

Exploring Employee Engagement: Linkage to Organizational Performance in Local Manufacturing Organizations Based at Karachi

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ABSTRACT

Human capital, rather than other financial resources, is now perceived to be an organization's asset and the best method for achieving organizational goals. In this digital environment, companies who invest in employee training, development, compensation, and engagement, gain a competitive advantage. This study looked into the effects of open communication, employee-supervisor relationships, training and growth, compensation and benefits, and the mediating influence of employee engagement on perceived organizational performance. The relationship between variables is examined using a qualitative method. The empirical findings of this study show that there is strong linkages among the variables under consideration, and the employee engagement has a major effect on organizational success. Based on our results it can be established that employee engagement is a continuous mechanism which is a highly business specific and plays a vital role in the growth of organizations.

Keywords: Employee Engagement; Employee Supervisory Relationship, Open Communication; Organizational commitment.

1. INTRODUCTION

A high labor engagement in organizational goal setting substantial power to get the objectives achieved through a sense of ownership by the employees. This relationship is mostly analyzed by the management experts as well as the social scientists (Lee et al, 2016). Employee engagement, according to Gupta and Sharma (2016), promotes satisfaction and good health to employees/ staff which leads loyalty and devotion to their employment and companies. The foundation of this learning is massively explicit to look out the effect of changed procedures i.e., Open

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communication in organizations, compensations bundles on representative engagement, employee-supervisor relationship, assortments of preparing, advancement program etc. enhance the impact of employee engagement on corporate growth. The term employee engagement is getting a lot of attraction in the business world right now. Most of the academics believe that expansion necessitates employees performing effectively and engaging in proactive behaviours in order to practice growing levels of satisfaction, welfare, and performance (Kooij, Tims, & Akkermans, 2017). With the passage of time, a number of organizations are struggling to increase the degree of involvement of their professionals. This is one of the most significant human resource challenge. Associations are constantly working to communicate with, and attract workers by using the proactive and optimistic approaches. Human Resource division strives to attract and retain the best employees/ workers. Employees Motivation, and Training and Development are the crucial aspects which affect the engagement of employee's actions. Happy and encouraged workers not only stay for extended spells but their involvement improves over time that contributes to attain overall organizational goals. Employee engagement is defined as the degree of commitment, enthusiasm, and devotion that employees put forward in their jobs (Al-Amri, Das, & Ben-Ayed, 2019). The value of such employment can be observed in the direct impact of work, employee engagement, and commitment of organization on staff well-being and performance of organizations (Kim et. al., 2017).

2. LITERATURE REVIEW

Human Assets bestow with the information, capacities, ability, imaginative capacities, ability, desire, standards and considering of an organization's staff (Mahmud & Idrish, 2011). Employee engagement is termed as psychological condition, characteristic and behaviors of human which established favorable activities of staff connecting to the organization as well as organizational values (Jin & McDonald, 2016). Empirical research derived from testing the theories and speculative models showed that by implementing human resource strategies that increase employee engagement, the employees' turnover can significantly be reduced (Shuck, Twyford, Reio, & Shuck 2014). These methods and strategies directly effect and deliver the gratitude to create a competitive benefit over rivals, and the firm's performance is entirely reliant on the level of workers' satisfaction. The satisfied employees perform better than their other counterpart. The

earlier studies by Billah & Islam (2009) and Billah, Sovereign & Islam (2009) found that human assets policies and methods have a significant relationship with organizational involvement and representative participation in trade. Organizations and human resource professionals in the twenty-first century regard employee engagement as a potent source of long-term competitive advantage (Sahoo & Sahu, 2009). It is difficult to solve most of the organizational problems without addressing the staff participation. Employees' involvement is critical for fostering a sense of mutual worth that benefits both the employees and the business as a whole. There are twelve major studies on employee engagement reflected by the work of the Conference Board, a major US organization. Every study has presented the different definition of employee engagement, later on they come up with twenty-six (26) key drivers. But the board conference synthesized eight key drivers of employee engagement (Figure 1).

