Conference Stream 5: Human Resource Management

Competitive Session

The impact of leader capabilities on employee engagement

Tony Cotton

University of Canberra, Canberra, Australia

Email: tony.cotton@apsc.gov.au

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Interactive Session

The impact of leader capabilities on employee engagement

Abstract

Employee engagement is a prominent concept in both the practitioner and academic literature. A broad range of antecedents of engagement have been identified and one that is common to both literatures is leadership. Using data from a large scale survey of Australian Public Service (APS) employees (N = 84,214) this study examines what specific leadership capabilities affect employee engagement. There are two key related findings. First, different subsets of leadership capabilities are related to the different elements of employee engagement. Second, not all leadership capabilities affect employee engagement. The results of this study reinforce the strong but complex relationship between leadership capabilities and employee engagement in a specific public sector context.

Keywords: employee engagement, leadership

The Australian Public Service is a large and complex workplace. It has more than 168,000 employees who work in more than 100 distinct agencies that range in size from over 35,000 employees to fewer than a dozen. It represents approximately 1.5% of the Australian workforce and nearly 20% of the Public Administration and Safety sector of the Australian workforce. As the resource environment in which the Australian Public Service (APS) operates becomes increasingly tight, the ability of the APS to continue to increase its productivity to meet the increasing demands of both Government and the population becomes more challenging (Commonwealth of Australia, 2010). While the APS has a very strong focus on improving workplace innovation as a means of improving productivity (Arundel & Huber, 2013), another important focus area is the productivity of the APS workforce. One element of the workforce in which APS managers and human resource (HR) practitioners have invested considerable resources in an effort to improve employee productivity is employee engagement (Australian Public Service Commission, 2011).

The concept of employee engagement has been prominent in the academic and practitioner literature for the past twenty years (Ram & Prabhakar, 2011; Shuck & Wollard, 2010), having initially been developed in the practitioner literature through the work of the Gallup organisation (Buckingham

& Coffman, 1999; Harter, Schmidt, & Hayes, 2002), it is now in widespread use by practitioners (Right Management, 2011; Towers Perrin, 2009). However, the use of the concept by practitioners is not without criticism particularly around the lack of a clear basis for engagement (Little & Little, 2006; Saks, 2008) and whether engagement is, in and of itself, a distinct idea (Macey & Schneider, 2008). The other primary concern about the use of the concept of engagement among practitioners is that, while strong claims are made about the its relationship with organisational performance (Towers Perrin, 2009), the identification of the antecedents of engagement has been insufficient (Wollard & Shuck, 2011) and the link between antecedents and outcomes of employees engagement has been poorly articulated (Saks, 2006).

While practitioners have played an important role in popularising the concept of employee engagement, the first academic paper to describe personal engagement theory in a workplace context (Kahn, 1990) predates the seminal Gallup work by almost a decade. Kahn (1990) identified engagement in the workplace as the degree to which individual employees are "psychologically present" at work and how much they "draw on their selves to perform" in their job role (p 692). Kahn (1990) articulated a clear link between engagement and job role performance by articulating how engaged employees employ and express themselves physically, intellectually and emotionally in performing their job role; this in turn determines both the quality of the employee's performance in their job role, as well as their contentment in the role.

In his conceptualisation of employee engagement, Kahn (1990) also included the idea of "disengagement" among employees, those states where the employee withdraws from their job role and potentially becomes a cost to the organisation. Disengagement has been said to impact, among other things, productivity (through reduced discretionary effort), safety, turnover, and employee mental health (Bakker, 2011; Wollard, 2011). Not surprisingly, given such claims, (dis)engagement is a popular topic in the practitioner literature and business press (see, for example: Lipman, 2013).

Kahn (1990) identified three "psychological conditions" necessary for engagement: meaningfulness, safety and availability. Meaningfulness refers to those aspects of the work that act as incentives for employees to engage with their work; it includes aspects of the task the employee undertakes, the roles they occupy and the work interactions they experience. Safety refers to those social elements of a workplace which make it non-threatening for the employee to engage with work and is influenced by the interpersonal relationships in the workplace, group dynamics, leadership styles and organisational norms. Finally, availability represents the level of distraction in the lives of employees that impact on the personal resources they have to engage in their work role; the factors influencing this psychological condition include the physical and emotional energy the employee has, their levels of confidence (or insecurity) and their outside life. Subsequent research has shown support for the relationship between these three psychological conditions and employee engagement (May, Gilson, & Harter, 2004).

