



## The Role of Self-Efficacy and Employee Engagement in Improving Employee Performance: A Literature Review

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### Keywords

*Self Efficacy, Employee Engagement, Employee Performance*

### Abstract

This research investigates how self-efficacy and employee engagement jointly influence employee performance through a systematic literature review of recent empirical research. The review addresses the central question of how psychological resources and behavioral involvement shape individual contributions to organizational outcomes. Self-efficacy is examined as a belief in one's capability to perform tasks successfully, while employee engagement represents a positive work-related state characterized by vigor, dedication, and absorption. Using data drawn from peer-reviewed studies across sectors such as education, healthcare, aviation, and public administration, the analysis reveals consistent evidence that self-efficacy strengthens confidence, resilience, and adaptability, whereas engagement channels these qualities into sustained effort, motivation, and goal-directed behavior. The discussion highlights engagement as a key mediator that converts self-efficacy into measurable performance and identifies contextual factors—including work-life balance, organizational support, and social environments—that amplify these effects. Findings show that self-efficacy and engagement create a reinforcing cycle in which confidence drives involvement and involvement enhances results, ultimately improving task completion, productivity, and innovative work behavior across diverse organizational settings.



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### Introduction

In the current era of rapid globalization and technological advancement, organizations are compelled to optimize every aspect of their operations to remain competitive. Among the many resources that drive organizational success, human capital stands out as the most critical and dynamic asset. Employees are no longer viewed merely as executors of tasks, but as strategic partners whose psychological readiness and emotional involvement determine the quality of

organizational performance. Within this context, understanding the psychological factors that strengthen employee capabilities and commitment, such as self-efficacy and employee engagement, has become a vital focus of contemporary management research (Albrecht, 2023; Chompukum & Vanichbuncha, 2025; Lee, 2023; Meng, 2019; Saleem, 2022; Shoubi & Alavi, 2015; Utkucu & Gül, 2020).

Employee performance has long been recognized as a vital element in determining organizational effectiveness and sustainability (Amjad et al., 2021; Rezapouraghdam et al., 2019). In today's competitive and dynamic work environment, organizations are challenged not only to improve systems and technologies but also to focus on human resources as their most strategic asset. Various studies emphasize that psychological and behavioral factors play an increasingly important role in shaping how employees contribute to organizational success. Two of the most prominent constructs that have been widely examined are self-efficacy and employee engagement, both strongly associated with performance outcomes (Consiglio et al., 2016).

Self-efficacy, as introduced by Bandura, refers to an individual's belief in their capacity to execute specific tasks successfully. Employees with high self-efficacy tend to demonstrate resilience, persistence, and confidence in overcoming work-related challenges. These characteristics enable them to maintain motivation even in the face of obstacles and to strive toward achieving organizational goals (Sulaiman et al., 2024). Conversely, employee engagement describes a positive, fulfilling, and work-related state of mind characterized by vigor, dedication, and absorption (Schaufeli et al., 2002). Engaged employees are more energetic, emotionally connected to their work, and fully involved in their tasks, which in turn leads to higher levels of performance and organizational commitment (Rohaeni & Aulia, 2024).

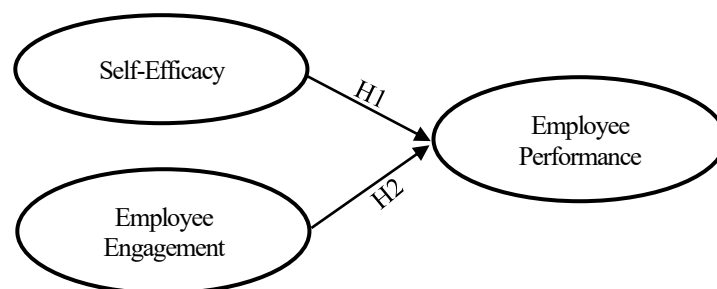
A growing body of research provides empirical evidence on the strong relationship between these constructs and performance. For example, studies in the Nigerian public sector found that self-efficacy and engagement are crucial predictors of employee performance, especially when supported by autonomy in the workplace (Sulaiman et al., 2024). Similar patterns emerge in educational settings, where self-efficacy and work engagement have been shown to enhance the contextual performance of teachers (Rohaeni & Aulia, 2024). In Indonesian organizational contexts, Barus et al. (2025) revealed that self-efficacy and engagement jointly drive performance improvement, while Hanan et al. (2024) highlighted their indirect impact through the stimulation of innovative work behavior.

