

## **Impact of Employee Engagement on Employee`s Performance and Job Satisfaction- A Survey among the IT Employees, Bangalore, India**

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**ABSTRACT:** *This research paper was planned in measuring the Employee Engagement levels in the IT industry in Bangalore, the factors that contribute to Employee Engagement and to propose means and ways to improve Employee Engagement levels in the industry being investigated. The researcher set out to also identify the impact of demographic profile of employees on engagement and influence of employee engagement on job Satisfaction. Also measured in this experimental research was the influence of organizational contributions on Employee Engagement. A structured questionnaire was administered to employees of Manyatta Embassy Tech Park, Bangalore, India. Research results indicate that the demographic profile of employees has an impact on employees' engagement. Organizational inputs and support have an influence on engagement and employee engagement significantly impacts job satisfaction was also studied. Several suggestions were proposed for the improvement of employee engagement based on the analysis of data collected for this research.*

**Key Words:** *Employee Engagement, IT Industry, Job Satisfaction.*

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### **I. INTRODUCTION**

Employee engagement play a dominant role in bringing some of the imperative outcomes that are linked with successful, high performing organizations(Wright and Cropanzano, 2000). Employee engagement is individual`s involvement and satisfaction with enthusiasm of work (Harter, Schmidt and Hayes, 2002). A positive and favorable attitude detained by the employee towards the organization and its values (Organ and Paine, 1999). Schaufeli et al. (2002, p. 74) define engagement “as a positive, fulfilling, work-related state of mind that is characterized by vigor, dedication, and absorption”. Eminent researchers describe engagement as the opposite or positive opposition of exhaustion (Maslach et al., 2001).The need for Autonomy, intrinsic rewards, and influence are required to achieve employee engagement (Bolman and Deal, 2014). According to Maslach et al. (2001), engagement is categorized by energy, involvement, and efficacy, the direct contradictory of the three burnout magnitudes of exhaustion, cynicism, and inefficacy. La Guardia (2009) recommended thatthe psychological needs forms a sense of development of identity by intrinsic motivation, which results the outcome of interest and engagement. Employee engagement is necessary to make or maintain their industries profitability and retain their position (Kortmann et al., 2014). It is evident that the Company`s profitability and productivity is decided by the employee`s effort and engagement (Musgrove, Ellinger & Ellinger, 2014). The negative interpersonal behaviour causes negative impact on production which is because of lower employee engagement (Bersin, 2014). If a person is self-driven, passionate and innovative in his work, then he can be called as engaged (Kelvine and Kruse, 2012).

#### **1.1 Theoretical Background**

Employee engagement is different from job involvement (Kahn, 1990) and commitment to organizations (Mowday et al, 1983). Personal aspirations raise the high level of engagement at work place (Holbeche and Springett, 2003). Job satisfaction is an important driver of employee engagement (Garg and Kumar, 2012). According to Robinson, (2009), employee engagement can be easily achieved through providing a healthy organizational environment. The employee who has high level of job satisfaction was motivated by rewards and the rewards are supported with work engagement (Amabile, 1994). There was a significant relationship between reward and recognition, and motivation and job satisfaction (Ali and Ahmed, 2009). The culture of the organization creates the value to the job satisfaction (Balzar, 1997). The pay scales, rules of the employee related to work, staff input and work environment leads to job satisfaction (Hanif and Kamal, 2009). The job satisfaction can be increased though allowing employees to participate in decision making (Campbell,

Fowels and Weber, 2004). Job characteristics contributes to job involvement and organizational engagement (Yasmin Janjhua, 2011). The results highlighted here shows that, there is a direct relationship between employee engagement and organizational performance and Satisfaction. The latest report from NASSCOM confirms that the biggest challenge of companies is not just satisfied employees, but to engage the employees permanently for the organizational success and individual growth. The numerous HR-related challenges faced by the industry, the critical one is attrition. A recent report from NASSCOM reconfirms the fact that the biggest challenge of all is to manage the ambitious and transient workforce. As the industry is predominantly service-oriented, the importance of attracting and retaining talent has become crucial. Hence the study on Employee Engagement with respect to the employee's opinion is to be conducted to identify the ways and means to enhance Employee Engagement in an organization.

There are many studies have been conducted to identify the influence of employee engagement on employee job performance with respect to analyzing different industries like hospitality, manufacturing, pharmaceutical, banking and so on. But Very few studies are found with regards to Employee Engagement in Information Technology Industries related to job performance and job satisfaction. The main intention of this research paper is to study the impact of employee engagement on employee performance of IT Employees and the influence of Job Satisfaction on Employee Engagement.