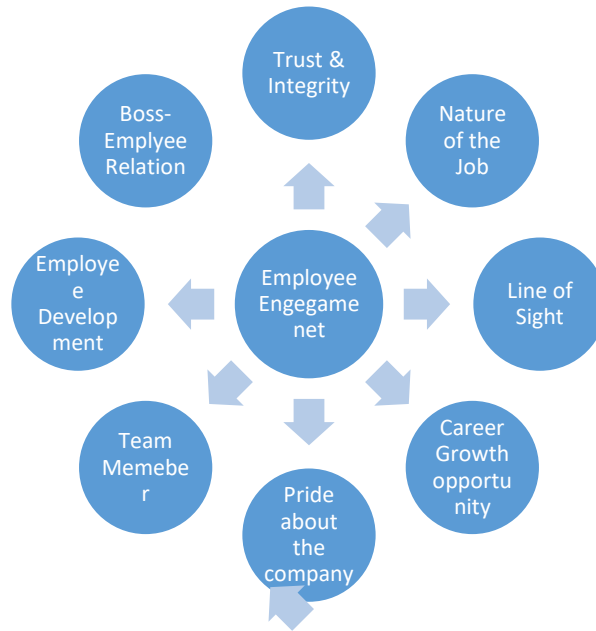


Figure 1: Factors of Employee Engagement...Source: Author's own compilation

Employee-supervisor association has a direct influence on the performance of employees. Everybody desires to be valued against employee's performance. They must be aware and consume their own appearance amongst communal networks. When a conflict arises between supervisor and staff the common goals and objectives hurt a lot. At the one side, the employees and staff get demotivated, and their confidence level deteriorates. On the other hand, supervisor and manager conduct becoming forceful over a period. One of the most important aspects of

workplace environment is the connection between worker and his immediate boss or supervisor (Van-der-Heijden et. al., 2010). Additionally, effective supervisory comments and imaginative contact between the subordinate and superior enhances workers' skills (Blancero, Boroski, & Dyer, 1996). The following is a first null hypothesis of this study:

H₀₁: Employees-Supervisor relationship has no positive effect on employee engagement in the existing organization.

Workers' relations has a great impact on level of employee engagement at work (Ahmed, Ahmad & Jaffar, 2017). In industries, visible contact creates a constructive and informed ideology. Both the stake holders i.e. the first line boss, and the worker may examine and follow up the task and worker advancement related purposes. Several academics have stressed the positive effects of internal messages on employees' engagement (Saks, 2006; Chong, 2007; Welch & Jackson, 2007). As a result, the internal message between managers and their workers should increase confidence and increase employee engagement in the organizations. The following is a second hypothesis of this study:

H₀₂: Open Communication has no positive effect on employee engagement in the existing organization.

The word training represents the skills development, acquisition of knowledge, and proficiencies. It articulates the central of trainings and offers the support of material the institutions of technology (correspondingly recognized as procedural colleges or technical college). The Human Resource Department creates each and every employee's progression plan in order to keep employees and develop their skills. Learning and development focuses on improving a person's capacity, capability, commitment, and recital, all of which contribute to enhanced skill development. According to Salah (2016) learning and development should be valued not only as a means of growth, but as an investment that generates overall revenue and benefits for employees and employers. The following is the third hypothesis of this study:

H₀₃: Workers' Training has no positive effect on employee engagement in the existing organization.

Hiltrop (1999) examines how top-performing companies consistently outperform their competitors in a number of human resource areas, including the level of support and integrity among coworkers, the training and development opportunities they provide to employees, and the degree

of proactivity in Human Resource planning. Staff who are encouraged not only stay longer, but work more efficiently. Their performance is directly related to the goals and vision of the organization. According to Akanbi (2005), when a worker finishes work, he or she needs a return for the work done. The following is the fourth hypothesis of this study:

H₀₄: Employees' Motivation has no positive effect on employee engagement in the existing organization.

This act focuses on the actions that the organization takes on the individual and person, or that the individual as a member can engage in the future (Harrison; 2005). It is sometimes stated that growth is distinct from coaching and training as development includes preparing for the future. It is sometimes claimed that growth is not the same as coaching or training. Preparing for the future is referred as development. Making plans is what growth entails. The following is the fifth hypothesis of this study:

H₀₅: Employees' Development has no positive effect on employees' engagement in the existing organization.

