

# UNLEASHING POTENTIAL: THE ROLE OF EMPLOYEE ENGAGEMENT IN DRIVING ORGANISATIONAL PERFORMANCE

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## Abstract

In a progressively competitive industry, firms are obligated to discover inventive methods to boost the performance and achieve accomplishment. Employee engagement is a potent but frequently overlooked tool that defines the extent of dedication individuals have towards their company goals and objectives. This study investigates 282 employees experience spread over five firms in the service industry in Bangalore. The objective was to uncover the benefits of positive employee engagement on the organization's success. The results highlight a significant positive interaction of employee engagement and organizational performance. The findings implies that higher levels of emotional commitment, work contentment, recognition and feedback, work environment, work-life balance, and overall engagement are likely to result in improved financial performance, operational efficiency, employee satisfaction and engagement, customer satisfaction, innovation and growth, and overall success of the organization.

**Keywords:** Emotional Commitment, Recognition and Feedback, Work Environment, Work-Life Balance, Overall Engagement, Operational Efficiency.

## INTRODUCTION

Rapid transformations in the modern workplace are being driven by technological advancements, globalization, and rising employee demands. Amidst these changes, the relevance of employee engagement has emerged as a critical area of concentration for leaders and enterprises. Engaged employees demonstrate a strong emotional dedication to one's job and a profound alignment with the organization's objective.

This paper contends that enhancing engagement by employee is not solely the responsibility of the HR department, but rather a crucial business imperative that has the capacity to unlock latent capabilities within the workforce.

In the current competitive and uncertain business landscape, companies are concerned of the crucial role that employee engagement plays in driving performance and achieving success. "Unlocking Potential: The paper explores the complex connection between engaged people and improved organizational performance.

Employees who engage well show a greater willingness to dedicate themselves to their jobs, and also demonstrate greater levels of creativity, efficiency, and cooperation. This study examines the impact of different variables, including leadership methods, workplace culture, and recognition, on promoting employee engagement and enhancing overall performance

metrics. This study attempts to provide practical insights for enterprises by examining how employee engagement leads to measurable results. The goal is to help organizations unlock their employees' maximum potential, by improving both individual well-being and overall organizational success.

By employing both qualitative and quantitative analysis, our objective is to emphasize the profound impact of engagement and advocate for its incorporation into strategic planning and human resource practices.

## LITERATURE REVIEWS

Venkatraman and Ramanujam (1986) conduct a comprehensive examination in their review, delving into all facets of corporate success. They highlight the significance of considering a wide range of stakeholders and emphasize the prerequisite to use comprehensive performance measurements that go beyond just financial indicators.

Kaplan and Norton (1992) developed the balanced scorecard method for monitoring performance, which has had a significant impact. The researchers investigated the methods by which organizations can successfully align their commercial activities with the global vision and strategy of the corporation.

In 1999, Harrison and Freeman examined the correlation between stakeholder management and organizational success. Their research yielded actual evidence that substantiates the stakeholder paradigm and its ramifications on performance.

In their study, Ogbonna and Harris (2000) conducted a comprehensive review to analyze the correlations between different leadership styles, organizational culture, and performance. The review included substantiation from many sectors. Harter, J. K., et.al (2002) conducted a meta-analysis which established an association between employee engagement and company outcomes. This study highlighted the impact of active participation in relation to the achievement of organizational success.

In their study, Ittner and Larcker (2003) conducted a comprehensive evaluation of the effectiveness of nonfinancial performance measurements. They identified shortcomings and suggested a more comprehensive approach to evaluating performance.

Saks, A. M. (2006) did a study to examine the influencers of employee engagement and their relationship to company's results. The study additionally offered a comprehensive model that indicates a correlation between involvement and performance. Chen and Huang (2007), in one of their studies examined the relevance of strategic human resources practices on innovation and the subsequent impact on performance of the organisation. The study assessed the mediating role of knowledge management between HR practices and performance.

Kraaijenbrink, J., et.al. (2010) investigated the correlation between resources and organizational performance, particularly exploring how resource-based approaches might explain variations in competitive advantage.

Kumar, V., & Singh (2013) examined various leadership styles, including transformational and transactional styles, and their influence on organizational performance. The research highlighted the importance of leadership practices in driving performance outcomes.

### **Objectives:**

1. To Identify Key factors influencing Employee Engagement.
2. To measure the extent of influence employee engagement has on organisational performance.
3. To compare engagement levels across different demographics.
4. To formulate actionable strategies for organizations to improve employee engagement levels, so as to unlock the potential of their workforce and drive better overall performance.

### **Statistical Tools:**

Diverse statistical studies are employed to ascertain the primary determinants influencing employee engagement. Some tests to accurately identify these drivers are:

**Correlation Analysis:** We utilize Pearson correlation coefficients to ascertain the extent of association between employee engagement levels and other organizational drivers. This can aid in identifying the primary aspects that influence employee engagement, and the impact of employee engagement on organizational performance.

