Employee Engagement in Relation to Employee–Organization Relationships and Internal Reputation: Effects of Leadership Communication

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ABSTRACT

The current study examines employee engagement as an outcome of internal public relations. Specifically, it tests the how employee engagement is associated with other outcome variables of employee–organization relationships and internal reputation and how it is driven by organizational contextual factors of authentic leadership and transparent communication. Through an online quantitative survey of 400 employees who work for various medium-sized and large corporations in the United States, the study found that employee engagement is positively influenced by quality employee–organization relationships (i.e., employee trust, control mutuality, commitment, and satisfaction) and positive internal reputation. As an antecedent, authentic leadership critically affects the nurturing of an organization’s transparent communication and positive employee relational outcomes, which, in turn, enhance reputation and thus employee engagement. Significant theoretical and practical implications of the findings are discussed.

Keywords: employee engagement, employee-organization relationships, internal reputation, authentic leadership, transparent communication

In the search for indicators of the effectiveness of public relations, two major concepts, namely, organization–public relationships and organizational reputation (Yang, 2007), have emerged and gained attention from both scholars and professionals. Recently, an engagement approach has been developed to showcase the value of public relations among public relations professionals. Edelman (2008) asserted that the next generation of public relations is public engagement. Beyond enhancing reputation and relationships, public relations should engage stakeholders of all types to encourage mutually satisfactory dialogue and participation with the organization (Edelman, 2008).

However, in contrast to the prevalent discussions in professional literature, academic research on engagement in public relations remains sparse. Little is known about how engagement is defined in relation to organization–public relationships and reputation and whether it is merely an old concept that has been repackaged. Therefore, the present study serves to examine engagement as an outcome of public relations. Specifically, the study argues that the value of public relations lies not only in cultivating quality relationships with the publics and building a favorable organizational reputation but also in engaging the public in conversation, collaboration, participation, and involvement. To delimit the scope of research, this

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study takes an internal perspective and focuses on employee engagement. Professional and academic literature on business and communication has acknowledged that employee engagement leads to organizational growth, profit, and productivity (Harter, Schmidt, & Hayes, 2002) as well as organizational citizenship behavior and customer satisfaction (May et al., 2004; Saks, 2006). A growing body of literature has suggested factors that could possibly drive employee engagement, which include leadership, communication, supervisor relationship, and work environment (Ketchum, 2010; Parsley, 2006; Robinson et al., 2004; Saks, 2006). However, empirical studies testing how such factors exactly influence employee engagement remain sparse. Therefore, a secondary purpose of this study is to explore how two crucial organizational contextual factors, namely, authentic leadership and transparent communication contribute to employee engagement. The findings of the study will advance the growing body of literature on engagement, leadership, and organizational internal communication and help organizations better practices in internal communication and effectively engage employees. Additionally, the findings will encourage organizations to develop authentic leadership and transparency, which will contribute to the success of the organization.

LITERATURE REVIEW

Definition of Engagement

Engagement as an outcome was first defined by ethnographic researcher Kahn (1990) as “the harnessing of organizational members’ selves to their work roles” (p. 694). Rothbard (2001) defined engagement as a psychological state composed of attention, which refers to “cognitive availability and the amount of time one spends thinking about a role,” and absorption, which refers to “being engrossed in a role and…to the intensity of one’s focus on a role” (p. 656). Engagement is characterized by energy, involvement, efficacy, vigor, dedication, and a positive state, as opposed to cynicism and inefficacy (Saks, 2006). Beyond the psychological aspect, Haven et al. (2007) defined engagement as “the level of involvement, interaction, intimacy, and influence an individual has with a brand over time…a person’s participation with a brand, regardless of channel, where they call the shots” (p. 5). Similarly, Macey and Schneider (2008) defined engagement in three levels: trait engagement (disposition and cognition), physiological state engagement (affection and emotions), and behavioral engagement (behaviors). Literature across disciplines lacks congruence in defining engagement. What is common to these definitions is the active use of cognition, emotions, and behaviors in engagement. From a public relations perspective, Kang (2010) defined public engagement as “a psychologically motivated state that is characterized by affective commitment, positive affectivity and empowerment that individual public experiences in interactions with an organization over time that result in motivated behavioral outcomes” (p.11).