Several studies have discovered a connection between structural outcomes and employee engagement including worker and worker's intention to stay, efficiency, welfare and client loyalty, low turnover and results etc. Accepting a long-term association is connected to job engagement as one of the most significant factors (Miller & McCartney, 2011). Employee Engagement is reflected as an important factor of workforce well-being (Calvo & Calvo, 2018). As per earlier research, the most effective way to increase employee engagement is to engage staff in their work, build a strong case and position as a viable citizen, provide ample opportunities for skill development, and show an interest in their welfare and well-being (Ganster & Rosen, 2013). The impact of employees' engagement can be seen in the increased organizational performance, positive customer feedback, low employee turnover rates, well-versed organizational environment, and the organization's exterior image. An exceptionally productive employee makes a concerted effort to advance in the company beyond existing opportunities (Harter et al., 2002). According to Harter et al. (2013) when workers become loyal and dedicated, they play a significant role in organizational efficiency. Most of the scholars highlighted the bigger importance of employee work engagement, its aspects, dimensions and the linkage with the worker performance as corporate results i.e. greater success, brilliant company image, augmented share of market,

furnished with up-to-date technologies, robust commercial position, competitive gain over the contestants etc. Previous studies have made considerable progress in evaluating whether there is a correlation between employee engagement and performance outcomes, suggesting that sustained employee work engagement will generate a compelling competitive advantage for companies all over the world. The following is the sixth hypothesis of this study:

H₀₆: Employees' Engagement has no positive mediating effect on current Organizational performance.

Theoretical Framework

Employee engagement is a critical component of gaining a competitive edge; when employees are kept engaged for a longer amount of time, the organizational performance improves, which leads to increase organizational productivity as well. The theoretical framework is as follows:

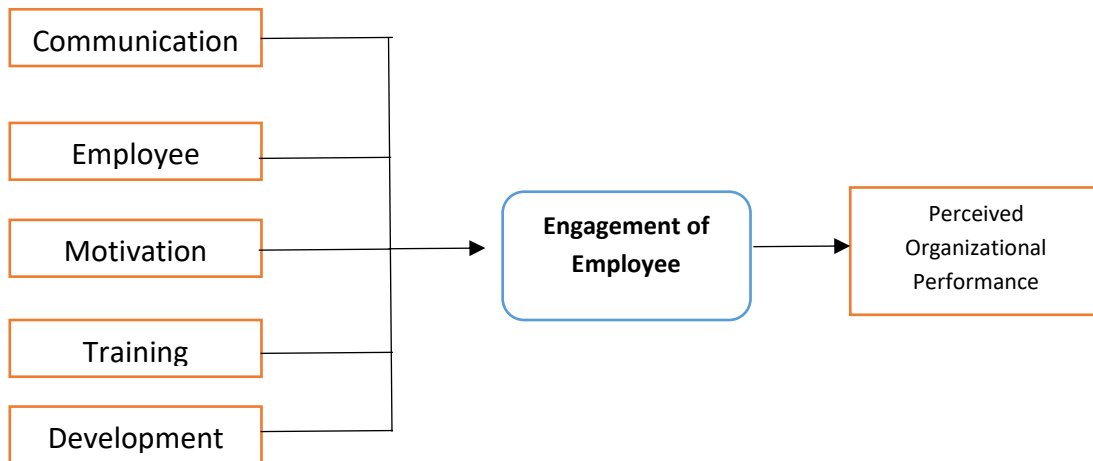


Figure 2: Conceptual Framework...Source: Author's own compilation

3. RESEARCH METHODOLOGY

3.1 Samples and Procedures

This research is survey-based research, and the surveys are being used to collect the data. All industrial/ manufacturing organizations in Karachi are included in the data collection. The

management cadre staff of all industrial organizations has chosen as the population of this study. The data is collected using the convenience sampling process. MS Excel, SPSS, and SmartPLS are used for data compilation and regression analysis.

3.2 Data Collection

The data has scrutinized at many levels. Questions have first analyzed, then the regression test has applied on the gathered data to show the relationship among variables by recognizing the moderating function of employee engagement and its contribution to organizational success.