**Regression analysis:** A statistical tool used to assess the effect of different independent variables, such as management support, career development possibilities, and work environment, on employee engagement. This will aid in determining the most influential aspects.

**ANOVA and Independent-Samples't' test** are used. The initial segment of the survey collected data on demographic features of the participants, encompassing age, gender, birthplace, educational background, work experience, and annual earnings.

- a). To evaluate the variation in engagement levels among various groups (such as Age, the Marital status, their educational background, Annual Income, etc.), employ ANOVA tests to determine the statistically valid disparities in engagement ratings between these groups.
- b). Gender and nativity were limited to two choices. Thus, the researcher utilized the independent-samples't' test to analyze these variables. Nevertheless, the variables of age, educational degree, work experience, and annual salary had a multitude of choices, exceeding two. Hence, the researcher employed a one-way ANOVA to evaluate the engagement levels among various demographic groups.

**ANALYSIS AND DISCUSSIONS:**

**Objective 1: To Identify Key factors influencing Employee Engagement.**

**Table 1: Correlation Analysis - Between components of ‘Employee Engagement’ and Overall Employee Engagement**

	EC	WC	RF	WE	WB	OE	EE
EC	1	.691**	.860**	.922**	.907**	.763**	.951**
WC	.691**	1	.626**	.650**	.652**	.655**	.778**
RF	.860**	.626**	1	.825**	.807**	.699**	.892**
WE	.922**	.650**	.825**	1	.985**	.812**	.961**
WB	.907**	.652**	.807**	.985**	1	.816**	.956**
OE	.763**	.655**	.699**	.812**	.816**	1	.878**
EE	.951**	.778**	.892**	.961**	.956**	.878**	1

\*\* . For 2-tailed test, the Correlation is significant @ 0.01 level

EC - Emotional Commitment, WC - Work Contentment, RF - Recognition and Feedback, WE - Work Environment, WB - Work-Life Balance, OE - Overall Engagement, EE - Overall Employee Engagement.

*H<sub>1</sub>: Every component of Employee Engagement has a significant positive influence on Employee Engagement.*

We computed a Pearson correlation coefficient to test the above hypothesis, and Table 1 displays the correlation between each component of employee engagement and the overall value of employee engagement. The results indicate a statistically significant association, at  $p < .000$  level.

The correlation coefficient between

- Emotional commitment (EC) and ‘Overall employee engagement (EE)’ is .951, [n=300,  $p=.000$ ],
- Work contentment (WC) and ‘Overall employee engagement (EE)’ is .778. [n=300,  $p=.000$ ],
- Recognition and feedback (RF) and ‘Overall employee engagement (EE)’ is .892, [n=300,  $p=.000$ ],
- Work environment (WE) and ‘Overall employee engagement (EE)’ is .961, [n=300,  $p=.000$ ],
- Work-life balance (WLB) and ‘Overall employee engagement (EE)’ is .956, [n = 300,  $p =.000$ ], and
- Overall engagement (OE) and ‘Overall employee engagement (EE)’ is .878 [n = 300,  $p =.000$ ].

Therefore, we can summarise that every component considered in this research have high influence on the employee engagement levels and thus we accept Hypothesis *H<sub>1</sub>*.

**Objective 2: To measure the extent of influence of Employee Engagement has on Organisational Performance.**

**Correlation Analysis:**

**Table 2: Correlation Analysis - Between components of ‘Employee Engagement’ and Overall Organisational Performance.**

	EC	JB	RF	WE	WB	OE	OP
EC	1	.691**	.860**	.922**	.907**	.763**	.922**
JB	.691**	1	.626**	.650**	.652**	.655**	.650**
RF	.860**	.626**	1	.825**	.807**	.699**	.825**
WE	.922**	.650**	.825**	1	.985**	.812**	1.000**
WB	.907**	.652**	.807**	.985**	1	.816**	.985**
OE	.763**	.655**	.699**	.812**	.816**	1	.812**
OP	.922**	.650**	.825**	1.000**	.985**	.812**	1

\*\* . For 2-tailed test, the Correlation is significant @ 0.01 level

EC - Emotional Commitment, JB - Work Contentment, RF - Recognition and Feedback, WE - Work Environment, WB - Work-Life Balance, OE - Overall Engagement, OP - Organisational Performance.

**H<sub>2</sub>: Every component of Employee Engagement has a positive influence on the Organisation’s Performance.**

We computed a Pearson correlation coefficient to test the above hypothesis, and Table 2 displays the correlation between each component of employee engagement and organizational performance. The results indicate a statistically significant association, at p <.000 level.