The current study agrees with Kang that engagement is a positive and active psychological state that is behavior-oriented and pertains to the feeling of being in control, but a conceptual difference exists between organizational commitment and engagement. Robinson et al. (2004) also had similar notions, stating that “neither commitment nor OCB [organizational citizenship behavior] reflect sufficiently two aspects of engagement—its two-way nature, and the extent to which engaged employees are expected to have an element of business awareness” (p. 8).
Organizational commitment reflects the public's attitudes toward and attachment to the organization; however, engagement is not an attitude but the level of attentiveness and absorption in role performance (Saks, 2006). Similarly, engagement is distinct from involvement. May et al. (2004) suggested that the difference between engagement and involvement is that “engagement may be thought of as an antecedent to job involvement in that individuals who experience deep engagement in their roles should come to identify with their jobs” (p. 12). Therefore, engagement is positioned between attitudes toward the organization (i.e., trust, satisfaction, and commitment) and positive and supportive behaviors, such as involvement, organizational citizenship behavior, and supportive communication behavior (Kim & Rhee, 2011).

Employee engagement is defined in the current study as the employees' level of positive affectivity, which is characterized by attention, absorption, dedication, participation, vigor, enthusiasm, excitement, and pride in occupying and performing an organizational role (Saks, 2006); and their level of physiological empowerment, which is characterized by their sense of competence or self-efficacy, control, autonomy, meaningfulness, and influence (Kang, 2010). Positive affectivity echoes existing definitions of employee engagement and thus represents a central component of the engagement construct (Kang, 2010). Employee empowerment has been extensively examined in the management and leadership arena as a leadership behavior and related outcome in terms of power delegation and the sharing of decision-making control. Employee empowerment is defined in the present study as employees' perceived capability to exert a certain level of control over situations and the environment in the organization, a fulfillment of “innate psychological needs such as competence, autonomy, and relatedness” as a part of engagement (Kang, 2010, p. 16).

Employee–Organization Relationships

Relationships developed between organizations and their strategic publics have been extensively examined as a major outcome of public relations in various contexts, including in corporate, non-profit, government, global, and online settings (e.g., Bruning, Castle, & Schrepfer, 2003; Bruning & Ledingham, 1999; J. Grunig & Huang, 2000; L. Grunig et al., 2002; Hon & J. Grunig, 1999; Hung, 2006; Kim, 2007; Ni & Wang, 2011; Seltzer & Zhang, 2011). Broom, Casey, and Richey (2000) defined organization-public relationships as “the patterns of interaction, transaction, exchange, and linkage between an organization and its publics” (p. 18). Hon and J. Grunig (1999) and Huang (2001) noted that the quality of organization–public relationships is indicated by public trust, control mutuality, commitment, and satisfaction. From an internal perspective, the current study focuses on the quality of employee-organization relationships. Quality relationships that organizations have with their employees not only contribute to organizational performance and achievement of organizational goals, but also help build and protect organizational reputation and image in a turbulent environment (Kim & Rhee, 2011; Men, 2011). As pointed out by Kim and Rhee (2011), if employees have experienced good long-term relationships with their organization, “they are likely to consider organizational problems as their own, and are thus likely to forward and share supportive information for their organization during the organizational turbulence.” As in Hon
and J. Grunig (1999) and Kim and Rhee (2011), employee–organization relationship is defined in this study as the degree to which an organization and its employees trust one another, agree on who has the rightful power to influence, experience satisfaction with one another, and commit themselves to the other.

Internal Reputation

Reputation has been defined from various perspectives, including as a collective assessment by multiple stakeholders regarding the company’s ability to fulfill their expectations (Fombrun, Garberg, & Sever, 2000); stakeholders’ overall evaluation of a company over time based on their direct experiences with the company and through other forms of communication (Gotsi & Wilson, 2001); a collective system of subjective beliefs among the members of a social group (Bromley, 2000); a cognitive representation in stakeholders about an organization’s past behaviors and related attributes (Coombs, 2000); “observers’ collective judgments of a corporation based on assessments of the financial, social, and environmental impacts attributed to the corporation over time” (Barnett, Jermier & Lafferty, 2006, p. 34); and the historical relationship between the organization and its public (Stacks & Watson, 2007, p. 69). Barnett, Jermier, and Lafferty (2006) reviewed 49 definitions of reputation and summarized these definitions into three clusters of meaning: a state of awareness, an assessment or evaluation, and an asset. Reputation as a state of awareness centers on reputation as the attention given by a stakeholder to an organization (i.e., stakeholders are generally aware but lack judgment about the organization); reputation as an assessment involves judgment and evaluation; and reputation as an asset emphasizes reputation as a value closely associated with the consequences of an organization. Fombrun et al. (2000) suggested that different stakeholders may perceive a company’s reputation differently and that a good reputation starts from within the company. The current study focuses on employee perception and thus defines internal reputation as employees’ overall evaluation of the organization based on their direct experiences with the company and all forms of communication.

