM practices, and  $\gamma = .05$  versus  $\gamma = .01$  for CEO transformational leadership). Thus, the moderated mediation tests for Hypothesis 6 fully supported our proposition that the three organizational resources' conditional indirect effects on firm performance through collective organizational engage-

ment are enhanced when the TMT strives to implement the firm's strategies.

## DISCUSSION

We advance our understanding of how employee engagement functions at the firm level by developing the collective organizational engagement construct. In doing so, we integrate engagement theory with resource management theory to explain why and how this robust motivational construct creates value for the firm, thereby establishing the "business case" for a firm-level conceptualization of engagement (Macey et al., 2009). As summarized in Figure 1, our core contribution is a detailed conceptual model that illustrates how firms can create, maintain, and enhance collective organizational engagement to increase the success of the firm. Specifically, we find that when organizations (a) systematically design entry-level jobs to enrich and enlarge work, (b) implement HRM investments and expectation-enhancing practices, and (c) are led by a transformational CEO, they maximize collective organizational engagement, which generates increased firm performance. We also show that when the TMT actively strives to implement strategies and objectives that are critical to the firm, the effect

**FIGURE 4**  
**Interaction of CEO Transformational Leadership and Strategic Implementation when Predicting Collective Organizational Engagement**



of organizational resources on collective organizational engagement is substantially enhanced. Thus, we clarify the synergistic interaction between organizational resources and strategic implementa-

tion by displaying that the firm’s workforce is maximally engaged when organizational resources such as work design, HRM practices, and CEO transformational leadership are coupled with TMT guidance about the strategic types of employee contributions that will be valued.

**TABLE 3**  
**Regression Results for Firm Performance<sup>a</sup>**

Variable	Firm Performance		
	b	SE	Beta
<i>Step 1</i>			
Firm Size	.00	(.00)	.05
<i>Step 2</i>			
Motivating Work Design	.00	(.06)	.00
HRM Practices	.00	(.07)	.01
CEO Transformational Leadership	.05	(.07)	.11
Strategic Implementation	.01	(.06)	.01
<i>Step 3</i>			
Collective Organizational Engagement	.13	(.07)	.25*
Constant	.03	(.08)	
R <sup>2</sup> step 1		.00	
ΔR <sup>2</sup> step 2		.05	
ΔR <sup>2</sup> step 3		.04*	
R <sup>2</sup> full model		.09	

<sup>a</sup> n = 83 organizations.  
 \* p < .05, one-tailed

**Theoretical Contributions**

Through our integration of the engagement and resource management literatures, we bridge the micro–macro divide by simultaneously informing, expanding, and extending both areas of research. On one hand, our study contributes to the engagement literature in three ways. First, we extend the study of engagement to the organizational level and address key conceptual and operational limitations found in the few existing studies that have investigated organization-level engagement. Second, we begin to develop the nomological network surrounding collective organizational engagement that includes three organizational resources that represent firm-level antecedents. Third, we highlight collective organizational engagement as a key mechanism by which important organizational re-

**TABLE 4**  
**Bootstrapped Conditional Indirect and Total Effects of Motivational Practices on Firm Performance through Collective Organizational Engagement<sup>a</sup>**

	Direct Effects $\beta_{YX}$	Indirect Effects ( $\beta_{YM} \times \beta_{MX}$ )	95% LLCI-ULCI	Total Effects $\beta_{YX} + (\beta_{YM} \times \beta_{MX})$
<i>1. Motivating Work Design</i>				
Simple paths for low SI	.01	0.01	(-.03 to .05)	0.02
Simple paths for high SI	.01	0.08	(.02-.19)	0.09
<i>2. HRM Practices</i>				
Simple paths for low SI	.02	.00	(-.06 to .03)	0.02
Simple paths for high SI	.02	.04	(.01-.13)	0.06
<i>3. CEO Leadership</i>				
Simple paths for low SI	.04	.01	(-.05 to .04)	0.05
Simple paths for high SI	.03	.05	(.02-.14)	0.09

<sup>a</sup>  $n = 83$  organizations. 90% CIs. "SI" = strategic implementation.  
 $p < .05$ , when one-tailed

sources (e.g., motivating work design, HRM practices, and CEO transformational leadership) influence firm-level performance. On the other hand, our study also contributes to the resource management perspective in three ways. First, we develop collective organizational engagement as a firm-level motivational capability that is fostered by firm-level resources and that generates firm value as indicated by increased firm performance. Second, we submit that these three organizational antecedents represent components of a firm's unique resource portfolio. Third, we provide evidence of the added impact that upper-echelon leaders have on developing firm resources into this unique motivational capability. In the following section, we elaborate on these contributions.