The results of this study will provide insight and information for I.T. professionals and researchers about Employee Engagement in the field of Human services. As the level of Employee Engagement was measured, Team leaders can develop and implement strategies that would actually improve Engagement in their organizations, thereby potentially increasing the overall effectiveness of the organization, and possibly decreasing level of burnout, absenteeism and attrition. Engaged employees do support in downturn of the business and become brand ambassadors of the organizations. Team leaders, therefore, may work towards creating a work environment that lends itself to Engagement from themselves and from the employees.

## **II. RESEARCH DESIGN AND DATA COLLECTION**

The success of any research is solely depending on research design. Descriptive research was adopted for this study. The reason for choosing the descriptive research was that it helps in generalization to a greater extent (Kothari, 2016). The study is based on both primary and secondary data. Primary data is collected through a well framed and structured questionnaire to elicit the well-considered opinions of the respondents. The secondary data is collected from different Business Periodicals, Business journals, magazines, publications, reports, books, dailies, Research articles, websites, manuals and booklets.

### **2.1 Questionnaire Design**

Based on the in-depth study of literature review, the questionnaire used for the final study consists of three parts. The first part relates to the demographic and other variables of the IT employees and the second part comprises of measurement of Employee Engagement on employee's performance and Job Satisfaction on Employee engagement. To find out the Employee Engagement, the researcher used different tools like

### **2.2 Sampling Design, Procedure and Data Analysis**

The sampling unit for the study includes employees of Software Companies engaged in software development in Bangalore. Convenience Sampling Technique was adopted. The study was conducted among the employees, who works in Manyatta Embassy Tech Park, Bangalore. There are 200 employees interviewed. Statistical tools used are, Reliability Analysis, Descriptive Statistics, Multiple Regression Analysis, Factor Analysis, Chi-Square test and ANOVA.

### **2.3 Cronbach's Alpha**

The internal consistency of the questionnaire of 76 questions with value of the Cronbach's Alpha is .832, which shows that data is 83. % reliable, and Guttman Split Half Coefficient is .854 and can be used for the purpose of analysis. The Kaiser-Meyer Olkin measures of sampling adequacy and Bartlett's Test of Sphericity test statistics was performed to examine the appropriateness of factor analysis. It is proved that, the values higher than 0.5 indicating the sample is adequate to carry out factor analysis. The factors are given a nomenclature by understanding and reading the factors by SPSS. Factor analysis: factor loads has helped me to give the nomenclature to the factors.

## **III. ANALYSIS AND RESULTS**

Relevant statistical tools are applied for the purpose of data collection. All the collected questionnaires are coded with the help of excel sheet and the same is uploaded in SPSS 20.0 for the purpose of analysis. Chi square followed by factor analysis and ANOVA was adapted to draw more efficient results.

**Hypothesis 1: H<sub>0</sub>:** There is no Significant Association between Leader`s Behaviour, Working Conditions, Commitment & Job Satisfaction and Employee Engagement

**Table 1: Association Between Leader`s Behaviour, Working Conditions, Commitment & Job Satisfaction and Employee Engagement**

Significance at 0.05 level

The results indicate from the above Chi-Square table that Leader`s Behaviour, Working Conditions, Commitment & Job Satisfaction ( $p < 0.05$ ) associated with employee engagement. So, the null hypothesis is rejected.

**Hypothesis 2: H<sub>0</sub>:** There is no association between demographic factors and Employee Engagement

The different demographic variables considered for the study are Gender, Age, Designation, Department, Income, Spouse Working, Marital Status, Family Size, Total Experience in the Organization, and Experience in the Organization. Based on these demographic variables, the above hypothesis can be divided into following sub-hypotheses.

**Table 2: Association between Demographic Factors and Employee Engagement**

Null Hypothesis	Sig. Value	Results
H <sub>0</sub> : There is no association between Gender and Employee Engagement	0.113	Accepted
H <sub>0</sub> : There is no association between Age and Employee Engagement	0.049	Rejected
H <sub>0</sub> : There is no association between Designation and Employee Engagement.	0.004	Rejected
H <sub>0</sub> : There is no association between Department and Employee Engagement	0.000	Rejected
H <sub>0</sub> : There is no association between Income and Employee Engagement	0.012	Rejected
H <sub>0</sub> : There is no association between Spouse Working and Employee Engagement.	0.632	Accepted
H <sub>0</sub> : There is no association between Marital Status and Employee Engagement	0.127	Accepted
H <sub>0</sub> : There is no association between Family Size and Employee Engagement	0.005	Rejected
H <sub>0</sub> : There is no association between Total Experience and Employee Engagement	0.502	Accepted
H <sub>0</sub> : There is no association between Experience in the Organization and Employee Engagement	0.531	Accepted

Significance at 0.05 level.