Moreover, several scholars have identified mediating and moderating mechanisms that enrich the understanding of these relationships. Naghshineh (2022), for example, underscored the significance of work-life balance in strengthening the connection between job self-efficacy and engagement. Similarly, Widjaya & Achmadi (2024) demonstrated that work engagement serves as a mediator linking professional self-efficacy, life satisfaction, and burnout to job performance among hospital nurses. From another perspective, Hermanto & Lianto (2024) showed that self-efficacy and engagement, combined with work-life balance, significantly enhance performance in public organizations, while Wiyanto et al. (2024) emphasized the role of career development and engagement in amplifying the influence of self-efficacy within the aviation sector.

These findings collectively suggest that self-efficacy and employee engagement are not isolated factors but rather interact with contextual and organizational variables, producing a comprehensive effect on employee performance. They act both as direct determinants and as variables that facilitate the influence of other psychological and organizational factors. However, differences in industries, cultural backgrounds, and organizational environments reveal variations in the magnitude and mechanisms of these effects. While studies such as those by Consiglio et al. (2016) in Italy and by Hadi (2023) in Indonesia reinforce the universality of the constructs, they also highlight the need for further integrative reviews to capture nuanced insights across diverse settings.

Given the increasing importance of human capital in sustaining competitive advantage, it is imperative for organizations to better understand how self-efficacy and employee engagement contribute to enhancing performance. A systematic review of existing literature can provide a stronger conceptual foundation and practical guidance for managers and policymakers in designing interventions aimed at strengthening employee confidence, commitment, and productivity. This study, therefore, seeks to consolidate recent empirical evidence on the relationships between self-efficacy, employee engagement, and employee performance, thereby offering valuable contributions to both academic scholarship and organizational practice.

Although many empirical studies have examined the relationship between self-efficacy, employee engagement, and performance, there remains a need to consolidate the latest findings to provide a comprehensive and unified picture. Therefore, the purpose of this literature review is to systematically analyze the role of self-efficacy and employee engagement in improving employee performance, as well as to identify mediation mechanisms and contextual factors that strengthen these relationships. The benefits of this research are expected to provide an academic contribution in the form of a stronger conceptual foundation for the development of theories in the field of organizational behavior and industrial psychology. On the practical side, the results of this study can guide managers and policymakers in designing effective interventions to build confidence, increase engagement, and ultimately boost employee productivity and performance in various sectors of the organization.



**Figure 1. Research Framework**

Source: Compiled by the author

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## Materials and Method

The research method utilized in this study was a systematic literature review (SLR) to investigate the role of self-efficacy and employee engagement in enhancing employee performance. This approach enabled a comprehensive and critical assessment of prior research on self-efficacy, employee engagement, and their combined effects on performance dimensions such as productivity and organizational citizenship behavior. The SLR offered a transparent process for identifying, evaluating, and synthesizing relevant studies, helping to minimize bias and ensure reliable findings.

Data sources included reputable academic journals and international databases such as Scopus, Web of Science, ScienceDirect, and Google Scholar. The review incorporated only high-quality, peer-reviewed literature. Studies were selected if they examined self-efficacy and employee engagement in the context of employee or organizational performance, provided empirical or theoretical evidence, and reported outcomes related to job performance.

Selection followed a multi-step procedure: initial searches used relevant key terms and produced a broad publication set. Titles and abstracts were screened for relevance, followed by full-text reviews for alignment with study objectives. Studies not meeting inclusion criteria were excluded to maintain methodological rigor.

