

Employee Engagement: The role of Organization Climate and Employee Experience

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Abstract

Objectives: To identify the key factors contributing better employee experience; to understand the role of organizational climate in enhancing employee performance; to assess the relationship between Organization Climate, Employee Experience and Employee Engagement.

Methodology: The research was descriptive in nature. A total of 300 responses were gathered from employees working in manufacturing industries, with the help of simple random sampling methodology. SPSS software was considered for analysing the data. Descriptive Statistics, KMO test for sampling adequacy, Correlation and Regression analysis, Exploratory Factor Analysis, Confirmatory Factor Analysis and Structural Equation Modelling were adopted to analyse the data and check the hypothesis.

Findings: The model fit indices were found to be acceptable with values CMIN/DF= 1.898; GFI= 0.937; AGFI= 0.912; IFI= 0.971; NFI= 0.940; TLI= 0.964; CFI= 0.970; RMSEA=0.055; PNFI = 0.774; RMR = 0.026.

Application: The research provides inferences to the business managers how an effective organizational climate and a conducive environment for employee experiences drives the engagement level of workers. Employee engagement being the mainstream attention in business environment today, it is essential for the business leaders to focus their attention towards factors enhancing the engagement level of workers.

Keywords: *Organization Climate, Employee Experience, Employee Engagement, Employees, Organizational Environment.*

Introduction

The business environment today is characterized by a great extent of volatility (Nasreen, Varshney, & Waseem, 2019). It is essential for the organizations to be a great place to work alongside they need to attract and retain the best talent to survive in the ever-changing business scenario. The

organizational climate and the culture play a pivotal role in shaping employee attitude towards the organization (Nasreen, Varshney, & Waseem, 2019).

To stay agile in the turbulent business environment, organizations today are focusing their attention towards employee engagement (EKETU, 2019). Employee engagement plays a significant role in the success of a business enterprise. The organizations today are focusing their attention on various activities to enhance the engagement level of the workers (EKETU, 2019). Engaged employees work towards enhancing the value of the organization by bringing in lot of innovative ideas and changes to the workplace.

The effect of organizational climate on the engagement level of workers is well articulated in Job Demand Resource Model (Becaro, 2022). Job resources are known to be a good predictor of work engagement and in turn organizational climate aids in the engagement level of the workers in their respective jobs. A key predominant component of employee engagement is the extent to which workers receive support from their organization (Albrecht, 2018). This support is perceived from various dimensions of the organization climate. Thus, organization climate is considered to be a prominent factor contributing to various business outcomes.

Research Questions

The study aims towards addressing the following research questions:

Why is Organization Climate essential factor for business organizations?

How do employee work experiences promote employee engagement levels?

How Organization Climate and Employee Experience promote the engagement level of the workers?

Objectives of the Study

The objectives of the present research were:

To identify the factors contributing to positive employee experience.

To understand the role of organizational climate and its impact on employee performance.

To assess the impact of organizational climate, employee experience towards employee engagement.

Literature Review

Organization Climate

Organization Climate encompasses the perception of employees about the work climate of the organization and absolute measures (EKETU, 2019). Organization Climate relates to job performance, morale of the workforce and their job satisfaction levels.

Organizational Climate as a construct has received great attention among the academic researchers in the recent years (Richa Chaudhary, 2014). Organizational Climate tends to exist when the individual employee perceptions of the psychological climate are shared among the members of the organization in a work unit.

Employee Experience

Employee experience indicates the perceptions employees cultivate by having interactions and discussions throughout their career journey in the organizations (Bas,ar, 2024); (Plaskoff, 2017). Employee experience is well addressed through the corporate design of the organization (Morgan, 2017).

The primary focus of employee experience is to address the needs of employees and enhance their passion and drive, it also ensures to achieve the business objectives (Tran Henry, 2020). Employee experience is focused towards building healthy relationships with employees and to create a positive work environment. It tries to understand the employee motivations and provide them with necessary resources to accomplish their work duties and achieve success.

Organization Climate and Employee Engagement

Organization Climate ensures to promote employees well-being, growth empowerment; significantly influencing the engagement level of the workers. A conducive organization climate supports the engagement level of the workers which are well documented in the research works of (Bakker, 2010); (Kimberley Breevaart, 2014).

Employee perceptions of the organizations creates a great belief that the organization has treated them fairly and ready to facilitate the growth and development of the workers (Saks S. L., 2015). The employees who always have a sense of trust cultivated towards their organization feel more confident and exert extra efforts in their day to day work activities. They also tend to be cognitively and physically connected to the workplace (Bruce Louis Rich, 2010); (Rahman Khan, 2022). Therefore, the present considers organization climate to be a predominant variable contributing to employee engagement.