Factors	Sig.	Result
Leaders behavior and Employee Engagement	0.000	Rejected
Working conditions in the organization and Employee Engagement	0.000	Rejected
Commitment and Employee Engagement	0.000	Rejected
Job Satisfaction and Employee Engagement.	0.000	Rejected

The above Chi-Square table shows that, age ( $p < 0.05$ ), designation ( $p < 0.05$ ), department ( $p < 0.05$ ), income ( $p < 0.05$ ), spouse working ( $p < 0.05$ ), family size ( $p < 0.05$ ) has significant association with Employee engagement. Other variable does not have any significant association with employee engagement. Hence, the null hypothesis is partially rejected and shows these factors are closely associated with employee`s engagement and that to be concentrated and improved.

**Factors Contributing to Employee Engagement**

Factor Analysis is a data reduction technique. It also helps in structure detection among the variables and further helps in studying the underlying crucial factors that cause the maximum variation.

**Table 3: Factors Contributing Employee Engagement**

S.No	Factor Name	Factor Loading Value	Factors
1	I am given enough freedom to decide on issues under my purview	0.702	Organizational Support
	If given the opportunity, my organization would take advantage of me	0.553	
	I am satisfied with the promotional policies in the organization	0.514	
2	In the workplace my co-workers and subordinates give due respect to my thoughts and feelings.	0.713	Intrinsic Motivators
	The organization I work for, elevates my respect in the public	0.581	
	My job itself provides me information about my work Performance	0.583	
3	My work supervisor really cares about my wellbeing.	0.682	Employee Oriented organizational
	My organization would forgive a honest mistake on my part	0.631	
	Most often I use all the skills at work.	0.559	

			Culture
4	Given my performance, my outcomes are justified	0.618	Distributive Justice
	The outcomes I receive reflect the effort I have put into my work	0.759	
5	At work, I am always identified by the tasks I perform	0.517	Effective Goal setting
	My organization strongly considers my goals and values	0.749	
6	I need not worry of my job as long as I meet standards	0.632	Hygienic elements
	I have been able to express my views and feelings during those procedures	0.712	
7	We wish we could be paid worth our work	0.719	Equity
8	Those procedures have been applied consistently	0.770	Appraisal Transparency
	My supervisor strongly considers my goals and values.	0.720	
9	Training is facilitative and helps me to perform better	0.741	Customized Training
10	I am always informed of expectations and my current performance.	0.671	Feedback
11	My co-worker really cares about my well-being	0.756	Peer Cohesiveness

Extraction Method: Principal Component Analysis

**Hypothesis 3: H<sub>0</sub>:** There is no Significant difference between different factors and Employee Engagement

**Table 4: ANOVA table for different factors and Employee Engagement**

Factors	Sum of Square	Df	Mean Square	F	Sig.
Job Characteristics	39.697	2	19.848	40.002	0.000
Perceived Organizational Support	62.085	2	31.043	67.678	0.000
Perceived Superior Support	60.903	2	30.452	66.104	0.000
Co-Workers Support	13.350	2	6.675	12.354	0.000
Rewards and recognition	21.079	2	10.540	19.985	0.000
Distributive Justice	21.221	2	10.610	20.128	0.000
Senior Management	43.497	2	2.908	5.259	0.005
Cultural balance of formal and informal workplace	5.816	2	1.809	3.250	0.039
Compensation & benefits	3.618	2	.792	1.414	0.244
Career Opportunities	1.584	2	6.240	11.519	0.000
H.R. Initiatives	12.481	2	2.442	4.403	0.013
Policies and Procedures	4.883	2	.613	1.094	0.336

Significance at 0.05 level.

From the ANOVA table, it is observed that Job Characteristics, Perceived Organizational Support, Perceived Supervisor Support, Co-worker Support, Rewards and Recognition, Distributive Justice, Senior Management, Cultural balance of formal and informal workplace, Career Opportunities, and H.R. Initiatives have significant impact on Employee Engagement. It is observed that Compensation & benefits and Policies & Procedures have no significant impact on Employee Engagement.

**Hypothesis 4: H<sub>0</sub>:** There is no Significant influence of Employee Engagement on Job Satisfaction.

**Table 5: Regression shows the Impact of Employee Engagement on Job Satisfaction**

Independent Variable	Dependent Variable	F	Beta	T	Sig	R Square
Employee Engagement	Job Satisfaction	34.023	0.410	6.168	0.000	0.168

Significance at 0.05 level

The above Regression table shows that Employee engagement significantly impacts Job satisfaction was having good fit as indicates (F =34.023, p < 0.05). The Beta value (0.410) indicates the employee engagement significantly cause and effect job satisfaction. Hence, the formulated null hypothesis rejected.