Establishing Linkage between Employee–Organization Relationships, Internal Reputation, and Employee Engagement

Public relations scholars (e.g., Coombs, 2000; Coombs & Holladay, 2001; L. Grunig et al., 2002; Yang, 2007; Yang & J. Grunig, 2005) have demonstrated the positive influence of organization–public relationships on organizational reputation. Coombs and Holladay (2001) observed that a negative relationship history negatively affects organizational reputation and crisis responsibility. Yang and J. Grunig (2005) also found that relational outcomes strongly and positively affect organizational reputation and the overall evaluation of organizational performance. Similarly, the present study predicts that employees in a stable and good relationship with the organization evaluate organizational reputation favorably. Organizational reputation is a critical factor for employee engagement (Parsley, 2006). A favorable internal reputation reinforces employee identification with the mission, vision, values, beliefs, and objectives of the company and fuel employee loyalty, motivation, and engagement (Fombrun & van Riel, 2004). In addition, Kang (2010) found that people who demonstrate great trust and satisfaction in the organization are highly engaged in the organization. Similarly, the current study hypothesizes the direct influence of employee–organization relationships on employee engagement. When employees
trust the organization, feel satisfied and committed, and agree on mutual control, they feel empowered and are willing to engage and participate.

Therefore, the following hypotheses are proposed:

H1: The quality of employee–organization relationships positively influences employee perception of organizational reputation.

H2: Employee perception of organizational reputation positively influences employee engagement.

H3: The quality of employee–organization relationships positively influences employee engagement.

**Authentic Leadership**

A secondary purpose of this study was to examine how an organizational leadership factor, in particular, authentic leadership, and transparent internal communication drives employee outcomes. Luthans and Avolio (2003) defined authentic leadership as “a process that draws from both positive psychological capacities and a highly developed organizational context, which results in both greater self-awareness and self-regulated positive behaviors on the part of leaders and associates, fostering positive self-development” (p. 243). Authentic leaders are deeply aware of their values, beliefs, personal characteristics, emotions, and abilities. These leaders clearly know who they are and what they believe in; thus, they remain “true” to themselves. In addition, authentic leadership has an ethical foundation. Such leadership incorporates a positive moral perspective that guides decision making and behaviors, such as honesty, altruism, kindness, fairness, accountability, and optimism (Yukl, 2006).

Walumbwa et al. (2008) operationally defined authentic leadership (e.g., Cooper, Scandura, & Schriesheim, 2005; Illes, Moreson, & Nahrgang, 2005; Luthans & Avolio, 2003; May et al., 2003) in terms of four dimensions: self-awareness, relational transparency, balanced processing, and internalized moral perspective. Self-awareness refers to leaders’ understanding of how they interpret the world, their strengths and weaknesses, and the multifaceted nature of the self. Relational transparency refers to the presentation of one’s authentic self to others, including behaviors of disclosure, open sharing of information, and expressions of one’s true thoughts and feelings. Balanced processing refers to leaders' objective analysis of all relevant data before they come to a decision. Such leaders also solicit views that may challenge their deeply held positions. Finally, internalized moral perspective refers to internalized and integrated self-regulation guided by internal moral values. Leaders with internalized moral standards act in accord with their values, preferences, and needs versus group, organizational, and societal pressures or to please others (Illes et al., 2005; Walumbwa et al., 2008).

**Effects of authentic leadership.** Previous literature has identified various positive outcomes of authentic leadership, including trust (e.g., Wong & Cummings, 2009), organizational commitment (e.g., Jensen & Luthans, 2006; Walumbwa et al., 2008), employee engagement (e.g., Walumbwa et al., 2010), happiness at work (Jensen &
Luthans, 2006), organizational citizenship behavior (e.g., Walumbwa et al., 2010), identification with leaders (Walumbwa et al., 2010), and employee job performance (Walumbwa et al., 2008; Wong & Cummings, 2009). Authentic leaders act in a way that matches their words, which accord with their fundamental and deeply rooted shared values with the organization and their high moral standards. Consistency between the words and behaviors of leaders directly affects credibility, employee trust, and commitment (Berger, 2008). Additionally, authentic leaders solicit views from followers and utilize these inputs in making decisions. These leaders share information openly, fairly, and transparently with employees and seek to build quality relationships with them (Men & Stacks, 2014). High levels of disclosure, transparency, two-way communication, and relationship orientation, which characterize authentic leadership, develop a positive environment where employees feel trusted, supported, and involved. Thus, employee trust, satisfaction, commitment, and positive feelings are boosted, and employees feel highly engaged. Therefore,

H4: Authentic leadership positively influences the quality of employee–organization relationships, which in turn, influences internal reputation and employee engagement.