Kahn's (1990) idea of a set of psychological conditions necessary for employee engagement has been more commonly referred to as the antecedents of employee engagement in the academic literature (see, for example: Saks, 2006) or as "drivers" of engagement in the practitioner literature (see, for example: Robinson, Perryman, & Hayday, 2004). Moreover, the two literatures take different approaches to the identification of the antecedents of engagement. The academic literature tends to focus on broad psychological constructs such as perceived organisational support and procedural justice (Saks, 2006), goal setting (Medlin & Green, 2009), work attributes (Macey & Schneider, 2008), charismatic leadership (Babcock-Roberson & Strickland, 2010) and job fit (Shuck, 2010). The practitioner literature, on the other hand, more commonly focuses on specific workplace factors, usually referred to as "drivers" and often based on individual questions in engagement surveys such as ownership of work and being valued by senior leaders (Right Management, 2011), communication and benchmarking (Towers Perrin, 2009), and receiving timely recognition and reward and inspiring leadership (Robertson-Smith & Markwick, 2009). One element common to both literatures is the role leadership has in influencing employee engagement.

Leadership and Engagement

The academic literature on workplace leadership is substantial, Google Scholar returns over 11,000 hits for the search terms "workplace" and "leadership" in 2013 alone. There are many leadership theories (or styles) including, but not limited to, transformational leadership (Bass & Aviolo, 1994), empowering leadership (Albrecht & Andreetta, 2011), and authentic leadership (Zhu, May, & Avolio, 2004). Leader behaviour and leadership capabilities have been linked with individual organisational success (Vincent-Höper, Muser, & Janneck, 2012), the effectiveness of teams in organisations (Dionne, Yammarino, Atwater, & Spangler, 2004) psychological safety (Nembhard & Edmondson, 2006), and organisational citizenship behaviours (Babcock-Roberson & Strickland, 2010; Jiao, Richards, & Zhang, 2011).

When one considers the psychological conditions necessary for engagement described by Kahn (1990), i.e., meaningfulness, safety and availability; it seems reasonable that, given the role leaders play in shaping the work environment, they will impact engagement and, in fact, leadership behaviours or capabilities have also been shown to be directly related to employee engagement. Papalexandris & Galanaki (2009) for example, found that being a good mentor and being able to articulate a vision were influential, while Serrano & Reichard (2011) describe four different ways that leaders can influence engagement including designing meaningful work, supporting and coaching employees, enhahncing employees' personal resources, and facilitating supportive coworker relationships. While both Vincent-Höper et al. (2012) and (Song, Kolb, Lee, & Kim, 2012) found significant positive relationships between work engagement and transformational leadership.

Most of the research examining the relationship between leadership and engagement has been focussed in the private sector, however, in the APS, there has been a strong focus on leadership as an important component of productivity. The APS has a well developed leadership capability framework based on an Integrated Leadership System (Australian Public Service Commission, 2013) that was developed as a result of a major review of organisational capability in the APS (Management Advisory Committee, 2003). Having been described as innovative and unique (Podger, Halton, Simic,

Shergold, & Maher, 2004), the ILS was based on five leadership capabilities (achieves results, communicates with influence, exemplifies personal drive and integrity, cultivates productive relationships, and shapes strategic thinking) that have been augmented with another five capabilities (sets direction, motivates people, encourages innovation, develops people, is open to continued self-learning) as part of the APS Leadership Development Strategy (Australian Public Service Commission, 2011).

These leadership capabilities specify the range of behaviours that are considered characteristic of effective APS leaders and form the basis of leadership development in the APS. However, despite the apparent importance of the leadership capabilities in the APS, and the research supporting a link between leadership and employee engagement, no research to date has examined the relationship between leader behaviours and engagement in the APS or the mechanism by which leaders in the APS influence employee engagement.

Purpose

This exploratory study seeks to identify those leadership capabilities that influence employee engagement within a public sector context, specifically the APS. The implications of the findings will be considered in the context of the senior leader training and development in the APS.

