



International Journal of Research Publication and Reviews

Journal homepage: www.ijrpr.com ISSN 2582-7421

Exploring the Connection Between Employee Engagement and Retention in the Workplace towards IT Industry

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ABSTRACT

Employee engagement and retention are closely intertwined, with engagement serving as a key driver in reducing turnover. Engaged employees are emotionally and cognitively invested in their roles, fostering job satisfaction, loyalty, and personal commitment to the organization. As a result, they are more likely to stay with the company long-term. Factors such as recognition, career development opportunities, and a positive organizational culture contribute to higher engagement, which in turn enhances retention. Companies that prioritize engagement strategies see improved productivity, reduced recruitment costs, and a more stable, motivated workforce, highlighting the importance of engagement in achieving sustainable employee retention.

Keywords Job Satisfaction, Organizational Commitment, Productivity, Workplace Culture, Performance, Employee Loyalty, Turnover Rates, Professional Development.

Introduction

In an organization, the employee engagement and retention of employees are both crucial. Without a doubt, both of this having a huge impact on productivity and organizational success. The level of satisfaction and enthusiasm of an employee have towards their job is the employee engagement which is one of the factors directly proportional to the employee retention. In recent times the company facing increased turnover of an employee because of many reasons. The major cause of poor employee retention can be the result of poor employee engagement measures. This study reveals the impact of employee engagement on the retention of the employees.

Review of Literature

Saks (2006) examined the antecedents and outcomes of employee engagement through a survey of 102 employees across different organizations. Employee engagement was found to have a strong positive correlation with job satisfaction, organizational commitment, and intention to stay. Saks made a distinction between organizational and job engagement and focused on the fact that engaged workers are more emotionally committed, and as a result, have lower turnover intentions. The study implies that firms spending money on psychological safety, praise, and opportunities for growth enjoy higher levels of engagement. The research emphasizes organizational support as crucial in creating engagement, which then lowers voluntary turnover. It determines that engagement needs to be managed strategically in order to maintain best talent and support long-term organizational success.

Harter et al. (2002) did a meta-analysis of 7,939 business units in 36 companies to examine the relationship between employee engagement and business results, including retention. The research showed that more employee engagement levels were highly correlated with less employee turnover and increased productivity. The research offered empirical support that employee engagement is not just a performance driver but also a solution to diminishing absenteeism and turnover expenses. It highlighted the importance of leadership development, communication, and role-alignment of individuals with organizational objectives to foster engagement and retention.

Schaufeli, W. B., & Bakker, A. B. (2004) proposed the Job Demands-Resources model to study the impact of job resources on work engagement and ultimately employee retention. Their research demonstrated that job resources like feedback, autonomy, and development opportunities led to greater engagement, which diminished turnover intentions in a significant manner. Their research also highlighted the mediating effect of engagement between job resources and organizational performance. Their findings underpinned an active organizational strategy emphasizing well-being to encourage long-term employee retention.

Robinson et al. (2004) have stated that the Institute for Employment Studies (IES), examined factors behind employee engagement and how engagement affects retention. The study, conducted through interviews and questionnaires in several industries, identified that committed employees have a stronger emotional connection with their organization and a stronger intention to stay. The research emphasized the importance of good leadership, communication, trust, and voice in employee engagement. The study identified that disengagement was a key driver of turnover. The authors suggested that organizations must integrate engagement strategies into their culture and management practices to minimize the risk of losing high-performing employees.

RESEARCH METHODOLOGY

The research design employed was Descriptive research design for the purpose of data collection & analysis. The sampling technique deployed was Convenient Sampling Technique under Non – Probability Sampling with a sample size of 106 employees of IT Industry at Chennai. The two methods of data collection designed was Primary data i.e., Questionnaire and Secondary data i.e., Review of literatures, websites, books, financial statements of industry, interview with people. The limitations of research were sample study was only 106 respondents; the study is targeted at IT Industry. The data analyzed in the forms of Statistical Analysis by using SPSS software. Hypothesis Tested using Regression Test. The study uses structured predetermined questions. It is an objective study. The consequences are that these would impact perceptions and expectations. The steps include describing problem, selecting variables to be used in the study, selecting the participant, collecting data and analyzing the findings of research. The inclusion criteria must be above 18 years of age. The survey is computer based Google form. To guarantee representation across several demographics, a stratified random sampling technique is used.

Theoretical Framework

Employee Engagement:

Employee engagement is defined as the emotional investment employees make in their organizations. It is the passion, involvement, and motivation they bring to work, which they use to guide their work. Engaged employees identify with the goals of the organization and align their own goals with the organization's goals. Keeping the employees engaged is perhaps the biggest challenge every organization may face. It is also a huge opportunity to gain long term commitment and discretionary effort from the team. That effort will ultimately lead to higher productivity and lower wastages.

There is more and more convincing evidence that improving employee engagement can significantly improve the company's performance across several key areas, such as; Profitability, productivity, customer satisfaction, innovation, health and safety, sickness, absence, turnover. The employee engagement can be measured using the effective management practices, company's rules and regulations, policies, interpersonal relationship between the employee and the employer, team members, recognition, the company's action towards the individual goals in their career and their development.