Transparent Communication

According to Rawlins (2009), transparency includes three analytically distinct aspects: substantial information, participation, and accountability. First, the informational aspect (i.e., disclosure) requires organizations to “make available publicly all legally releasable information—whether positive or negative in nature—in a manner which is accurate, timely, balanced, and unequivocal” (Heise, 1985, p. 209, cited in Rawlins, 2009). In addition, disclosed information should be truthful and substantially complete. According to Rawlins, substantial completeness is concerned with the needs of the receiver rather than the sender. Therefore, “the key to obtaining substantial completeness is knowing what your audiences need to know” (p. 74). Second, the participation aspect of transparency refers to stakeholder involvement in identifying the information required in decision-making. Organizations are required to incorporate stakeholders’ opinions to determine what information they really need, how much information they need, how well the organization fulfills their information need, and how transparent the organization is (Rawlins, 2009). Third, transparency also involves accountability. To be transparent, an organization must be accountable for its words, actions, and decisions, which are normally readily seen and judged by the public.

Authentic leadership and transparent communication. Leaders (i.e., managers) are often perceived as preferred and credible sources of information by employees as they interact with followers on a daily basis (Larkin & Larkin, 1994; Men, 2011). Therefore, leader behaviors shape organizations’ communication culture and climate (Men & Stacks, 2013). As previously noted, authentic leaders behave according to their values and strive to achieve openness and truthfulness in their relationships with their followers. Such authenticity is often accompanied by open communication, disclosure, and expressions of one’s genuine thoughts and feelings (Walumbwa et al., 2008, 2010). To establish enduring relationships with followers, authentic leaders truly care about employees’ feelings and constantly invite their participation to gather feedback (Walumbwa et al., 2010). In addition, authentic leaders objectively process
information and stay true to whom they are, what they say, and how they act. Supporting an open and fair work environment for employees, authentic leaders also demonstrate transparent decision-making (Avolio & Gardner, 2005; Walumbwa, Luthans, Avey, & Oke, 2011). Therefore, by advocating openness, consistency, truthfulness, and accountability, authentic leadership reflects the essence of organizational transparency.

H5: Authentic leadership positively influences an organization’s transparent communication.

Effects of transparent communication. Organizational transparency in every aspect of corporate communication is critical to building and restoring trust (Rawlins, 2008, 2009). Jahansoozi (2006) argued that organizational transparency is a relational condition that promotes accountability, collaboration, cooperation, and commitment. As discussed previously, transparent organizations disclose truthful, accurate, timely, balanced, and substantial information and invite employee participation in identifying the information they need and how much information they want, thereby increasing employees’ influence on the decision-making process. Such informational and participatory transparency is predicted to lead to employee satisfaction and feelings of shared control, which constitute a quality employee–organization relationship. Fombrun and van Riel (2004) also argued that the more transparent a company is perceived to be, the more likely stakeholders rely on its disclosures and have confidence in the company’s prospects. Employees that develop positive attitudes toward the organization evaluate the organization positively (Yang, 2007), feel a sense of ownership in the success of the organization, and feel highly engaged (Linhart, 2011)

H6: Transparent communication positively influences the quality of employee–organization relationships, which in turn, influences internal reputation and employee engagement.

METHODOLOGY

An online quantitative survey was conducted to test the hypotheses. The population of the study comprised employees occupying different positions in medium-sized and large corporations in the United States. Rather than participant corporations, individual employees who work for various medium-sized and large corporations were recruited by a sampling firm. The sampling firm solicited participation from its research panel members of 1.5 million in the United States through its patented online sampling platform. Qualified potential participants were directed to the online survey hosted by the researcher. Stratified and quota random sampling strategies were used to obtain a representative sample with comparable age groups, gender, and corporation sizes across various income and education levels. A final sample size of 402 was achieved. The sample was 45.6% male and 54.4% female, with an average age of 44 years. Non-management employees constituted 59.2% of the sample, whereas management employees constituted 40.8%. Approximately 55% of the respondents held at least a bachelor’s degree. The respondents were employees with average company tenure of 10 years from various corporations.
Measures