METHOD

Participants

Data from the 2012 APS Employee Census (the Census) was used in this analysis. The Census is a voluntary omnibus survey administered annually to all APS employees. In 2012 a total of 87,214 valid responses were received for the survey (a response rate of 55%; Australian Public Service Commission, 2012). The Census has over 250 attitudes and opinion questions addressing issues such as employee engagement, leadership, performance management, recruitment processes and learning and development.

Of those responding to the survey 57.0% were female, 30.3% worked in middle or senior management, and 50.5% had tertiary qualifications – these demographics are consistent with the broader APS workforce (Australian Public Service Commission, 2012) indicating that the Census respondents are representative of the entire APS workforce.

Measures

Employee Engagement

Employee engagement is measured in the APS Census via the APS Employee Engagement Model (Australian Public Service Commission, 2011). Rather than looking at employee engagement with work as a unidimensional concept, the APS Employee Engagement model looks at engagement with four distinct elements of work these are:

- Job engagement engagement with the actual job that the employee performs on a day-to-day basis. An example item is *My job gives me a feeling of personal accomplishment*.
- Team engagement employee's level of engagement with their immediate workgroup or team; an example item is *I am satisfied with the recognition I receive for doing a good job.*
- Supervisor engagement how well the employee engages with their immediate supervisor.
 An example item is My supervisor encourages me.
- Agency engagement engagement with the agency (or organisation) in which the employee works; an example Census item is *When someone praises the accomplishments of my agency it feels like a personal compliment to me.*

The multidimensional nature of the APS Employee Engagement model has been shown to have practical significance in the APS workplace in terms of being able to segment the workplace and differentially predict workplace outcomes including intention to leave and hours worked (Australian Public Service Commission, 2011).

Leadership Capabilities

The Census contains a set of items that specifically ask respondents to indicate their level of satisfaction with their immediate supervisor's actions on the ten key APS leadership capabilities (see Table 1).

Insert Table 1 here

Analysis

A series of four hierarchical regression analyses were conducted where each of the four elements of engagement was regressed onto the set of leadership capabilities. An initial analysis incorporating all ten leadership capabilities was conducted and then a smaller set of capabilities was tested against the full model in an iterative process to identify the most parsimonious set of leadership capabilities that could uniquely predict the particular element of employee engagement.

RESULTS

Job Engagement

The results of the hierarchical regression of job engagement on the set of leadership capabilities are shown in Table 2. This shows that a combination of three of the capabilities: 'develops people', 'encourages innovation' and 'shapes strategic thinking', account for nearly one fifth (18.8%) of the variance in job engagement scores. The remaining leadership capabilities do not contribute beyond this in a statistically significant manner.

Insert Table 2 here

Team Engagement

The results of the regression of team engagement on the leadership capabilities are shown in Table 3 below. This shows that a combination of four of the leadership capabilities: 'develops people', 'encourages innovation', 'cultivates productive working relationships' and 'achieves results' account for over one third (33.7%) of the variance in team engagement and that the remaining leadership capabilities do not contribute significantly beyond this.

Insert Table 3 here

Supervisor Engagement

The results of the hierarchical regression of supervisor engagement scores on the set of leadership capabilities (Table 4) shows that four leadership capabilities: 'cultivates productive working relationships', 'develops people', 'motivates people' and 'exemplifies personal drive and integrity' predict 64.5% of the variance in supervisor engagement scores. The remaining leadership capabilities do not contribute significantly over this.

Insert Table 4 here

Agency Engagement

The results of the hierarchical regression analysis of agency engagement scores on the leadership capabilities is shown in Table 5. This shows that a combination of three leadership capabilities: 'develops people', 'achieves results' and 'shapes strategic thinking' predict 20.8% of the variance in agency engagement scores and the remaining leadership capabilities do not contribute significantly to the regression model.

Insert Table 5 here

For ease of reading, the key results of each hierarchical regression analysis are summarised in Table 6 below. This shows for each of the elements of engagement, the amount of variance predicted (R-square) and the leadership capabilities in the model.

Insert Table 6 here

DISCUSSION

Leaders should influence employee engagement

There are two key related findings from these results. First, different subsets of the APS leadership capabilities are related to the different elements of employee engagement. Second, not all APS leadership capabilities affect employee engagement.

