



Employee Engagement: A Driver of Organizational Effectiveness in Digital Era

Dr. Nousheen Sultana

Associate professor

Kasturba Gandhi college for Women, Marredpally, secunderabad, Telangana

Abstract:

Employee engagement is emerging as a key differentiator for successful organizations. It's crucial to consider employee engagement as a competitive advantage and a core value proposition when striving for organizational success and efficiency. This concept has gained global traction, and this study investigates the current state of employee engagement in two medium-sized IT companies. Through a qualitative research approach utilizing deductive reasoning, the study aims to explore the factors that drive engagement within these organizations. A convenience sample of employees of two medium scaled IT Organizations (n = 232) completed a survey on employee engagement and their outcomes on Organisational Effectiveness. The data were analyzed using correlation analysis. The results showed that there was a significant, positive relationship between employee engagement and organization Effectiveness. These findings indicate that employee engagement is a significant and strong factor that determines the individual performance of employees which directly impacts on organizational Effectiveness. The finding also indicate that Engagement dimensions: Recognition, rewards, wellness, growth opportunities, and work-life balance all positively impact job satisfaction. This implies that companies do need to consider how to promote employee engagement in organization for effectiveness.

1. Introduction:

In the midst of the digital revolution, where efficiency and competitive advantage reign supreme, the source of organizational value has shifted. We're no longer solely focused on the shiny exterior of products and services; the beating heart of a successful company now lies within its workforce. As Mishra and Mishra (2013) astutely observed, leaders who cultivate trust within their corporate walls witness a remarkable transformation – it influences "a number of attitudes, behaviors, and performance outcomes among

employees" (p. 8). This potent confluence of trust and positive employee behavior gives rise to a powerful phenomenon: employee engagement.

Engagement – not a passive offering, but a vibrant flame ignited by intrinsic motivation – is the fuel that propels organizations towards greatness. It's the difference between a workforce simply going through the motions and one brimming with creativity, dedication, and a shared vision for success. The benefits of an engaged workforce are as multifaceted as the individuals themselves. Productivity soars, fueled by enthusiasm and a genuine desire to excel. Innovation takes flight, born from the collective wisdom and fearless experimentation of empowered employees. Customer satisfaction reaches new heights, nurtured by the genuine care and dedication of those invested in the company's mission. Furthermore, a culture of trust and engagement fosters a virtuous cycle. As employees feel valued and empowered, their commitment deepens, fueling even greater engagement. This translates into tangible value for the organization, a testament to the power of investing in its most valuable asset – its people. Therefore, in this transformative age, competitive advantage isn't solely defined by external factors. It's forged in the internal crucible of trust, engagement, and empowered employees. By nurturing this fertile ground, organizations can unlock a hidden reservoir of potential, propelling them towards a future where success is not merely measured in profits, but in the collective flourishing of its human capital.

Robinson, Perryman & Hayday (2004) stated that “the higher the level of employee commitment, the better the business outcome. If employee engagement is indeed beyond commitment, the rewards should be even greater.” (Robinson, Perryman & Hayday, 2004)

Employee engagement is a positive relationship between an employee and their organization. It is characterized by a sense of belonging, commitment, and enthusiasm for work. Employee engagement is the extent to which employees are involved in, enthusiastic about, and committed to their work. It is a key factor in organizational success, as engaged employees are more productive, creative, and loyal. According to Gallup's state of the American Workplace report, only 34% of employees are engaged in their work, while 54% are not engaged and 12% are actively disengaged which indicates that majority are not committed to their work or their organization. Employee disengagement and stress are two interrelated concepts that can have a significant impact on an organization's bottom line. According to the report on Trends in Global Employee Engagement published in 2015, the employee engagement rate varies from fifty-seven percent to seventyone percent depending on the differences in regions and markets, and on the global level the average stands at sixty-two percent.