Measures of key concepts in the current study were adapted from previous literature (Fombrun et al., 2000, 2004; Hon & J. Grunig, 1999; Saks, 2006; Kang, 2010; Neider & Schriesheim, 2011; Rawlins, 2008; 2009). The scale used for closed questions was a seven-point Likert scale ranging from “strongly disagree” to “strongly agree.” The measure of authentic leadership was derived from the Authentic Leadership Inventory developed by Neider and Schriesheim (2011). Fourteen items were used to evaluate the authentic leadership aspects of self-awareness (e.g., “My manager describes accurately the way others view his/her abilities,” \( \alpha = .87 \)), relational transparency (e.g., “My manager clearly states what he/she means,” \( \alpha = .89 \)), internalized moral perspective (e.g., “My manager is guided in his/her actions by internal moral standards,” \( \alpha = .89 \)), and balanced processing (e.g., “My manager objectively analyzes relevant data before making a decision,” \( \alpha = .90 \)). Further, the present study adapted the operationalization of organization transparency by Rawlins (2008, 2009) and examined three dimensions that characterize transparent communication, namely, participation (e.g., “The company involves people like me to help identify the information I need,” \( \alpha = .92 \)), substantial information (e.g., “The company provides information in a timely fashion to people like me,” \( \alpha = .88 \)), and accountability (e.g., “The company is forthcoming with information that might be damaging to the organization,” \( \alpha = .89 \)) with 18 items. To assess the quality of the relationship between the organization and its employees, the study used a widely adapted instrument developed by Hon and J. Grunig (1999). The instrument includes 20 items that examine four sub-constructs: employee trust (e.g., “This company can be relied on to keep its promises,” \( \alpha = .89 \)), control mutuality (e.g., “This company and I are attentive to what the other says,” \( \alpha = .93 \)), commitment (e.g., “I feel that this company is trying to maintain a long-term commitment to me,” \( \alpha = .91 \)), and satisfaction (e.g., “I enjoy dealing with this company,” \( \alpha = .96 \)). Additionally, to assess organizational reputation as perceived by employees, this study adopted the Harris–Fombrun Corporate Reputation Quotient (Fombrun et al., 2000, 2004), which is “a valid, reliable, and robust tool for measuring corporate reputation” (Gardberg & Fombrun, 2002, \( \alpha = .95 \)). Finally, 12 items adapted from Saks (2006) and Kang (2010) were used to measure two dimensions of employee engagement: positive employee affectivity (“I am proud of this company,” \( \alpha = .95 \)) and level of psychological empowerment (“I believe I can make a difference in what happens in this company,” \( \alpha = .92 \)).

Data Reduction and Analysis

Before major data analysis, the data were proofread and checked to assess univariate normality and to identify obvious univariate and multivariate outliers. The proposed model and all hypotheses were tested with structural equation modeling (SEM) software AMOS 19.0. Multiple criteria were used to evaluate the goodness of model fit. These criteria included the comparative fit index (CFI), the root mean square error of approximation (RMSEA), and the standardized root mean square residual (SRMR), a minimal set of fit indices that should be reported and interpreted in reporting the results of SEM analyses (Kline, 2005).
RESULTS

A series of t-tests, ANOVAs, and MANOVAs were conducted to examine the possible influence of demographic variables, such as respondent age, gender, education level, income level, industry type, company tenure, and position level, on the examined variables. Male respondents reported values significantly higher than those of females with regard to the aspects of control mutuality \( t(400) = 2.56, p = .01 \), empowerment \( t(400) = 3.41, p = .001 \), and engagement level \( t(400) = 2.76, p = .006 \). Employees from medium-sized organizations were overall more engaged than those from large corporations \( F(7, 394) = 2.57, p = .013, R^2 = .027 \). High-income employees were generally more engaged than low-income employees \( F(10, 391) = 2.19, p = .018, R^2 = .029 \). Management generally reported higher values with regard to companies’ transparent communication \( t(400) = 3.75, p < .001 \), the quality of employee–organization relationships \( t(400) = 3.69, p < .001 \) and engagement level \( t(400) = 6.12, p < .001 \) than non-management employees. High-level leaders were also more likely to demonstrate an authentic leadership style \( F(3, 398) = 5.77, p = .001 \) than low-level leaders.\(^1\)

SEM Analysis

The analysis and interpretation of the proposed model was a two-stage process: (1) assessment of the construct validity of the measurement model by confirmatory factor analysis (CFA) and (2) assessment of the structural model. The maximum likelihood method was employed for model estimation.

The test results of the initial measurement model indicated marginal fit with the data: \( \chi^2(68) = 422.46, p < .001, \chi^2/df = 6.21, \) RMSEA = .10 (90% confidence interval \( [CI] = .09 \) to .11), SRMR = .06, Tucker–Lewis index (TLI) = .93, and CFI = .94. The model was then modified accordingly. Byrne (2010, p. 111) argued that “forcing large error terms to be uncorrelated is rarely appropriate with real data.” Allowing error covariance within the same construct can also explain content redundancy. According to this line of thinking and based on model modification indices, three error covariances were added.\(^2\) This modification significantly improved data–model fit (\( \Delta \chi^2 = 139.60, \Delta df = 4, p < .001 \)), and the modified model demonstrated good fit with the data: \( \chi^2(65) = 310.78, p < .001, \chi^2/df = 4.78, \) RMSEA = .08 (90% CI = .08 to .10), SRMR = .04, TLI = .95, and CFI = .96. Thus, the modified model was retained as the final CFA model. The standardized factor loadings between latent variables and their indicators ranged from .80 to .97, suggesting that the hypothesized measurement model demonstrated the desired construct validity (Table 1).