**Contributions to engagement theory.** The first contribution of this paper to engagement theory is that we demonstrate the value of conceptualizing and operationalizing employee engagement at the organization level of analysis, which opens up a number of research questions that cut across traditional "micro versus macro" boundaries. Whereas nearly all research has focused on employee engagement at the individual level, we demonstrate from the perspective of multilevel theories that firms can be characterized and differentiated by the degree to which organizational members have a shared perception that members of the organization are engaged in their work. This notion suggests that scholars should not only be concerned with identifying the antecedents and consequences of individual-level engagement, but also recognize that engagement can emerge as a collective construct that is distinct from the simple aggregation of indi-

vidual-level engagement, and that organizational leaders can deliberately devote resources toward facilitating collective organizational engagement. We must stipulate, however, that we are not the first to propose that engagement matters to the success of an organization, as others have reported evidence supporting the effects of engagement on organizational outcomes (Harter, Schmidt, & Hayes, 2002, 2010; Salanova et al., 2005). While these studies have served to stimulate interest in the study of engagement beyond the individual level, we believe that we have moved engagement research forward by resolving some key conceptual and methodological shortcomings (Rich et al., 2010).

Our second contribution is that we delineate and provide a holistic perspective of the organizational resources that drive collective organizational engagement. Specifically, based on the resource management model, we propose and find evidence that motivating work design, HRM practices, and CEO transformational leadership can be managed as firm-level resources that foster collective organizational engagement. We base this connection on the proposition that each of these three resources operates through related yet distinct prerequisites of engagement; namely, by increasing meaningfulness, psychological safety, and psychological availability (Kahn, 1990). Thus, our theoretical model combines these three organizational resources together to foster the shared perception that the workforce is collectively engaged.

The third theoretical contribution is that, by introducing the construct of collective organizational engagement and showing how it mediates the ef-

fects of motivating work design, HRM practices, and CEO transformational leadership on firm performance, we show *how* these organizational-level constructs impact firm success. Thus, our study illuminates the “black box” by theoretically and empirically underscoring the importance of collective organizational engagement as a mediator between organizational resources and firm performance. This represents an important step in research, as relatively few studies have examined firm-level mediators such as engagement. In terms of motivating work design, we acknowledge that nearly all research tying enriched job characteristics to performance has been conducted at the individual or team level of analysis (Stewart, 2006). When considering small- to medium-sized firms with a relatively small number of employees, such as those in our sample, we argue that motivating work design can be enacted at the firm level, such that entry-level employees—for whom job design may be the most beneficial—can widely experience the benefits of motivating work design. With regards to HRM practices, researchers continue to illuminate the processes through which they influence firm performance, such as by affecting employee attitudes and behaviors, team processes, and the organizational climate (Messersmith et al., 2011). To our knowledge, no studies up to this point have investigated collective organizational engagement as a mediator of HRM practices and firm performance. Finally, there is very little research that has addressed the impact that CEO transformational leadership has on firm performance (Wang et al., 2011), and even less that explains the mechanisms through which this relationship occurs (Jing & Avery, 2008).

#### ***Contributions to resource management theory.***

The current study contributes to the resource management model by proposing that the traditionally individual-level construct of employee engagement can also exist at the organizational level, and, as such, can represent one unique organizational capability (Sirmon et al., 2007). In doing so, the study broadens the scope of what may be considered an organizational capability by introducing collective organizational engagement as a mechanism through which bundled organizational resources influence value creation as indicated by increased firm performance. Prior theory has focused on human capital from an ability or creativity perspective (Hatch & Dyer, 2004; Ployhart & Moliterno, 2011). In contrast, we find evidence that engagement can be intentionally managed and sus-

tained as a key organization-wide capability. As a result, our study uniquely bridges the traditional divide in macro- and micro-organizational theories by increasing our understanding of the determinants of firm performance.

Our second contribution to resource management theory focuses on the organizational resources that can be used to create and sustain collective organizational engagement as a capability. Viewed as resources, a core insight of our model is that new forms of firm processes and routines along with CEO leadership abilities can be intentionally managed as firm resources to generate an organizational capability. Thus, we find support for the need to manage these resources, which heretofore had been a “black box” in the resource management model. Our results extend theory by revealing these organizational resources—whether from the use of motivation-enhancing work design and strategic HRM practices as organizational processes and routines, or as managerial abilities via transformational CEO leadership behaviors—comprehensively shape shared employee perceptions, resulting in collective organizational engagement.