#### IV. DISCUSSION AND CONCLUSION

It is identified that the age group with the highest level of Engagement was between 21-32, and the age group with the lowest level of Engagement was between 33-45, Middle Level of Employees has highest Engagement when compared with low level and Top level of employees, IT department have high level of Engagement when compared with HR, Marketing, and Finance departments, fresher's with income level (1,00,000-4,00,000) has high level of Engagement when compared with high level income group, less (2-4) the family size, high the level of Engagement, Employees with Total experience (fresher's (0-3)) in the organization has high level of Engagement, Experience in the organization (fresher's (0-3)) has high level of Engagement.

Most of the employees felt that they have opportunities to learn and grow only when the project is unique and challenging. Experienced employees have less opportunities when compared with inexperienced because organizations think that they need to pay more for experienced and the same project can be handled by

others who are less experienced employees. The study also reveals that employees take an active interest in what happens in the organization only when they are committed and dedicated. Employees go extra mile only when they feel recognized, concern for employee feelings, healthy, competitive environment, challenging work environment and allocating off shore projects based on merit and experience.

The study discloses that job characteristics score high at Cognizant, IBM, Microsoft, Tata Consultancy Services, Target Corporation, HCL Technologies because of superiors involve subordinates in every step of project and feel more connected, use different design approach for single projects, simple application design, each employee contribution made significant for completion of the project, freedom to make decisions in order to accomplish their task, and frequent feedback helps to correct their behavior in order to achieve better results.

The research highlights that rewards and recognition scores high at L & T Technologies, Colt Technologies, Philips because of supervisors and managers are more likely involved in the design, implementation and assessment or evaluation of total rewards programs to reduce impartiality and discrimination.

Employee opinions were not considered during decision making. The study also reveals that there are stress and overburden from the superiors and peers. Employees feel motivated, energetic, and enthusiastic in their work when the project is challenging. Employees take an active interest in what happens in the organization and look for ways to do their job more effectively when they feel engaged, committed and loyal.

The results reveal that employees who hold jobs that offer high levels of autonomy, task variety, task significance and feedback are more highly engaged and, in consequence, receive higher performance ratings from their supervisors. The relationship between supervisors and co-workers must be cordial and it was proved that associate's behavior influences Employee Engagement.

According to the survey, organizations, do show signs of favoritism in selecting employees to off shore projects. The top management should frame policies like minimum achievements, credentials, duration of stay in the company etc. and make the procedure transparent.

Most of the employees felt that managers/superiors are mechanical and do not maintain good interpersonal relationships. Cohesive groups create feeling of friendship and loyalty among group members.

The survey highlights that effective downward communication helps to improve Employee Engagement because superiors hold information with them for few projects, so in this scenario, Katz and Kahn communication process helps to reduce barriers. Hence the downward communication in the organizations may be divided into five distinct types like Job Instructions, Job rationales, procedures and policies, feedback and Employee Indoctrination.

Constructive and regular feedbacks regarding their progress or career growth enhances Employee Engagement. Topmanagement need to implement set of retention strategies like a long-term career plan, potential development to perform future job, deferred bonus, Employee stock option plans, cafeteria plan like menu of benefits, conduct exit interviews to know why employees are leaving.

Employee Engagement is a positive attitude held by the employees towards the organization and its values. It is rapidly gaining popularity, use and importance in the workplace and impacts organizations in many ways. The present research was conducted to study the current level of Employee Engagement, causative factors for Employee Engagement among employees of IT sector in specific. Based on data analysis the factors which have emerged as the most important determinants of Employee Engagement are Organizational Support, Intrinsic motivators, Employee centric Organizational culture, Distributive justice, Effective goal-setting, Hygiene elements, Equity, Appraisal Transparency, Customized Training, Feedback, and Peer Cohesiveness. The findings confirm that Leaders behavior, timely rewards and recognition, pay are the strong drivers of Employee Engagement. Fair pay and satisfying benefits package also lead to highly engaged employees. With the help of hypothesis testing, the study concludes that, significant associations are there between Employee Engagement and the demographic factors of the employees like Age, Designation, Department, Income, and family size. Further no significant association is observed between Employee Engagement and the remaining demographic factors like Gender, Spouse Working, Marital Status, Total Experience, and Experience in the organization.

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