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1 Because the demographic variables only slightly affected the variables in the hypothesized model, they were excluded from the SEM model testing for model brevity.

2 The error covariance between “control mutuality” and “psychological empowerment” was .43, that between “trust” and “control mutuality” was .19, and that between “commitment” and “satisfaction” was .25.
Table 1. Standardized Coefficient of Measurement Indicators in the Final CFA Model (n=402)

<table>
<thead>
<tr>
<th>Latent Variable</th>
<th>Indicator Variable</th>
<th>Std. Loading</th>
<th>α</th>
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<tbody>
<tr>
<td>Authentic leadership</td>
<td>Self-awareness</td>
<td>.88</td>
<td>.96</td>
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<td></td>
<td>Relational transparency</td>
<td>.88</td>
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<td></td>
<td>Internalized moral perspective</td>
<td>.86</td>
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<td></td>
<td>Balanced processing</td>
<td>.89</td>
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<tr>
<td>Transparent communication</td>
<td>Substantial information</td>
<td>.89</td>
<td>.97</td>
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<td></td>
<td>Participation</td>
<td>.92</td>
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<td></td>
<td>Accountability</td>
<td>.90</td>
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<td>Relationship</td>
<td>Trust</td>
<td>.91</td>
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<tr>
<td></td>
<td>Control mutuality</td>
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<td></td>
<td>Commitment</td>
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<td></td>
<td>Satisfaction</td>
<td>.92</td>
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<td>Engagement</td>
<td>Positive affectivity</td>
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<td></td>
<td>Empowerment</td>
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Note. N= 402, CFA model fit indices: $\chi^2$ (65) = 310.78, $p < .001$, $\chi^2$/df = 4.78, RMSEA = .08 (90% CI = .08 – .10), SRMR =.04, TLI = .95, and CFI = .96. All standardized factor loadings are significant at $p < .001$.

The multivariate normality assumption of SEM was evaluated in AMOS before the hypothesized model was estimated. Sample data showed significant positive multivariate kurtosis. Therefore, bootstrapping (N = 2000 samples) was performed to address the multivariate non-normality of the data. The bootstrap parameter estimations did not deviate from those based on normal theory, indicating that the significant results in Figure 1 remained significant in the bootstrapping process and the non-significant results remained non-significant. The hypothesized structural model demonstrates satisfactory fit to the data: $\chi^2$ (69) = 316.78, $p < .001$, $\chi^2$/df = 4.59, RMSEA = .08 (.07 to .10), SRMR = .04, TLI = .95, and CFI = .96. Five structural paths demonstrated significant results at the $p < .001$ level, and one structural path was significant at the $p < .05$ level.
**Figure 1.** Results of the hypothesized model. Coefficients are standardized regression weights. For the sake of brevity, only the path model is demonstrated. The CFA model pattern coefficients, error terms of indicators, and disturbances of endogenous variables were omitted from the figure. *** $p<.001$, * $p<.05$.

**Test of Hypotheses**

The study proposed six hypotheses, which were fully supported by the data. The results of each hypothesis testing are presented as follows.

Figure 1 shows that employee–organization relational outcomes demonstrated strong positive effects on perceived organizational reputation ($\beta = .88, p < .001$) and employee engagement ($\beta = .75, p < .001$). Quality employee–organization relationships nurture employees’ favorable perception of the organization and boost employee engagement, thus supporting hypotheses 1 and 3. The organizational reputation perceived by employees demonstrated a moderate positive effect on employee engagement ($\beta = .15, p < .05$). Employees that perceive their organization to have a favorable reputation are highly engaged, thus supporting hypothesis 2.

Hypothesis 4 proposed the positive effects of authentic leadership on the quality of employee–organization relationships with regard to employee perception of organizational reputation and employee engagement. As expected, authentic leadership demonstrated a medium positive effect on the quality of employee–organization relationships ($\beta = .20, p < .001$). The indirect effects of authentic leadership on perceived reputation and engagement were tested by a bootstrap procedure ($N = 2000$ samples). The indirect effects of authentic leadership on perceived organizational reputation via transparent communication and employee–organization relationships [$\beta = .66, p = .001$ (95% CI: .61 to .71)] and those on employee engagement via transparent communication, employee–organization relationships, and perceived reputation [$\beta = .67, p = .001$ (95% CI: .61 to .72)] were both significant.