Our third contribution to resource management theory is centered on the notion that, in order to optimize value creation, executives must synchronize all components of the resource management process with strategies that are central to the organization. Our results provide strong empirical support that the highest levels of collective organizational engagement are obtained when all three organizational resources are coupled with TMT members actively striving to implement the firm’s strategic objectives. This expands our existing understanding of how an organization’s motivation-enhancing resources can be strategically combined and aligned in order to positively impact the success of the entire organization, and highlights the need to examine strategic implementation as a central boundary condition of organizational-level phenomena (Bourgeois & Brodwin, 1984). This is yet another way that our study integrates the micro and macro literatures, by revealing that TMT members’ implementation of firm strategic objectives plays a vital role in the execution of a firm’s strategy, and concomitantly provides added clarity of direction necessary to channel the efforts of a motivated workforce.

#### **Practical Implications**

Our results reveal that one way in which organizational leaders can enhance the performance of

their firm is by creating a widely shared perception that organizational members are engaged as a whole. This finding highlights the need for firms to manage the development of their own internal capabilities to enhance employee engagement at the firm level in order to gain a competitive advantage. To that end, perhaps one practical question that leaders may ask themselves is how can we create the conditions necessary to enable employees to become engaged as a whole? Surveys recently conducted in the United States indicate that just one-third of employees feel highly engaged in their work (Towers Watson, 2012). By proposing a resource management perspective of employee engagement, we suggest that a collectively engaged workforce is not something that exists automatically without the strategic, deliberate management of organizational resources to foster and enrich the emergence of collective organizational engagement. As a result, our study illustrates various ways in which organizational leaders can create and sustain the conditions whereby employees share a collective sense of engagement within the organization.

Engagement is inherently multifaceted. As such, firm leaders must utilize multiple actions at the firm level rather than relying on a single practice in order to maximize both the collective level of employee engagement and the performance benefits that will result from it. First, jobs held by entry-level employees may be redesigned to provide employees with more feedback and greater autonomy, identity, variety, and significance in their tasks. Second, high levels of engagement may be encouraged and rewarded by connecting all organization members' formal performance appraisals with compensation and other reward decisions such that high performers feel that they are fairly rewarded for their efforts and lower performers receive feedback regarding areas for improvement. Third, CEOs should seek to inspire and motivate by persuading employees that they are working toward a common purpose that is meaningful and significant. Finally, top managers' play a vital role in the execution of a firm's strategy and should couple the creation of an inspiring strategy with actions that ensure activities pursued by the workforce are focused on achieving the objectives they have set forth. Combining these organizational resources with a focus on strategic objectives critical to the firm should assist leaders to maximize collective employee engagement, which, in turn, increases the firm's potential for growth and survival in an increasingly competitive environment.

## Limitations and Directions for Future Research

While we believe this study provides several important contributions, we note that it is not without its limitations. One limitation is that much of the research design is cross-sectional in nature, thus any inferences regarding causality in our model rely largely on a theoretical rather than an empirical foundation. Future research using longitudinal designs would enable a more thorough test of these causal relationships. Further, at the individual level of analysis, engagement is a somewhat dynamic state that is subject to fluctuations driven by changes in a variety of antecedents that influence it (Rich et al., 2010). While we are unsure whether collective organizational engagement is subject to similar "dynamism," the question could also be addressed using a longitudinal approach focused at the firm level of analysis.

A second limitation of our study is that we focused on relationships at only one level of analysis (i.e., organization level). While such an approach is not uncommon for a study that introduces a new collective construct to the literature, future research should examine collective organizational engagement from a multilevel perspective. For example, does collective organizational engagement trickle down to influence individual- or group-level motivational states? Also, to what extent does collective organizational engagement affect individual job attitudes and performance? Examining cross-level effects of collective organizational engagement would be a natural extension of our model, and would potentially offer theoretically interesting and practically relevant insights.

A third limitation is that each of the measures utilized in this study (other than firm performance) were collected via survey from individual employees within the organization, rather than assessed through objective means. Moreover, the same individuals rated the use of HRM practices, the CEO's leadership, and the level of employee engagement within the organization, while a subset rated the motivating potential of their job's characteristics (entry-level employees) and of strategic implementation (executives). While we concede that the concern of common-source bias must be considered, we argue that the influence is minimal for the following reasons. First, each of the constructs we have proposed is conceptually and empirically distinct from one another. If our model included more conceptually similar constructs, such as a comparison of various types of leadership styles (i.e., trans-

formational vs. transactional), then concerns of common-source bias would be much more salient. Second, we found significant interactions between the strategic implementation moderator and each organizational practice, and prior research has shown that common-source variance may actually inhibit the detection of higher-order interactions (Siemsen, Roth, & Oliveira, 2010). Third, the relationships between the constructs in our model as well as the underlying theoretical connections between them justifies the use of measures collected from the same individual, as no one other than the employee is in a better position to make these judgments. The theoretical connection between these constructs is founded upon the employees' collective perception of each organizational resource and how those resources jointly influence the level of collective employee engagement. Finally, the use of objective measures of firm performance also alleviates some concerns associated with common-source bias.

