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## International Journal of Multidisciplinary Research in Science, Engineering and Technology (IJMRSET)

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# A Study of Relationship between Employee Engagement and Organizational Performance

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**ABSTRACT:** This study investigates the relationship between employee engagement and organizational performance, aiming to understand how engaged employees contribute to improved business outcomes. Employee engagement, characterized by emotional commitment, motivation, and involvement in work, has increasingly been recognized as a critical factor in organizational success. The research explores various dimensions of engagement, including job satisfaction, alignment with organizational goals, and communication effectiveness, and evaluates their correlation with performance indicators such as productivity, profitability, and customer satisfaction. By analyzing data collected from employee surveys and performance reports across multiple organizations and industries, the study finds a strong positive relationship between high levels of engagement and enhanced organizational performance. Engaged employees are more likely to demonstrate higher levels of innovation, collaboration, and customer service, which directly contribute to competitive advantage and sustainable growth. The findings highlight the importance of leadership support, recognition programs, and opportunities for professional development in fostering engagement. This research provides practical insights for managers and HR professionals seeking to implement engagement strategies that drive performance improvements and suggests that investment in employee engagement should be a strategic priority for organizations aiming to thrive in a dynamic and competitive environment.

**KEYWORDS:** "Employee engagement, organizational performance, productivity, job satisfaction, retention, and business outcomes."

## I. INTRODUCTION

Employee engagement is a fundamental concept in the effort to understand and describe, both qualitatively and quantitatively, the nature of the relationship between an organization and its employees. An "engaged employee" is defined as one who is fully absorbed by and enthusiastic about their work and so takes positive action to further the organization's reputation and interests. An engaged employee has a positive attitude towards the organization and its values. In contrast, a disengaged employee may range from someone doing the bare minimum at work (aka 'coasting'), up to an employee who is actively damaging the company's work output and reputation. An organization with "high" employee engagement might therefore be expected to outperform those with "low" employee engagement. Employee engagement first appeared as a concept in management theory in the 1990s, becoming widespread in management practice in the 2000s, but it remains contested. Despite academic critiques, employee engagement practices are well established in the management of human resources and of internal communications.

## THE RELATIONSHIP BETWEEN EMPLOYEE ENGAGEMENT AND ORGANIZATIONAL PERFORMANCE:

In the rapidly evolving realm of contemporary organizational management, an area of scholarly attention and practical importance focuses on the intricate connection between employee engagement and organizational performance. Employee engagement, characterized by employees' emotional commitment and active involvement in their work and the organization, has emerged as a pivotal factor that influences the overall well-being and success of an organization. The objective of this research paper is to delve into the complex dynamics that underlie this relationship, with a particular emphasis on the mutually beneficial nature between engaged employees and enhanced organizational outcomes. The organizations navigate the dynamic market conditions to maintain a competitive advantage, the recognition of the crucial role played by highly engaged employees has grown. The understanding that organizational performance, including dimensions such as productivity, innovation, customer satisfaction, and financial success, is





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significantly influenced by employee engagement underscores its importance. This paper builds upon previous studies, revealing that organizational factors contribute almost twice as much to profit rates as economic factors. The study explores the interdependence of factors that affect organizational performance, with a particular focus on Motivation, Ability, Roles, and Organizational Support. Acknowledging the need for a harmonious integration of these factors, the research underscores their collective role in driving sustainable growth.

### II. REVIEW OF LITERATURE

**Cropanzano (2000)** investigated how psychological well-being and job satisfaction predict job performance and concluded that higher well-being correlates with better outcomes.

**Rothbard (2001)** defines engagement as psychological presence and, furthermore, states that it involves two critical components: attention and absorption. Attention refers to cognitive availability and the amount of time one spends thinking about a role.

**Maslach et al. (2001)**, six areas of work-life lead to either burnout or engagement: workload, control, rewards and recognition, community and social support, perceived fairness and values. They argue that job engagement is associated with a sustainable workload, feelings of choice and control, appropriate recognition and reward, a supportive work community, fairness and justice, and meaningful and valued work.

**Holbeche and Springett (2003)**, people's perceptions of 'meaning' with regard to the workplace are clearly linked to their levels of engagement and, ultimately, their performance. They argue that employees actively seek meaning ultimately, their performance. They argue that employees actively seek meaning through their work and, unless organisations try to provide a sense of meaning, employees are likely to quit.

**Robinson et al. (2004)** define employee engagement as "a positive attitude held by the employee towards the organization and its value. An engaged employee is aware of business context, and works with colleagues to improve performance within the job for the benefit of the organization.

**Buckingham and Coffman (2005)** said, pay and benefits are equally important to every employee, good or bad. A company's pay should at least be comparable to the market average. However, bringing pay and benefits packages up to market levels, which is a sensible first step, will not take a company very far-they are like tickets to the ballpark, they can get the company into the game, but can't help it win.