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3 According to the rule of thumb proposed by Keith (2006), a standardized coefficient ($\beta$) of less than .05 suggests a negligible effect, that of .05 to .10 suggests a small but meaningful effect, that of .10 to .25 represents a moderate effect, and that above .25 represents a strong effect.
Results also supported hypothesis 5. Authentic leadership demonstrated a strong positive effect on transparent communication ($\beta = .73, p < .001$), implying that organizational leadership significantly affects the formation of the organization’s communication system. Finally, transparent communication demonstrated a strong positive effect on the quality of employee–organization relationships ($\beta = .75, p < .001$), supporting hypothesis 6. Additionally, the indirect effects of transparent communication on perceived organizational reputation via employee–organization relationships [$\beta = .71, p = .001$ (95% CI: .65 to .81)] and those on employee engagement via employee–organization relationships and perceived organizational reputation [$\beta = .67, p = .001$ (95% CI: .60 to .75)] were both significant.

DISCUSSION AND CONCLUSION

The purpose of this study was twofold: (1) to examine the relations between organization–public relationships, organizational reputation, and public engagement from the internal public’s perspective and to propose an integrated approach that demonstrates the value of public relations and (2) to investigate the influence of authentic leadership and transparent communication on employee engagement. Results provided important implications for scholars and professionals of public relations and organizational communication.

Linkage between Employee–Organization Relationships, Perceived Organizational Reputation, and Employee Engagement

Over the past decade, public relations scholars and professionals have developed a set of criteria that demonstrate the value of public relations to the organization’s C-suite and evaluate its effectiveness. Several scholars assert that the value of public relations primarily lies in developing long-term and mutually beneficial relationships between the organization and its strategic public (e.g., Bruning & Ledingham, 1999; Hon & J. Grunig, 1999; Hung, 2006; J. Grunig & Huang, 2000). Other scholars favor the concept of organizational reputation to showcase the contribution of public relations to organizational effectiveness (Murray & White, 2005; Hong & Yang, 2009, 2011; Hutton, 1999; Hutton et al., 2001). Industry leaders and public relations theorists have suggested public engagement as a paradigm by which to examine the practice of public relations (e.g., Edelman, 2008; Kang, 2010). Recognizing existing divergent approaches to evaluating public relations effectiveness, several scholars (e.g., Stacks et al., 2011; Yang, 2005, 2007) have suggested an integrated approach to measure the value of public relations. For example, Stacks (2011) theorized that organization–public relationships, reputation, trust, credibility, and confidence are interrelated public relations outcomes that jointly affect the return on stakeholders’ expectation and companies’ return on investment. Yang (2005, 2007) proposes that the concepts of relationships and reputation can be intertwined in conceptualizing the value of public relations.

Similarly, the current study suggests that an integrated approach of relationships, reputation, and engagement can describe a larger picture of the value of public relations than an approach that focuses only on one of these concepts. Results revealed significant positive associations between these three concepts. In particular, a favorable perception of organizational reputation by employees can be obtained by cultivating a quality relationship with employees. This finding supports the notion of
previous scholars that the relationship history (Coombs & Holladay, 2001) and relationship quality (Yang, 2005, 2007) of an organization with its stakeholders affect the evaluation of organizational reputation by stakeholders. Additionally, a quality employee–organization relationship contributes to employee engagement. Thus, employees that enjoy a quality relationship with the organization reciprocate with active participation and involvement in organizational activities. Engaged employees are attentive, absorbed, and dedicated to their work. These employees also feel a sense of belongingness to the organization and feel highly empowered. This finding echoes Kang’s (2010) observation that public trust and satisfaction in the organization, which are important outcomes of quality organization-public relationships, enhance public engagement.

Consistent with Men’s (2011) study on the relationship between reputation and engagement, the present study found a significant medium effect of perceived organizational reputation on employee engagement. When employees think positively of their company, particularly when they believe that the company has strong prospects, a clear vision, promising leadership, and a fair and hospitable work environment, they are likely to engage themselves in the organization. This finding indicates the connection between cognitive perception (reputation) and psychosocial and behavioral reaction (engagement). Similarly, this finding provides empirical evidence for Parsley’s (2006) argument that managing organizational reputation is critical for employee engagement because a bad reputation may cause employees to distance themselves from the business. Therefore, the three communication outcomes, namely, relationship, reputation, and engagement, were closely related in a causal manner and cannot be empirically isolated from one another.