Where the correlation coefficient between

- Emotional commitment (EC) and ‘Organizational performance (OP)’ is .922, [n = 300, p = .000],
- Work contentment (WC) and ‘Organizational performance (OP)’ is 650. 650, [n=300, p=.000],
- Recognition and feedback (RF) and ‘Organizational performance (OP)’ is .825, [n=300, p=.000],
- Work environment (WE) and ‘Organizational performance (OP)’ is 1.000 [n = 300, p = 0.000].
- Work-life balance (WB) and ‘Organizational performance (OP)’ is.985 [n = 300, p =.000]. and
- Overall engagement (OE) and ‘Organizational performance (OP)’ is .812, [n=300, p=.000],

Therefore, we can infer that every aspect of employee engagement positively influences organizational performance and accept Hypothesis H<sub>2</sub>.

**Objective 3: To compare engagement levels across different demographics:**

*H<sub>3</sub>: Employee engagement varies across diverse employee demographics.*

**ANOVA:**

**Age Group:** Since the F-value is 4.703 and corresponds to a p-value that is ‘less than’ the significance level (i.e.,  $p < 0.05$ ), we discard the null hypothesis. We thus conclude that Employee engagement is inconsistent across various *age groups* among the participants.

**Marital Status:** Since the F-value is 3.895 and corresponds to a p-value that is ‘less than’ the significance level (i.e.,  $p < 0.05$ ), we discard the null hypothesis. We thus conclude that Employee engagement is inconsistent across various *marital status* among the participants.

**Annual Income:** Since the F-value is 3.503 and corresponds to a p-value that is ‘less than’ the significance level (i.e.,  $p < 0.05$ ), we discard the null hypothesis. We thus conclude that Employee engagement is inconsistent across various annual income group among the participants.

**Educational Background:** Since the F-value is 4.345 and corresponds to a p-value that is ‘less than’ the significance level (i.e.,  $p < 0.05$ ), we discard the null hypothesis. We thus conclude that Employee engagement is inconsistent across various *educational backgrounds* among the participants.

**Length of Service:** Since the F-value is 4.345 and corresponds to a p-value that is ‘less than’ the significance level (i.e.,  $p < 0.05$ ), we discard the null hypothesis. We thus conclude that Employee engagement is inconsistent across various *lengths of service* among the participants.

**Independent-Samples ‘t’ test:**

**Gender:** Given that the calculated value of ‘t’ (-1.336) exceeds the table value, we accept the null hypothesis and conclude that employee engagement varies among the respondents’ different genders.

**Nativity:** Given that the calculated value of ‘t’ (1.770) exceeds the table value, we accept the null hypothesis and conclude that employee engagement varies across the respondents’ nativity.

**Table 3: ANOVA - Different Demographic Groups and Overall Employee Engagement.**

Item	Category	N	Mean	S D	‘F’ value	Sig
Age	< 30 Years	71	4.48	0.954	4.703*	0.003
	31 - 40 Years	74	4.51	0.815		
	41 - 50 Years	85	4.41	0.967		
	51 - 60 years	70	4.6	0.891		
Marital Status	Married	191	4.47	0.956	3.895*	0
	Unmarried	89	4.55	0.826		
	Single	20	4.5	0.827		
Annual Income	< Rs 6 Lakhs.	98	4.29	1.065	3.503*	0.001
	Rs 6 L.to Rs 9 L	58	4.45	0.976		

	Rs 9 L to Rs 12 L	41	4.61	0.771		
	> Rs 12 Lakhs	103	4.68	0.703		
<b>Education</b>	Below Degree	75	4.53	0.844	4.345*	0.002
	Degree	75	4.52	0.891		
	PG Degree	77	4.52	0.898		
	Prof. Course	73	4.41	1.012		
<b>Length of Service</b>	< 5 Years	70	4.47	0.959	3.747*	0
	5Yrs - 10Yrs	78	4.54	0.801		
	10Yrs - 15Yrs	82	4.39	0.978		
	> 15Yrs	70	4.6	0.891		

**Table 4: Independent - Sample 't' test - Different Demographic Groups and Overall Employee Engagement**

		N	Mean	Std. Devn.	't' value	df
<b>Gender</b>	Male	150	4.57	.915	-1.336	298
	Female	150	4.43	.901		
<b>Nativity</b>	Within Karnataka.	180	4.57	.819	1.770	298
	Outside Karnataka.	120	4.38	1.022		

## CONCLUSIONS

The study provides valuable insights regarding the dynamics of employee engagement and its effect on organizational performance. The study's primary conclusions are as follows:

*Key Drivers of Employee Engagement:* The analyses demonstrate a high positive association between each component of employee engagement and the overall employee engagement levels, leading to the inference that these components have a significant impact on employee engagement.

*Impact on Organisational Performance:* The findings further establish that employee engagement has a high positive influence on organisational performance. Significant correlations between components of employee engagement and the organisational performance indicate that higher engagement levels lead to enhanced organisational outcomes.

*Variations across demographics:* Demographic variables such as age, marital status, educational background, annual income, and length of service influence employee engagement. This signifies that engagement strategies must be tailored to meet the diverse needs of the workforce. There was, however, no significant variation in engagement related to gender and nativity, suggesting a level of consistency across these demographics.

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