Employee Retention:

Employee retention is also known as talent retention. It basically refers to any effort undertaken by an organization to reduce employee turnover. Employee retention typically refers to people who voluntarily leave their position, but it's important to also consider involuntary turnover, such as redundancies or firings. Organizations need to keep their best employees around to thrive. Employee retention refers to the strategies an organization develops to mitigate employee turnover risks and the processes it puts in place to retain its critical talent. Employee retention is a leading challenge for organizations and HR departments today. Individuals leave their jobs for many different reasons. Some are voluntary, such as taking another job, while others are involuntary, such as getting laid off. The poor employee retention strategies may cause the company lot of cost for recruitment of new candidates and their training and development. Employee retention strategies primarily focus on voluntary turnover that is detrimental to the organization, as opposed to the loss of a poor performer.

The Importance of Employee Retention:

Employee retention refers to a company's ability to retain its workforce over time. High turnover rates can cause significant disruptions to productivity, increase recruitment and training costs, and negatively impact team morale. Studies suggest that it can cost as much as 150% of an employee's annual salary to replace them. Therefore, companies that can retain talent not only reduce costs but also create a more stable, experienced, and committed workforce.

The link between employee engagement and employee retention:

From the journals, it is found that the employee engagement, job satisfaction, work life balance is said to be the major influencer and determines the retention of employees in an organization for long period of time.

When employees are not engaged at work, they have little incentive to stay. Even pay increases often cannot keep an employee who is not engaged, especially if they don't see a promising future that includes satisfying work and a clear development path. Employees who are engaged are more likely to stay with their organization, reducing overall turnover and the costs associated with it. They feel a stronger bond to their organization's mission and purpose, making them more effective brand ambassadors.

Measuring the Impact of Engagement on Retention:

Organizations that invest in engagement strategies often see a marked improvement in retention rates. Various studies have shown that companies with high employee engagement report up to lower turnover rates compared to those with low engagement. Moreover, engaged employees are more productive, exhibit fewer absenteeism issues, and contribute more positively to team dynamics.

Conceptual framework:

The employee engagement and retention go hand in hand. Poor employee engagement leads to poor retention of good employees. The study has five variables that consist of five from independent variables (Management style, Reward and recognition, Growth, Motivation and Team work) and one from dependent variable (Employee retention). Each variable have a set of questions that helps to complete the study. So the conceptual frame work implies that good employee engagement measures can lead to high retention of employees.

Table 1. Table indicating Multiple Regression Analysis Test

H₀₁ – There is no significant relationship between employee engagement factors and employee retention.

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R	R²	Adjusted R²	Std. Error
0.765	0.585	0.573	0.5234

Table 2. Table indicating ANOVA Test

Source	Sum of Squares	df	Mean Square	F	p value
Regression	46.891	5	9.378	34.250	0.000

Table 3. Table indicating Coefficients Table Test (Multiple Regression Test Analysis)

Variables	Unstandardized B	Std Error	Standardized Beta	t value	p value
(Constant)	1.034	0.323		3.201	0.002
Management Style	0.212	0.064	0.189	3.312	0.001
Rewards Recognition	0.289	0.072	0.241	4.014	0.000
Growth	0.145	0.060	0.127	2.417	0.017
Motivation	0.205	0.069	0.180	2.917	0.004
Teamwork	0.118	0.057	0.111	2.070	0.040

INFERENCE:

It is inferred from the above table that the multiple regression analysis revealed a strong, positive and statistically significant relationship between employee engagement factors and employee retention with an R^2 value of 0.585 indicating that 58.5% of the variance in employee retention can be explained by the employee engagement factors such as management style, reward and recognition, growth, motivation and teamwork. The regression model was found to be significant confirming the predictive power of the model.

Recommendations:

- ❖ To promote open, two-way communication between leadership and employees. Establish open channels where employees are heard, appreciated, and empowered to express their ideas or concerns. Use pulse surveys, suggestion boxes, and one-on-one feedback sessions to enhance transparency and trust.
- ❖ To provide ongoing learning and transparent career growth opportunities. Invest in training and development programs, mentorship, skill development workshops, and certifications. When people see growth as professionals and individuals, they become more engaged and loyal to the company.
- ❖ To implement formal and informal reward systems to acknowledge accomplishment, large or small. Public recognition, bonuses, awards, and a simple thank-you note can improve morale and demonstrate appreciation, building a culture of engagement and motivation.
- ❖ To foster flexible work options, like hybrid or telework, and maintain workloads that are easy to manage. Offer wellness programs, mental health resources, and time-off perks. A healthy balance increases job satisfaction and prevents burnout-turnover.

- ❖ To develop managers as empathetic, supportive, and engaging leaders. Employees frequently leave managers rather than organizations. Strong leadership engenders trust, aligns with goals, and inspires teams ultimately promoting engagement and retention.

Conclusion:

The relationship between employee engagement and retention is undeniable. Companies that invest in creating an engaged workforce will not only reduce turnover but will also enjoy higher productivity, greater innovation, and improved organizational success. Engaged employees are the foundation of a thriving company, and by recognizing the importance of engagement, organizations can foster a loyal and committed workforce for years to come.

Acknowledgment

The authors expressed their sincere gratitude to respondents of the Research for their valuable inputs and cooperation during the course of the study. Special thanks to the industry professionals who participated in interviews and focus groups contributing essential perspectives. My sincere thanks to Sathyabama Institute of Science and Technology for guiding using undertaking this research.

Author Contribution

Ms. Avalapolu Shirisha designed the study, conducted data collection and theoretical framework and prepared the manuscript. *Dr.M.Lavanya* provided guidance on research design and methodology and contributed to critical revisions and final approval of the manuscript.

Conflict of Interest

The authors declare no conflict of interest in the publication of this research.

Ethics Approval

The study involves voluntary participation by respondents through informed consent.

Funding

This research did not receive any specific grant from agencies in the public, commercial or not for profit sectors.

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