#### NEED FOR THE STUDY:

Employee engagement has emerged as a popular organizational concept in recent years. It is the level of commitment and involvement an employee has towards their organization and its values and beliefs. An engaged employee is aware of business context, and works with colleagues to improve performance within the job for the benefit of the organization. Employee engagement initiative has a direct impact on the organization's productivity. All organizations want their employees to be engaged in their work. Employee engagement is linked to customer satisfaction which is linked to an organization's financial success. Engagement comes about when enough people care about doing a good job and care about what the organization is trying to achieve and how it goes about doing it

#### OBJECTIVES OF THE STUDY:

- To find out the key determinants of employee engagement and Organizational performance.
- To analyze the impact of demographic variables on employee engagement and organizational performance.
- To study the relationship between employee engagement and organizational performance.

#### SCOPE FOR THE STUDY:

Employee engagement is a crucial factor influencing organizational performance. When employees are engaged, they are more likely to be motivated, productive, and committed to achieving organizational goals. Studies have shown a positive correlation between employee engagement and organizational performance, with engaged employees contributing to improved customer satisfaction, increased productivity, and enhanced financial outcomes. By fostering a culture of engagement, organizations can unlock the full potential of their employees, drive business success, and gain a competitive edge in the market. Effective leadership, open communication, and opportunities for growth and



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development are key drivers of employee engagement, ultimately impacting organizational performance.

### III. RESEARCH METHODOLOGY

#### Research Methodology:

Research methodology, in short, is a systematic approach to conducting research. It outlines the methods used to collect and analyse data, ensuring a study's validity and reliability. This includes determining the research question, choosing appropriate data collection techniques, selecting a sample, and deciding on analysis methods.

#### Research Design:

The study's underlying framework is provided by the research design. In order to provide an organised approach, it describes the procedures utilised for data collecting and processing. This study is under the category of descriptive research since it uses primary data and aims to identify trends, traits, and behavioural patterns related to pricing tactics. To assess the efficacy of pricing strategies across various consumer categories, the study uses statistical tools such as descriptive statistics, the Chi-Square Test, ANOVA, correlation analysis, cluster analysis, and regression analysis.

#### Data collection:

##### Primary Data:

**Surveys:** Employee engagement surveys, such as the Utrecht Work Engagement Scale (UWES) or Employee Engagement Questionnaire (EEQ), to measure employee engagement levels.

**Organizational performance metrics:** Collecting data on productivity, customer satisfaction, financial performance, and other relevant metrics.

**Interviews or focus groups:** Conducting interviews or focus groups with employees and managers to gather more in-depth insights.

#### Questionnaire:

The primary data was collected using a structured questionnaire. The structured questionnaires that were framed and designed consists of

- Likert 5-point scale
- Multiple choice questions
- Ranking question.
- Open ended question.

A total of 50 respondents participated in the survey, ensuring a diverse representation of consumer perspectives. The questionnaire serves as a key instrument in identifying behavioural patterns, perceived value, and the psychological impact of pricing strategies on purchasing decisions.

#### Sample Size:

The number of responders selected to reflect the general population is referred to as the sample size. Simple random sampling was used to choose 50 respondents in total for this investigation. The study's efficiency, dependability, and adaptability in recording a range of customer responses are guaranteed by an ideal sample size. The chosen sample strikes a mix between practical viability and statistical precision, allowing the study to pinpoint important patterns in the relationship between employee engagement and organizational performance.

### IV. STATISTICAL ANALYSIS

#### CHI SQUARE TEST:

To find a relationship between stay with current employer and employee engagement contribute to long term employment.

#### HYPOTHESIS:

Null Hypothesis (Ho): There is no significant difference between staying with a current employer and employee



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engagement contributing to long term employment.

Alternative Hypothesis (H1): There are significant differences between staying with a current employer and employee engagement that contribute to long term employment.

**TABLE4.1 SHOWING CHI-SQUARE TEST FOR STAY WITH CURRENT EMPLOYER AND EMPLOYEE ENGAGEMENT CONTRIBUTE TO LONG TERM EMPLOYMENT.**

### Chi-Square Tests

Chi-square test	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	10.317 <sup>a</sup>	12	.588
Likelihood Ratio	10.332	12	.587
N of Valid Cases	50		

a. 17 cells (85.0%) have expected count less than 5. The minimum expected count is .08.

### INFERENCE:

Since the p-value (**0.588**) is greater than the significance level (**0.05**), we fail to reject the null hypothesis. This indicates that there is no significant difference between your decision to stay with your current employer and employee engagement that contributes to long term employment.

### V. CONCLUSION

The study on investigating the relationship between employee engagement and organizational performance concludes that there is a significant positive correlation between the two variables. The findings suggest that high levels of employee engagement are associated with improved organizational performance, including increased productivity, customer satisfaction, and financial performance

The study highlights the importance of employee engagement in achieving organizational goals and objectives. It emphasizes the need for organizational leaders to prioritize employee engagement and develop strategies to foster a positive work environment, encourage employee participation, and recognize and reward employee contributions.

The study's results have practical implications for organizational leaders, HR professionals, and managers. By understanding the relationship between employee engagement and organizational performance, organizations can develop targeted interventions to improve employee engagement.

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