Different leadership capabilities affect different elements of employee engagement

The APS Employee Engagement model measures employee engagement with four distinct aspects of work (the job, team, immediate supervisor, and the agency or organisation in which work

occurs) rather than engagement with "work" as a unidimensional concept. The results of this study reinforce the multi-dimensional nature of employee engagement as evidenced by the finding that different sets of the leadership capabilities predict different types of engagement.

The fact that the leadership capability of *developing people* is related to all elements of engagement is consistent with the idea that work should be meaningful for an employee before engagement will occur. This capability refers to a leader's ability to encourage people to learn from work and develop new skills; Kahn (1990) refers to feeling that one is "…receiving a return on investments…" as necessary for engaging at work (p 703), and that employees who are engaged feel valuable and useful. By taking an interest in an employee and supporting them to learn from their work and develop new skills a leader reinforces the employee's sense of their value and also provides to the employee a very tangible return for being engaged at work.

The other capabilities related to job engagement appear logically consistent with the concept of engaging with one's job. *Encouraging innovation* refers to the leaders' support for employees to find new ways of doing work; it is clearly related to the leader providing more creativity in the task assigned to the employee. Similarly, the ability to *shape strategic thinking* includes the leader's ability to inspire a sense of purpose and direction that provides employees with a clear understanding of the goals of their job.

Those leader capabilities related to team engagement similarly reflect leader behaviours that support the employee's engagement of their selves with their team. A leader's ability to *cultivate productive working relationship* provides employees with a safe and supportive environment to encourage engagement of the self with the team environment. A key component of *achieving results* is delivering on intended results, which for an employee in a team setting is crucial in engendering a sense that they are able to make a difference to the team. Finally, *encouraging innovation* reinforces the value that the individual brings to the team by allowing them to contribute to new ways of the team doing things.

Not unexpectedly, supervisor engagement is the element of employee engagement best explained by the leadership capabilities of immediate supervisors. The capabilities that best relate to supervisor engagement are also not surprising: being able to *cultivate productive working relationship* with an employee is fundamental to an employee's preparedness to engage with their supervisor. The leader's ability to *motivate people* is related to providing employees with a clear understanding of their role at work and hence the meaningfulness of work. Finally, a positive perception of how a leader *exemplifies personal drive and integrity* reflects the appropriate role modelling that a supervisor can provide with attendant sense of safety in the workplace.

Finally, the leadership capabilities that relate to an employee's agency engagement are also logically consistent; a supervisor who *achieves results* supports employee's preparedness to engage with their agency through improved certainty about their contribution to the agency's outcomes. While a supervisor who *shapes strategic thinking* provides a sense of direction for the agency for the employee, reinforcing the sense of meaning that an employee gets by contributing to the agency's work.

Not all leadership capabilities impact employee engagement

The fact that not all the APS leadership capabilities are related to employee engagement in a statistically significant way is not a surprise. The APS leadership capabilities are designed to be descriptive of effective leaders, but promoting employee engagement is only one element of being an effective leader. Moreover, the leadership capabilities that are not related to employee engagement are logically consistent: *communicates with influence* refers to a process or capability that may facilitate those leadership capabilities that foster engagement (e.g., motivating people, cultivating productive working relationships) but won't necessarily create engagement. *Setting direction* refers to a set of behaviours that are directed at the agency rather than the employee and being *open to continued self-learning* is more focussed on the supervisor than the employee, neither of which directly influence an employee's engagement.

Out of the set of ten APS leadership capabilities, seven are related to one or more elements of engagement, but not all capabilities are related to every element of engagement. The different patterns in the relationships between the APS leadership capabilities and the elements of engagement demonstrate the complexity of employee engagement as a concept and its relationship with leadership. The APS Employee Engagement model measures four different elements of the workplace with which an employee can engage, their job, their team, their supervisor, and the agency in which the employee works. This research has clearly shown that different leadership capabilities are related to different elements of engagement.

The strength of the relationship between leadership capabilities and engagement also varies depending on what element of engagement one considers. Not surprisingly, leadership capabilities have the most substantial impact on engagement with one's supervisor, followed by its impact on team engagement, and finally with job and agency engagement.