4. EMPIRICAL ANALYSIS

4.1 Reliability Analysis

The questionnaire's internal accuracy is tested using reliability analysis. The questionnaires' reliability is shown by the overall Cronbach's Alpha value of 0.891. Table 1 gives the description of the data

Table 1: Reliability Analysis

Cronbach's Alpha	N of Items
.891	221

The Table 2 shows the questionnaire's reliability for each element.

Table 2: Construct Reliability Analysis

	Cronbach's Alpha
Training	0.82
Org Performance	0.71
Motivation	0.71
Emp Sup Relationship	0.75
Emp Engagement	0.8
Development	0.71
Communication	0.76

In the above table each variable has a value greater than 0.7, indicating that the entire construct is reliable. Training has the highest level of reliability (0.82), while Motivation, Growth, and Organizational Success all have the same value (0.71).

4.2 Descriptive Statistics

The descriptive statistics for employee engagement strategies and their effect on perceived organizational performance is as follows:

Table 3: Descriptive Statistics

		POP	EE	COM	TRA	DEV	MOT	PSR
N	Valid	221	221	221	221	221	221	221
	Missing	0	0	0	0	0	0	0
Mean		25.76	20.98	20.19	16.71	16.80	24.95	32.88
Std. Deviation		2.42	2.242	1.71	2.02	1.912	2.32	3.06
Skewness		-.048	-.492	1.43	-.296	-.282	-1.156	-.731
Kurtosis		-.342	.707	2.41	.063	-.344	1.419	.874

The mean and standard deviation of all 221 respondents have measured. The kurtosis and Skewness values are both about 3.5, indicating that the data is normally distributed.

4.3 Demographic Statistics

The following are the demographics of Employee Engagement practices and their effect on organizational performance:

Table 4: Demographics Statistics – Name of Organizations

	Frequency	Percent	Valid Percent	Cumulative Percent
ATCO Lab	55	24.9	24.9	24.9
Alsons Industries	86	38.9	38.9	63.8

Artistic	51	23.1	23.1	86.9
OutsukaPharma	29	13.1	13.1	100.0
Total	221	100.0	100.0	

4.4 Bivariate Correlation

Table 5: Correlation

		POP	EE	COM	TRA	DEV	MOT	PSR
POP	Pearson Correlation	1	**					
EE	Pearson Correlation	.677**	1					
COM	Pearson Correlation	.029	.095	1				
TRA	Pearson Correlation	.404**	.229**	.064	1			
DEV	Pearson Correlation	.601**	.589**	.017	.478**	1		
MOT	Pearson Correlation	.389**	.476**	.094	.142*	.197**	1	
PSR	Pearson Correlation	.520**	.402**	.106	.585**	.550**	.261**	1

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

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

The correlation is used to determine the relationship among the variables. Adaptable Employee involvement and preparation have a strong association ($r = .404$). Similarly, employee involvement is correlated with supervisor support ($r = .520$), contact ($r = .029$), development ($r = .601$), and motivation ($r = .389$). At ($p = .01$), both of these values are statistically important. All of the values are positive, indicating that all of the variables are related. Furthermore, the values are less than .7000, indicating that there is no Multicollinearity issue.

4.5 Overall Model Testing

Multiple Regression Analysis has used to determine the combine impact of the independent variables (Communication, Supervisor Support, Training, Motivation, and Development) on employee engagement activities using SmartPLS.