**Transparent Communication and Employee Outcomes**

The results of this study indicated that transparent communication critically affects the building of a quality relationship with employees. In particular, organizations that share substantial information with employees, encourage employee participation, convey balanced information that holds leaders accountable, and are open to employee scrutiny are likely to gain employee trust, satisfaction, commitment, and control mutuality. This finding was expected because open and transparent communication encourages employees to voice their opinions (Rawlins, 2008, 2009). The organization’s confidence, trust, and care for employees provide employees with a sense of ownership over the organization. Thus, a quality relationship can be developed over time and lead to a favorable evaluation of employees on the organization’s reputation as well as employee engagement. Contrary to the expectation, transparent communication did not directly and significantly influence employee engagement. Such effects were fully mediated by employee–organization relationships and internal reputation. Linhart (2011) argued that transparency is the foundation for building engagement. As shown in this study, as a form of psychological attachment, positivity, and supportive behavioral orientation, employee engagement directly results from relational outcomes. Thus, by nurturing quality employee–organization relationships, transparent communication indirectly drives employee engagement.
Authentic Leadership and Employee Outcomes

This study revealed the significant medium effect of authentic leadership on employee–organization relationships. Employees perceive a better relationship with the organization when they perceive their managers to be authentic, ethical, balanced, fair, transparent, and consistent in what they say and do. This finding can be attributed to the consistency (between values and deeds) and relational transparency demonstrated by authentic leaders. These qualities directly affect employee trust and commitment (Berger, 2008). The finding may also be explained by the orientation of authentic leadership toward enduring relationships. Therefore, given the natural link between organizational management and the organization (Men, 2011), trust in leaders or a quality leader–follower relationship can improve employee–organization relationships. Although several studies have demonstrated the significant effects of authentic leadership on employee work engagement (Walumbwa et al., 2010), these effects are often mediated by factors such as employee–organization relationships, internal reputation, and transparent communication as revealed in this study. In other words, authentic leadership provides a benign context that shapes the organization’s transparent communication system and builds quality employee–organization relationships. By fostering employee trust, control mutuality, commitment, and satisfaction, authentic leadership ultimately drives employee engagement.

Theoretical and Practical Implications

The findings of the study provide important theoretical and practical implications for public relations, organizational communication, and management. In terms of theory, by building a causal link between relationships, reputation, and engagement from the internal public’s perspective, the study suggests that public relations outcomes are closely associated with one another and that an integrated approach provides a complete and realistic picture of the value of public relations compared with a divergent approach. Moreover, the current study also fills the research gap in public engagement from an internal communication perspective. Public engagement has emerged as a paradigm of public relations practice because of the changing nature of the public’s active communication behaviors (Edelman, 2008, 2011; Kang, 2010). However, the concept of engagement has suffered from a lack of clear definition, theoretical deliberation, and empirical examination. By proposing the psychological and behavioral engagement of employees as the final outcome of internal public relations efforts, the current study serves as one of the earliest empirical attempts to investigate engagement in the context of public relations. Furthermore, this study builds a nomological framework of internal communication that links the antecedent (authentic leadership) and the process (transparent communication) to the three interrelated outcomes (organization–employee relationship, perceived internal reputation, and employee engagement). In addition to confirming transparent communication as an effective strategy, this study highlights the importance of organizational leadership in achieving corporate internal communication success (Men, 2014a, b).

In terms of practice, by demonstrating the positive effects of transparent communication on employee outcomes, the study suggests that organizations should listen to the concerns of their employees and invite their participation in
determining the information they want or need to know. Beyond this, the organization should provide complete, detailed, substantial, fair, and accurate information in a timely manner. More important, the organization should be consistent in its values, words, and actions and should be accountable over what it says and does. Additionally, this study suggests that public relations can be affected by management effectiveness and leadership behavior. For best practices of public relations, an inherently cross-enterprise communication system should be developed encompassing all leaders, managers, and employees. The organization should provide the right information aligned with organizational values and goals to managers at all levels, provide necessary training sessions to equip them with effective authentic leadership that will facilitate strategic internal communication, and develop their leadership communication competence and skills. Lastly, for public relations managers, chief communication officers (CCOs), organizational C-Suite, and other leaders, the study indicates that effective leadership behaviors not only affect employee motivation, productivity, and performance (Berger, 2008), but also cultivate quality organization–employee relationship by influencing the organization’s communication system. To foster positive employee attitudes, leaders should advocate ethical, accountable, balanced, and relational-transparent authentic leadership style (cf., Bowen, 2010).

**Limitations and Directions for Future Research**

Despite the interesting findings of this study, several limitations were encountered and should thus be addressed in future research. First, the current study draws on existing literature on public administration, management, and public relations to conceptualize employee engagement as a positive psychological and behavioral outcome. Future researchers may distinguish between the notions of job/work engagement and consider the effects of negative or destructive engagement. Second, data were collected only from the employees’ perspective in this study. To provide a comprehensive understanding of how authentic leadership and transparent communication drive employee engagement, insights from public relations professionals and organizational leaders should be incorporated in the future. Third, although the use of probability sampling strategy improves the generalizability of the study, organizations outside its scope or those in other cultural settings should be careful when referring to the findings. Future research could replicate the study with different samples from other stakeholder groups in various organizational or cultural settings.

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