The nature of the relationship between leader capabilities and employee engagement is both strong and complex. The ramifications of this are that APS leaders need to understand that their leadership behaviour affects employees differently. Employees who are not engaged with their job may require different leadership behaviour from their leaders (helping people find new ways of doing their job), than an employee who is not engaged with the agency (providing clear direction, ensuring that they deliver on intended results). Leaders need to understand the nature of employee engagement in their workforce and adjust their leadership behaviours accordingly.

Leaders must also be aware that not all behaviours that are considered important for effective leaders necessarily contribute to employee engagement. The fact that not all leadership capabilities affect employee engagement does not mean that the other leader behaviours are unimportant, engaging employees is only one outcome from good leadership, but if employee engagement is an outcome sought by an organisation, then its leaders need to demonstrate specific leadership capabilities tailored to improve employee engagement.

Limitations to this research

One of the great strengths of this research is the use of such a large real-world dataset, however, this is also one of the limitations of this research. As a secondary dataset the researcher's ability to manipulate the measurement instrument is extremely limited and this is reflected in the development of the measure of employee engagement (to some degree) and in the measures of leadership capability. While the leadership capabilities measured have practical and real-world significance, their link to academic leadership theory is less strong and there is scope for further examination of these capabilities and how they reflect modern leadership theory.

CONCLUSION

The results of this study reinforce the strong but complex relationship between leadership capabilities and employee engagement in a specific public sector context. They also contribute to our understanding of the complexity of employee engagement as a concept particularly the multidimensional nature of employee engagement through the different patterns of leadership capabilities that are related to engagement. This has implications for organisations seeking to improve employee engagement: while there are specific leadership capabilities that contribute to employee engagement, not all leadership capabilities do so. Leaders must work to understand the employee engagement needs of their organisations and tailor their behaviours to meet these.

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APS Leadership Capability	Description
Achieves results	Builds agency capability and responsiveness, marshals
	professional expertise, steers and implements change and deals
	with uncertainty, delivers on intended results.
Cultivates productive working	Nurtures internal and external relationships, facilitates
relationships	cooperation and partnerships, values individual differences and
	diversity, guides, mentors and develops people.
Exemplifies personal drive and	Demonstrates public service professionalism and probity, engages
integrity	with risk and shows personal courage, commits to action, displays
	resilience, demonstrates self-awareness and a commitment to
	personal development.
Shapes strategic thinking	<i>Inspires a sense of purpose and direction, focuses strategically,</i>
	harnesses information and opportunities, shows judgement,
	intelligence and common sense.
Communicates with influence	<i>Communicates clearly, listens, understands and adapts to</i>
	audience, negotiates persuasively.
Sets direction	Maintains a focus on the strategic direction of the agency and the
	APS.
Motivates people	Encourages people to understand how work fits with the strategic
	direction of the agency and the APS.
Encourages innovation	Encourages people to find new ways of doing work and solving
	problems.
Develops people	Encourages people to learn from work and develop new skills.
Develops people	Incourages people to tearn from work and develop new skills.
Is open to continued self-	Seeks to learn from own work and develop own skills.
learning	

Table 1: APS Leadership Capabilities

Model	R2	F (df)	р	R square change	F (df) change	р
Reduced	0.187	5901.663 (3,76727)	0			
Full	0.19	1751.092 (10,74440)	0	0.003	32.494 (7,74440)	1.0

Table 2: Regression of Job Engagement on APS Leadership Capabilities

Full Model

Leadership Capability	Coefficient	S.E.	t-value
Develops people	0.313	0.016	20.000
Encourages Innovation	0.331	0.015	21.880
Shapes strategic thinking	0.177	0.017	10.630
Achieves results	0.156	0.017	9.100
Sets direction	0.115	0.016	7.030
Cultivates productive working	0.023	0.016	1.430
relationships	0.016	0.017	0.020
Motivates people	0.016	0.017	0.930
Is open to continued self-learning	0.017	0.014	1.190
Exemplifies personal drive and integrity	0.013	0.016	0.830
Communicates with influence	-0.024	0.016	-1.540