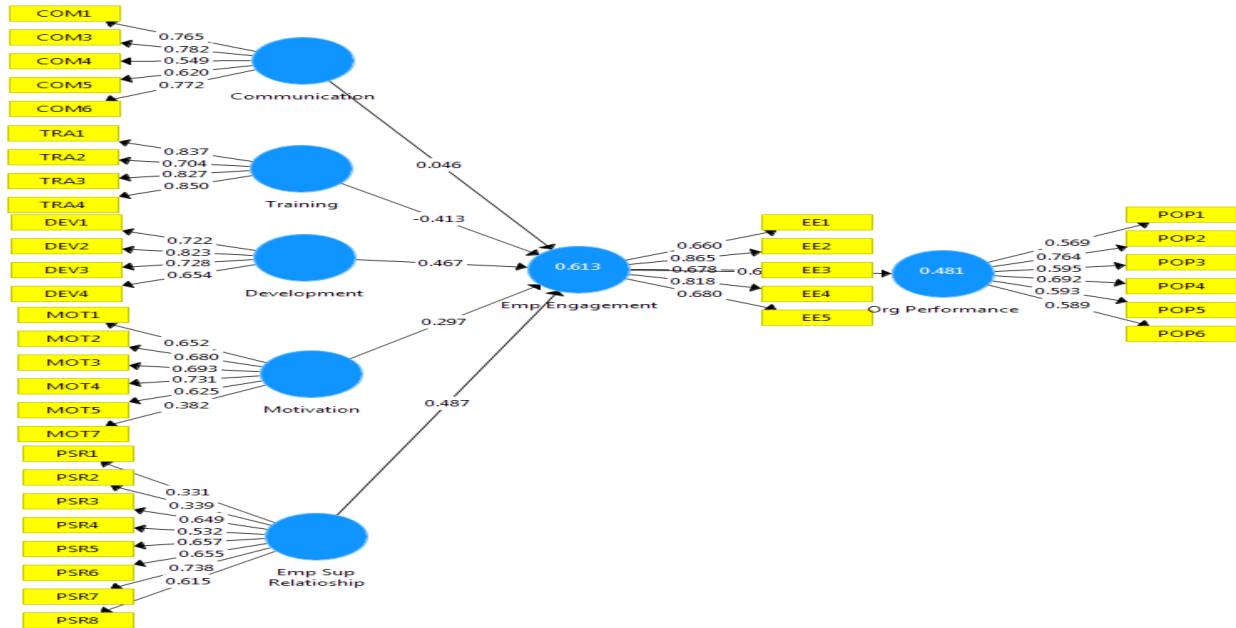


Figure 3: Overall Model...Source: Author's own compilation

The beta values denote the measure of variation in dependent variable by a unit change in independent variables (Guar, 2006). The open communication β value is 0.046, for staff engagement it shows a variation in one standard deviation in the independent variable will result in a variation of 0.046 standard deviations in dependent variable. For staff commitment, the Training value is -0.413, indicating that a shift of one standard deviation in the independent variable results in a change of 0.413 standard deviations in the dependent variable. For worker's Commitment, the Development value is 0.467, indicating that a change of one standard deviation in the independent variable would result in a change of 0.467 standard deviations in the dependent variable. The value of Motivation is 0.297, which implies that a one-standard-deviation shift in the independent variable would result in a 0.297-standard-deviation change in the dependent variable. Employee Supervisor Relationship has a value of 0.487, which means that a difference of one standard deviation in the independent variable would result in a variation of 0.487 for staff engagement.

Table 6: Path coefficient

	R Square	R Square Adjusted
Emp Engagement	0.61	0.60
Org Performance	0.48	0.48

The adjusted R-Square value is 0.60 suggesting that independent variables such as training, development, communication, employee-supervisor relationships, and motivation are all present. Employee engagement is a dependent variable for which the model will predict 60.0 percent of the variance. The adjusted R-Square of Staff Engagement on Organizational Performance is 0.48, indicating that Staff Engagement can predict 48% of organizational performance.

4.6 Hypothesis Testing

Table 7 below shows the collective outcomes of Linear Regression.

Table 7: Overall Model Regression Analysis

	T Statistics (O/STDEV)	P Values
Communication ->Emp Engagement	0.69	0.49
Development ->Emp Engagement	8.47	0.00
Emp Engagement -> Org Performance	22.67	0.00
Emp Sup Relationship ->Emp Engagement	6.03	0.00
Motivation ->Emp Engagement	5.41	0.00
Training ->Emp Engagement	5.48	0.00

The hypotheses can be rejected on the basis of P values.

H₀₁: Employees-Supervisor relationship has no positive effect on employees’ engagement in the existing organization.

Table 7 contains the analysis that the Employee-Supervisor Relationship (t=6.03, P =0<0.05) has significantly relationship on perceived Employee Engagement Activities. The p-value is 000 which shows the rejection of null hypothesis which means Employee-Supervisor relationship has positive effect on employee engagement activities.