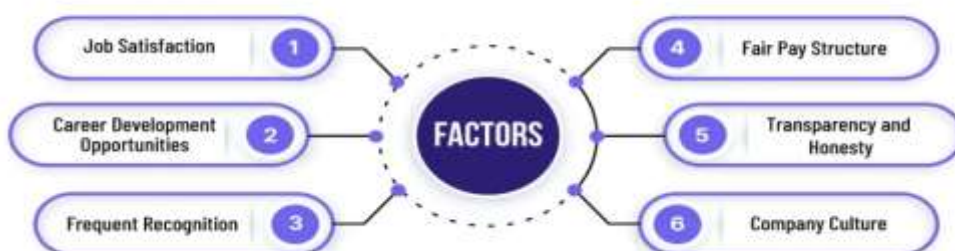
The research by Kumar & Pansari (2015) presents a puzzling scenario. On the one hand, some HR managers reported high employee engagement in their companies. This suggests employees are enthusiastic, motivated, and connected to their work. On the other hand, a worrying trend of high employee turnover emerged. Employees, despite feeling engaged, were leaving within two years, impacting productivity and valuable client relationships. This paradox highlights a critical gap between measured engagement and actual employee behaviour, According to Towers Perrin (2008) Towers Perrin (2008) recognize human resources as

a wellspring of sustainable competitive advantage, with a wealth of critical skills and knowledge, many still fail to capitalize on this potential. This underutilization hinders organizational success, often resulting in difficulties ensuring full employee engagement - mind, body, and soul .Human resources are a source of sustainable competitive advantage, critical skill and knowledge. They are happy to display their knowledge and skills for the organization they work for .Over a period of time organizations are finding difficult to assure that employees come to organizations not just physically but mentally and emotionally also. In short engaged employees influence retention levels and productivity. That is why engaged employees are innovative, highly potential and persistently outperforming.

Definitions:

- ❖ Kahn (1990) and Wellins, Bernthal and Phelps (2005). Both definitions emphasize the importance of the psychological experiences of employees in the workplace.
- ❖ Kahn (1990) defines employee engagement as the harnessing of organization members' selves to their work roles. This means that engaged employees are mentally and emotionally invested in their work. They are not just physically present at work, but they are also actively participating and contributing.
- ❖ Wellins, Bernthal and Phelps (2005) define employee engagement as the extent to which people enjoy and believe in what they do and feel valued for doing it. This definition focuses on the three aspects of employee engagement: enjoyment, belief, and value. Enjoyment refers to the satisfaction that employees get from their work. Belief refers to the sense of meaning and purpose that employees find in their work. Value refers to the recognition and rewards that employees receive for their work.
- ❖ Both definitions of employee engagement highlight the importance of the psychological connection between employees and their work. When employees are engaged, they are more likely to be productive, creative, and committed to their organization. They are also less likely to be absent or turnover.
- ❖ Employee engagement provided by Robinson, Perryman and Hayday (2004) is a good one. It emphasizes the importance of a positive attitude and a two-way relationship between employer and employee.

Factors that Affect Employee Engagement



3. What Does an Engaged Employee Look Like ?

Employees who are deeply engaged are more concerned about their work and business, are committed to business missions, and goals, and look to improve their performance through their roles. Deeply engaged employees exhibit the following characteristics.

- Enthusiastic about their work
- Focused and emotionally committed to their organization
- Look for opportunities to learn and grow
- Engaged employees are responsible and reliable
- They value their role and contribute to company success
- They value and understand company goals, missions, and objectives

4. Need for employee engagement:

When employees are truly engaged, it ripples throughout the organization with positivity. Work culture flourishes, with less churn and happier colleagues. Productivity skyrockets as motivated individuals go above and beyond, exceeding expectations and churning out stellar results. Employee engagement improves work culture, reduces turnover, increases productivity, builds better work and customer relationships, and affects profits. High employee engagement also turns workers into your best advocates. Employees become more energized and efficient, and they go beyond what's expected of them. Naturally, this influences their own mental health at work and can positively influence those around them, such as colleagues and customers.

5. Objectives:

1. To identify the driving factors of employee engagement, the key factors and challenges inside the organization.
2. To raise the awareness concerning the importance of employee engagement in the workplace.
3. To understand the correlation between an efficient organization and a great level of engagement

6. Scope of the study:

This study focuses on two medium-sized IT companies located in Hyderabad, India. The findings of this research are primarily applicable to medium-sized IT organizations within the Hyderabad region. The generalizability of this study's conclusions may be limited to contexts similar to the two chosen IT companies in Hyderabad.

7. Limitations of the study:

The study provides a snapshot of engagement factors based on the current business landscape. As companies evolve and the business environment shifts, the relative importance and effectiveness of these factors may change.