Reduced Model

Leadership Capability	Coefficient	S.E.	t-value
Develops people	0.385	0.013	28.940
Encourages Innovation	0.382	0.014	27.480
Shapes strategic thinking	0.321	0.013	25.470

Table 3: Regression of Team Engagement on APS Leadership Capabilities

Summary

Model	R2	F (df)	р	R square change	F (df) change	р
Reduced	0.337	9743.555(4,76534)	0			
Full	0.342	3869.755(10,74438)	0	0.005	86.983 (6,74438)	1.0

Full model

Leadership Capability	Coefficient	S.E.	t-value
Cultivates productive working	0.255	0.013	19.720
relationship			
Encourages innovation	0.183	0.012	15.000
Develops people	0.301	0.013	23.820
Achieves results	0.186	0.014	13.450
Exemplifies personal drive and integrity	0.144	0.013	11.220
Motivates people	0.110	0.014	7.970
Shapes strategic thinking	0.079	0.013	5.910
Sets direction	0.059	0.013	4.460
Is open to continued self-learning	0.057	0.012	4.910
Communicates with influence	0.001	0.013	0.050

Reduced model

Leadership Capability	Coefficient	S.E.	t-value
Develops people	0.387	0.011	34.230
Cultivates productive working relationship	0.361	0.011	31.470
Achieves results	0.330	0.012	27.910
Encourages innovation	0.273	0.011	24.420

Table 4: Regression of Supervisor Engagement on APS Leadership Capabilities

Summary

Model	R2	F (df)	р	R square change	F (df) change	р
Reduced	0.645	3.5e+04(4,76336)	0			
Full	0.655	1.4e+04(10,74400)	0	0.01	201.787 (6,74400)	1.0

Full model

Leadership Capability	Coefficient	S.E.	t-value
Develops people	0.338	0.010	33.040
Cultivates productive working	0.474	0.010	45.350
relationships			
Motivates people	0.349	0.011	31.230
Exemplifies personal drive an integrity	0.232	0.010	22.320
Achieve results	0.249	0.011	22.260
Encourages innovation	0.176	0.010	17.770
Communicates with influence	0.142	0.010	13.850
Is open to continued self-learning	0.090	0.009	9.550
Shapes strategic thinking	0.058	0.011	5.340
Sets direction	-0.004	0.011	-0.410

Reduced model

Leadership Capability	Coefficient	S.E.	t-value
Cultivates productive working relationships	0.609	0.010	61.760
Motivates people	0.510	0.010	50.860
Develops people	0.484	0.009	53.270
Exemplifies personal drive and integrity	0.410	0.009	44.130

Table 5: Regression of Agency Engagement on APS Leadership Capabilities

Summary

Model	R2	F (df)	р	R square change	F (df) change	р
Reduced	0.208	6681.168(3,76205)	0			
Full	0.213	2001.712(10,73850)	0	0.005	-22.269 (7,73850)	1.0

Full model

Leadership Capability	Coefficient	S.E.	t-value
Achieves results	0.182	0.014	13.38
Shapes strategic thinking	0.160	0.013	12.14
Develops people	0.303	0.012	24.46
Sets direction	0.151	0.013	11.66
Is open to continued self-learning	0.121	0.011	10.59
Encourages innovation	0.099	0.012	8.29
Communicates with influence	0.003	0.012	0.22
Cultivates productive working	-0.020	0.013	-1.61
relationships			
Motivates people	-0.032	0.014	-2.33
Exemplifies personal drive and integrity	-0.051	0.013	-4.04

Reduced model

Leadership Capability	Coefficient	S.E.	t-value
Achieves results	0.247	0.012	21.11
Shapes strategic thinking	0.258	0.011	23.13
Develops people	0.444	0.009	48.36

Job Engagement	Team Engagement	Supervisor	Agency Engagement
		Engagement	
R square = 0.188	R square = 0.337	R square = 0.645	R square = 0.208
Develops people	Develops people	Develops people	Develops people
Encourages	Cultivates productive	Cultivates productive	Achieves results
innovation	working relationships	working relationships	
Shapes strategic	Achieves results	Motivates people	Shapes strategic
thinking			thinking
	Encourages	Exemplifies personal	
	innovation	drive and integrity	

Table 6: Summary of regression analyses