Key studies offered consistent evidence that self-efficacy strengthened employees' confidence in handling challenging tasks and enhanced problem-solving in dynamic environments (Barus et al., 2025; Sulaiman et al., 2024). Similarly, employee engagement was found to foster vigor and dedication, contributing to higher job performance and organizational commitment (Hanan et al., 2024; Widjaya & Achmadi, 2024). Several studies highlighted mediating and moderating mechanisms, including psychological empowerment and supportive leadership, which amplified the impact of self-efficacy and engagement.

Qualitative synthesis techniques such as thematic analysis were used to identify significant patterns and relationships across the studies. Key themes included the positive interplay between self-efficacy and employee engagement in driving performance, the importance of organizational support in maintaining engagement, and the critical role of self-efficacy in fostering adaptability.

## Results and Discussion

The results of this literature review reveal a strong and consistent pattern demonstrating that self-efficacy and employee engagement are interdependent psychological and behavioral mechanisms that collectively drive employee performance across diverse organizational contexts. Self-efficacy provides employees with the confidence to execute tasks successfully, while engagement translates this confidence into persistent effort, enthusiasm, and goal-directed behavior. The reviewed studies collectively suggest that when employees believe in their own capabilities, they are more likely to invest energy and commitment in their work, which in turn enhances both task-related and contextual aspects of performance.

Sulaiman et al. (2024) found that self-efficacy enhances autonomy and engagement, which subsequently elevate employee performance in Nigerian public sector organizations. Their findings

illustrate that employees with a strong belief in their abilities exhibit greater initiative, persistence, and responsibility, allowing them to maintain high performance even in complex or bureaucratic environments. This supports the idea that self-efficacy functions as a foundational psychological resource that empowers employees to stay engaged despite external constraints.

A similar relationship was identified by Rohaeni & Aulia (2024), who observed that self-efficacy and work engagement significantly predict contextual performance among special guidance teachers. Teachers who possess high levels of self-efficacy are more emotionally involved in their work, display proactive coping strategies, and adapt more effectively to students' diverse needs. This highlights that self-efficacy not only drives technical job performance but also nurtures the social and adaptive behaviors necessary for success in dynamic educational settings.

The reinforcing relationship between self-efficacy and engagement is further emphasized by Barus et al. (2025), who showed that both variables jointly encourage employees to maintain enthusiasm and productivity even under pressure. In their study, self-efficacy served as a psychological catalyst, fostering readiness and confidence, while engagement acted as the channel through which these internal resources were transformed into tangible outcomes such as higher productivity, stronger commitment, and improved job satisfaction.

Environmental and organizational conditions also play an important role in strengthening these relationships. Naghshineh (2022) demonstrated that job self-efficacy increases engagement, and that this effect is amplified when employees experience a healthy work-life balance. A balanced environment reduces stress and enables self-efficacy to more effectively translate into engagement and performance. Similarly, Widjaya & Achmadi (2024) found that professional self-efficacy indirectly enhances job performance through the mediating role of work engagement among hospital nurses. Their findings underline the importance of engagement as the behavioral mechanism that converts confidence into practical results.

The longitudinal study by Consiglio et al. (2016) provides further evidence that supportive social contexts help sustain engagement over time by reinforcing employees' belief in their own capabilities. Employees who perceive a positive social environment are more likely to experience a virtuous cycle in which self-efficacy and engagement strengthen each other, ultimately leading to sustained performance and protection against burnout.

Another critical pathway through which self-efficacy and engagement influence performance is innovation. Hanan et al. (2024) reported that self-efficacy and engagement promote innovative work behavior, which in turn improves employee performance. Employees with high self-efficacy are more willing to take risks and develop creative solutions, while engagement provides the motivation and energy required to implement these innovations effectively. This finding suggests that self-efficacy not only supports routine tasks but also facilitates continuous improvement and organizational adaptability.