2. Research Methodology:

This study utilized descriptive analysis to investigate relationship between employee engagement and Organisational effectiveness and also to find out which factors effect employee engagement in the organisation .A descriptive model was employed, focusing on a sample of 428 individuals from two IT companies in Hyderabad, .convenient sampling ensured within the chosen group. Initially, 350 questionnaires were distributed. Through persistent follow-up, 261 responses were obtained. Upon data cleaning, 29 incomplete questionnaires were excluded, resulting in a final sample size of 232. This represents a response rate of 74.6%.A questionnaire was developed to verify levels and factors which influence employee engagement in the organisation. The Organizational effectiveness scale was developed by Srivastava and Banerjee (1997). This scale purported to assess the level of overall effectiveness of production as well as service organizations. The preliminary schedule of this scale consisted of 45 items related to 8 dimensions. Employee Engagement dimensions is Recognition, rewards, wellness, growth opportunities, and work-life balance.

2.1 Hypothesis:

HO 1: There is no positive relationship between Employee engagement and Organizational Effectiveness

HO 2: There is no positive relationship between Dimensions of employee engagement with Organizational Effectiveness

3. Data analysis:

Table: 1

Correlations			
		Organization Effectiveness	Social Intelligence
Organization Effectiveness	Pearson Correlation	1	.492
	Sig. (2-tailed)		.000
	N	232	232
Employee Engagement	Pearson Correlation	.492	1
	Sig. (2-tailed)	.000	
	N	232	232

Source: Primary Data

Correlation results:

As the above table show that significant level is (.000) and the overall correlation coefficient is 0.492. As regards the significance level is the less than 5% and the correlation coefficient is contrary to zero at 95% confidence of interval. Ho is rejected and H1 is confirmed. In other words there is positive correlation exists between employee engagement and employee performance

Table: 1.1

Correlation				
	EE1. Recognition and rewards	EE2. Employee wellness	EE3. Opportunities to growth	EE4. work life balance
OE1: Efficient System	.220**	.190*	.219**	.323*
OE2: Congenial Climate	.242*	.220**	.557**	.342*
OE3: Efficiency	.335*	.282*	.337**	.323*
OE4: Dynamism and Adaptability	.359**	.340*	.335*	.227**
OE5: Interpersonal Harmony	.346*	.469**	.288**	.282*
OE6: Efficient Leadership	.385*	.330*	.259**	.324*
OE7: High Morale	.489**	.448**	.468*	.335**
OE8: Job Satisfaction	.526*	.597**	.467**	.531*

Source: Primary Data

** Correlation is significant at the 0.01 level (2 tailed)

*Correlation is significant at the 0.05 level (2-tailed)

4. Finding:

The correlation between Employee engagement and Organizational effectiveness is 0.492 and the correlation is significant at confidence Interval of 0.95. This means that there is a good relationship between two variables. This means that changes in one variable are correlated with changes in the second variable. Pearson's r is 0.492; we can conclude that there is a good relationship between Employee engagement and Organizational Effectiveness variables. The table 1.2 indicates the overall correlation dimensions of employee engagement and organisational effectiveness all the dimensions of two variables show positive and strong relationship. The table also shows how four dimensions of employee engagement has a strong positive relation with job satisfaction. High job satisfaction often leads to higher engagement, but not always. An employee can be satisfied with their job (good pay, benefits, etc.) but not engaged (lack of meaning, growth opportunities, etc.). Ideally, organizations should strive for both high engagement and high satisfaction.

Conclusion:

Employee engagement is emerging as a key differentiator for successful organizations. It's crucial to consider employee engagement as a competitive advantage and a core value proposition when striving for organizational success and efficiency. This concept has gained global traction, and this study investigates the current state of employee engagement in two medium-sized IT companies. Positive Synergy: Every dimension of employee engagement and organizational effectiveness shows a strong and positive correlation,

implying a mutually beneficial relationship. High engagement strengthens effectiveness, and vice versa. Engagement and Job Satisfaction: Additionally, the four employee engagement dimensions (recognition, rewards, wellness, growth) display a strong positive correlation with job satisfaction. This suggests that focusing on these areas can significantly boost employee satisfaction.