H₀₂: Open Communication has no positive effect on employees’ engagement in the existing organizations

Table 7 shows that the Open Communication ($t=0.69$, $P=0.49$) has no significant relationship on perceived Employee Engagement Activities. The p-value of 0.49 represents that null hypothesis can be accepted for this case and there is no positive effect of Open Communication on employee engagement activities.

H₀₃: Workers' Training has no positive effect on employee engagement in the existing organization.

Table 7 shows that the Employee Training ($t=5.48$, $P=0.00$) has significant relationship with perceived Employee Engagement Activities. The p-value is 0.00 so it shows that alternative hypothesis can be accepted for this case and there is positive effect of Employee's Training on employee engagement activities.

H₀₄: Employees' Motivation has no positive effect on employee engagement in the present organization.

Table 7 shows that the Employee Motivations ($t=5.41$, $P=0.00$) has significant relationship on perceived Employee Engagement Activities. 0.00 p-value indicates that null hypothesis can be rejected which means there is a positive effect of Motivations on employee engagement activities.

H₀₅: Employees' Development has no positive effect on employees' engagement in the present organization.

Table 7 shows that the Employee Development ($t=8.47$, $P=0.00$) has significant relationship with perceived Employee Engagement Activities. The p-value 0.00 shows that alternative hypothesis can be accepted for this case and there is positive effect of Employee Development on employee engagement activities.

H₀₆: Employees' Engagement has no positive effect on Organizational outcome and productivity.

Table 7 represents that the Employee Engagement ($t=22.67$, $P=0.00$) has a significant relationship with perceived organizational performance. The p-value 0.00 shows that alternative hypothesis can be accepted for this case and there is positive effect of employee engagement on perceived organizational performance.

5. CONCLUSIONS

In this study Influence of supervisory relationships, open communication, opportunities for training and development, and motivation on Organizational performance has been studied, with employee engagement serving as a mediating factor. Related variables, as well as the mediating employee engagement variable, have been shown to have a statistically meaningful and positive effect on independent variables. Employees who are effectively engaged in the organization have a sense of belonging and are more involved in the organization's activities (Sekhar, Patwardhan & Vyas, 2017). The best way to increase employee productivity is to have appropriate and informative instruction. Training exercises are an example of best practices (Delaney, 1996; Huselid 1996). Employee satisfaction and commitment to their jobs and workplaces are increased by personal development and self-esteem, which is contingent on the company (McEvoy, 2017). Employees need both reward and encouragement to boost their performance in the workplace, and both play a catalyst role. A variety of well-known motivational theories backed it up as well. Support from supervisors is frequently cited as a significant indicator of employee engagement. Employee engagement contributes to efficiency, and success leads to rewards, according to the Vroom principle (Vroom, 1964). According to Herzberg, there are two forms of motivators: motivators and hygienic factors (Herzberg, Mausner, & Snyderman, 1959). Motivation or intrinsic causes, such as success and gratitude, generate job satisfaction. Dissatisfaction at work is caused by hygiene or extrinsic factors such as wages and job security. Self-satisfied and motivated employees would go above and beyond to achieve the organization's objectives.

5.1 RECOMMENDATIONS

Nowadays, as a result of globalisation, human development is rising much faster. Employees that are engaged have a stronger sense of connection to their work and the company (Ahmed et al., 2020). The climate for skilled and talented workers in Pakistani organisations is less welcoming and work ethics are low (Abbasi, 2009; Burdey, 2009). The current practises for training and growth are inefficient and inadequate. The company must increase its training activities and boost its training budgets as well. Managers mostly don't worry about the personal problems, ethics, lifestyles, and glitches of workers. Managers should demonstrate an interest in addressing their

personal issues and meeting the needs of their workers. They should build a good relationship with their subordinates. In most organisations, there is no emphasis on employee succession planning and long-term growth. Managers should provide them with the developmental task of improving their careers. Identify their ability and create a course of success for them. To give them a boost in self-confidence, assign them assignments and projects that are compatible with their skill sets. Develop your career through the development strategy and succession planning of successful employees. A well-defined direction would be helpful in completing the long-term tenure of the employee in the current organisation as well as continuously improving its performance.

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