Sector-specific studies further reinforce these mechanisms. Ile & Edokpolor (2022) demonstrated that self-efficacy improves the job performance of business educators by encouraging active participation and professional growth. Hermanto & Lianto (2024) found that work-life balance strengthens the combined effects of self-efficacy and engagement on

performance in public environmental organizations. Hadi (2023) revealed that self-efficacy indirectly enhances employee performance through the mediating effects of work motivation and engagement. Similarly, Wiyanto et al. (2024) highlighted the importance of self-efficacy and engagement in fostering career development and job performance in the aviation sector, where adaptability and rapid decision-making are essential.

Taken together, these studies provide compelling evidence that self-efficacy and employee engagement are not isolated constructs but operate in a synergistic relationship. Self-efficacy builds the psychological readiness and confidence necessary to approach tasks and overcome obstacles, while engagement channels this belief into persistent effort, enthusiasm, and innovative behavior. Performance, in turn, reinforces both self-efficacy and engagement, creating a self-reinforcing feedback loop in which success strengthens confidence and confidence sustains high performance.

This convergence of findings across different sectors, including education, healthcare, aviation, and public administration, underscores the universal importance of these variables in enhancing employee performance. For organizations seeking to improve productivity and innovation, these results suggest that interventions should focus simultaneously on building self-efficacy through training, mentoring, and skill development and on creating an engaging work environment that supports autonomy, recognition, and work-life balance. By integrating these strategies, organizations can establish a sustainable system in which employees feel capable, remain deeply involved in their tasks, and consistently deliver superior performance.

This literature review highlights that self-efficacy and employee engagement work together to significantly improve employee performance. Self-efficacy provides employees with confidence in their abilities, while engagement channels this confidence into sustained effort and commitment. Studies consistently show that self-efficacy alone does not guarantee high performance unless accompanied by strong engagement. For example, Sulaiman et al. (2024) and Rohaeni & Aulia (2024) found that self-efficacy enhances autonomy and adaptability, but engagement ensures that these capabilities translate into actual job performance.

Contextual factors further strengthen this relationship. Naghshineh (2022) reported that work-life balance amplifies the effect of self-efficacy on engagement, while Consiglio et al. (2016) emphasized the importance of social support in maintaining engagement over time. Other studies, such as Widjaya & Achmadi (2024) and Hadi (2023), confirmed that engagement mediates the link between self-efficacy and performance, indicating that confidence must be activated through behavioral involvement to produce results.

Innovation is also a key outcome of this interaction. Hanan et al. (2024) showed that self-efficacy and engagement foster innovative behavior, which drives performance improvements, while Wiyanto et al. (2024) highlighted their role in enabling adaptability in high-pressure industries. Evidence from various sectors, including public service, education, healthcare, and aviation, suggests that the combined influence of self-efficacy and engagement is universal.

In summary, self-efficacy creates the belief in one's ability to succeed, and engagement transforms that belief into consistent performance. Organizations should therefore develop employee self-efficacy through training and mentoring while fostering engaging work



environments that promote autonomy, recognition, and support. Together, these strategies create a reinforcing cycle where confidence fuels engagement and engagement drives superior performance.

## Conclusion

This review concludes that self-efficacy and employee engagement are critical and mutually reinforcing factors in improving employee performance. Self-efficacy builds confidence to face work challenges, while engagement channels this confidence into sustained effort and productivity. Together, they create a positive cycle that strengthens motivation, commitment, and results across different organizational settings. Nonetheless, several limitations must be noted. Many studies rely on cross-sectional data and self-reported measures, which may limit causal interpretation and introduce bias. Variations in sectors, cultural contexts, and measurement methods may also affect the generalizability of findings. Future research should employ longitudinal designs and explore moderating factors such as leadership style, digital work environments, and organizational culture to better understand these relationships. Despite these limitations, the evidence supports strategies that develop self-efficacy through training and mentoring while fostering engaging and supportive workplaces as a pathway to sustained employee and organizational success.

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