Bibliography:

- ❖ ArunKumar, K., & Renugadevi, R. (2013). Antecedents and Consequences of Employee Engagement - A Hypothetical Approach. *Journal of Business and Management*, 9(3), 52-57. Retrieved November 1, 2017, from <http://iosrjournals.org/iosr-jbm/papers/Vol9-issue3/G0935257.pdf>
- ❖ Baumruk, R. (2006). Why managers are crucial to increasing engagement: Identifying steps managers can take to engage their workforce. *Strategic HR Review*, 5(2), 24-27. Retrieved October 29, 2017, from <https://doi.org/10.1108/14754390680000863>
- ❖ Bergeron, B. (2003). *Essential of Knowledge Management*. Hoboken, New Jersey: John Wiley & Sons, Inc. Retrieved November 1, 2017, from http://www.cos.ufrj.br/~jano/LinkedDocuments/_papers/aula06/Wiley%20-20Essentials%20of%20Knowledge%20Management.pdf
- ❖ Bhojararu, G. (2005). Knowledge Management: Why do we need it for corporates. *Malaysian Journal of Library & Information Sciences*, 10(2), 37-50. Retrieved November 1, 2017, from http://eprints.rclis.org/7158/1/KM_why_do_we_need_for_corporate.pdf
- ❖ CIPD. (2009). An HR director's guide to employee engagement. Discussion paper, Chartered Institute of Personnel and Development. Retrieved October 26, 2017, from http://www2.cipd.co.uk/NR/rdonlyres/8DD2561A-D3E3-4E63-9F63-EF74736A17B1/0/hr_director_guide_employee_engagement.pdf
- ❖ Dalkir, K. (2005). *Knowledge Management in Theory and Practice*. Burlington: Elsevier Inc. Re Imandin, L., Bisschoff, C., & Botha, C. (2014). A model to measure employee engagement. *Problems and Perspectives in Management*, 12(4), 520-532. Retrieved January 4, 2018
- ❖ Juan, S., Yao, L., Ayodele, F., & Tamyez, P. (2016). Review on Knowledge Management and Employee Engagement. *The National Conference for Postgraduate Research* (pp. 127-134). Kuantan Pahang, Malaysia: Universiti
- ❖ Malaysia Pahang Retrieved January 4, 2018, from <http://umpir.ump.edu.my/15517/1/P020%20pg127-134.pdf>
- ❖ Kahn, W. (1990). Psychological conditions of personal engagement and disengagement at work. *Academy of Management Journal*, 33(4), 692-724. Retrieved October 15, 2017, from <http://www.jstor.org/stable/258527>
- ❖ Kothari, C. (2004). *Research Methodology: Methods and Techniques*. Daryaganj: New Age International Pvt. Ltd., Publishers. Retrieved September 1, 2017, from <https://ebookcentral.proquest.com/lib/aboebbooks/detail.action?docID=43152>

- ❖ Markwich, C., & Robertson-Smith, G. (2009). Employee Engagement. A review of current thinking. Brighton: Institute for Employment Studies. Retrieved August 8, 2017, from <http://www.employmentstudies.co.uk/system/files/resources/files/469.pdf>
- ❖ Mishra, A. (2015). 4 keys strengths of successful businesses. Entrepreneur Magazine. Retrieved August 8, 2017, from <https://www.entrepreneur.com/article/245017>
- ❖ Mishra, A. K., & Mishra, K. E. (2013). Trust Is Needed Now More than Ever. In A. K. Mishra, & K. E. Mishra, *Becoming a Trustworthy leader. Psychology and Practice*. Routledge Press. Retrieved August 8, 2017, from <http://www.trustiseverything.com/wp>
- ❖ Robinson, D. (2007a). Employee engagement. Retrieved October 26, 2017, from Institution for Employment Studies: <http://www.employmentstudies.co.uk/system/files/resources/files/op11.p>
- ❖ Vărzaru, M., & Vărzaru, M. (2013). Leadership style and organizational structure in the context of Mintzberg's vision. In: *Proceedings of the 7th International Management Conference, New Management fo the New Economy*, Nov. 7-8, Bucharest, Romania (pp. 467-476). Retrieved November 2, 2017, from <http://conferinta.management.ase.ro/archives/2013/pdf/55.pdf>