A fourth limitation of our study relates to the generalizability of our findings beyond small- to medium-sized firms such as those found in our sample. We recognize that our findings may not generalize to larger firms, yet we also submit that this perceived limitation may actually enhance our study's practical contribution as 99.8% of employers in the United States have fewer than 1,000 employees (U.S. Census Bureau, 2008). Nevertheless, we concede that, in large firms, it may be more difficult for a shared perception of collective organizational engagement to emerge across the entire firm. In such large firms, it may be more relevant to study collective organizational engagement at the department- or business unit-level of analysis.

While this is the first attempt to explicitly assess how TMT specification and monitoring of firm objectives influences organizational goal attainment, a possible limitation is that strategic implementation may be more complex than we consider here. Along these lines, a recent dissertation (Mistry, 2014) disclosed two additional aspects of strategic implementation that influence firm performance. Mistry (2014) specifically reveals that effective strategic implementation also includes monitoring both internal and external factors that may impede goal attainment as well as allowing the strategic objectives to be adaptable in response to internal and external monitoring. Subsequently, even though we illustrate the value in examining the role a firm's top executives have in implementing a firm's strategy, future research would greatly benefit by

continuing to explore the conceptual factors and operationalization of strategic implementation. Doing so offers a significant potential to advance both micro- and macro-organizational theory with regards to how upper-echelon leaders may influence firm success.

## CONCLUSION

Departing from the dominant individual-level approach to investigating employee engagement, in this paper, we have examined how employees can collectively share the perception that members of the entire organization are engaged as a whole. We also have begun to develop a nomological network for collective organizational engagement that consists of three key antecedents: motivating work design, HRM practices, and CEO transformational leadership. We highlight how upper-echelon leaders can intentionally and strategically augment the impact that these organizational resources have on collective organizational engagement by persistently pursuing the firm's strategic objectives. As a result, by bundling the firm's motivation-enhancing resources and pursuing the firm's objectives, organizational members are more likely to develop a collective level of engagement, which, in turn, results in increased firm financial performance. We submit that scholars and practitioners alike should recognize collective organizational engagement as an important motivational capability that influences the success of the entire organization.

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**APPENDIX A**  
**Items and EFA Results for the Collective Engagement, HRM Practices, and Strategic Implementation Measures**

		Factor 1	Factor 2	Factor 3
Collective Organizational Engagement	My coworkers and I really “throw” ourselves into our work.	.13	.16	<b>.75</b>
	I find nearly everyone devotes a lot of effort and energy to our work.	.04	.12	<b>.74</b>
	My coworkers and I gain considerable pride from performing our jobs well.	.18	.06	<b>.53</b>
	Nearly everyone at work feels passionate and enthusiastic about our jobs.	.06	.11	<b>.70</b>
	Performing work in my work area (as a whole) is so absorbing that we often forget about the time.	.09	.02	<b>.60</b>
	My coworkers and I tend to be highly focused when doing our jobs.	.06	.01	<b>.68</b>
HRM investment and expectation-enhancing practice measures	Providing employment security to our employees is a priority in this organization.	<b>.63</b>	.09	.17
	As long as a person does their job, they can expect to stay in their job.	<b>.47</b>	.07	.10
	Employees regularly receive feedback regarding their job performance.	<b>.58</b>	.17	.05
	Employees regularly receive formal performance feedback, often from more than one source (i.e., from several individuals such as supervisors, peers, etc.).	<b>.62</b>	.33	.02
	Employees routinely receive developmental feedback assessing their strengths and weaknesses.	<b>.61</b>	.05	.04
	The rewards employees receive are related to the performance and effort they put into their jobs.	<b>.68</b>	.26	.03
	Promotions are primarily based upon merit or performance as opposed to seniority.	<b>.65</b>	.12	.10
	My organization provides rewards based on job performance.	<b>.70</b>	.21	.03
	Total pay for the typical job in this firm is competitive to the “market wage” for the type of work in the area.	<b>.64</b>	.20	.04
	Employee pay is fair compared to others doing similar work in this company.	<b>.57</b>	.17	.02
Strategic Implementation <i>The senior management team . . .</i>	. . . ensures that everyone on the team clearly understands our organizational goals and strategies.	.18	<b>.71</b>	.13
	. . . relies on clearly defined metrics to assess progress on organizational goals and strategies.	.07	<b>.77</b>	.14
	. . . links senior management team goals with the strategic direction of the organization.	.22	<b>.78</b>	.08
	. . . monitors events and conditions outside the team that influence progress on organizational goals and strategies.	.15	<b>.74</b>	.12
	. . . seeks timely feedback from stakeholders about how well the team is meeting organizational goals and strategies.	.22	<b>.71</b>	.04
	. . . regularly monitors how well we are meeting our organizational strategies and goals.	.22	<b>.82</b>	.05



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