Employee Experience and Employee Engagement

Awareness on the predictors of employee engagement has become a crucial aspect for business managers today (Bas,ar, 2024); (Saks A. M., 2022). As inferred by (T Maylett, 2017), employees with positive employee experience tend to have high level of engagement. Organizations with a high degree of engaged employees have fast growth, reduce unwanted cost, and have less employee turnover rates. According to (Dr. Srinivasa C, 2018) organization climate, organizational policies and the style of leadership are known to contribute positively to employee experience, in turn enhancing the engagement level of the employees. Positive employee experience ensures the organizations to have the best talent and attract the potential candidates. Therefore, employee experience is known to be a prominent predictor of employee engagement at workplace.

Research Methodology

The research adopted descriptive methodology. A total of 300 samples were drawn from employees working in manufacturing industries. Simple random sampling methodology was adopted to elicit the responses. Google forms were circulated to the key managers to get connected to the employees.

Measures

The measurement scale was developed considering the independent variables: Organization Climate; Employee Experience and dependent variable: Employee Engagement. Employees provided their inference on a five point Likert scale varying from 1- strongly disagree to 5 – strongly agree.

Statistical Analysis

The gathered data was processed with SPSS Software. KMO test to check the adequacy of the data, correlation and regression analysis, Exploratory Factor Analysis, Confirmatory Factor Analysis and SEM were performed to analyse the data.

Scope of the Study

The study includes employees working in Manufacturing Industries and was limited to Bangalore City.

Conceptual Model of the Study

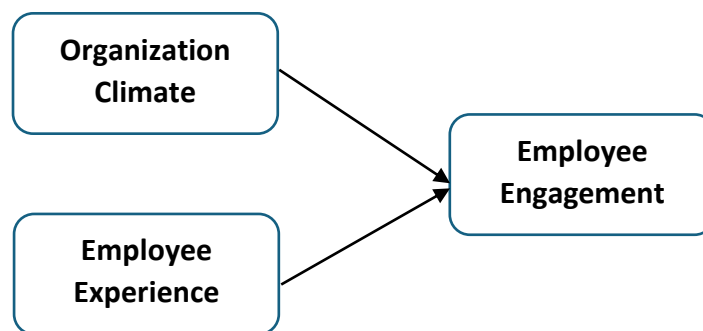


Figure 1: Conceptual Model

Based on the inferences drawn from extensive literature reviews and the framework of the research, the below hypothesis were formulated

Hypothesis 1: Organisational climate has a positive impact on Employee Engagement.

Hypothesis 2: Employee Experience has a positive impact on Employee Engagement.

Data Analysis

Exploratory Factor Analysis for Independent Variable

Factor Analysis is a technique used to reduce a large number of variables into fewer numbers of factors. It is used to simplify data. The technique also involves data reduction.

Kaiser-Meyer-Olkin (KMO) and Bartlett's test: Independent Variable

The KMO measures the sampling adequacy which should be greater than 0.5 as indicated by (Kaiser, 1974) for a satisfactory factor analysis to proceed.

Table 1: KMO for Independent Variable

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.943
Bartlett's Test of Sphericity	Approx. Chi-Square	1920.414
	df	78
	Sig.	.000

Through the test statistics indicated in Table 1, the obtained KMO value is 0.943. Therefore, the sample is considered to be adequate.

Further, the cumulative proportion of the overall variance was extracted to determine the practical value of the retrieved elements (Joseph F Hair Jr, 2010). As inferred by, (Joseph F Hair Jr, 2010) when the information is less precise in social science research, a solution accounting for the entire variation of 60% is approved, and in some circumstances, a solution accounting for the entire variance of 50% is also regarded satisfactory.

Using the information acquired above, table no. 2 shows that the overall cumulative percentage of variance retrieved was 58.201, which is deemed acceptable (Joseph F Hair Jr, 2010).

Table 2: Principal Component Analysis

Total Variance Explained									
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	6.734	51.797	51.797	6.734	51.797	51.797	3.868	29.752	29.752
2	.832	6.404	58.201	.832	6.404	58.201	3.698	28.449	58.201
3	.774	5.955	64.156						
4	.678	5.218	69.374						
5	.625	4.808	74.182						
6	.576	4.428	78.610						
7	.523	4.025	82.635						
8	.453	3.487	86.122						
9	.415	3.191	89.313						
10	.403	3.103	92.416						
11	.365	2.811	95.227						
12	.353	2.715	97.942						
13	.268	2.058	100.000						
Extraction Method: Principal Component Analysis.									

Rotated Component Matrix

Table 3: Rotated Component Matrix

Rotated Component Matrix ^a		
	Component	
	1	2
IEE3	.797	
IEE5	.716	
IEE6	.653	
IEE2	.647	
IEE4	.597	
IEE1	.564	
IEE7	.558	
IOC2		.792
IOC6		.747
IOC5		.725
IOC7		.658
IOC4		.604
IOC1		.538
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization. ^a		
a. Rotation converged in 3 iterations.		

EFA was adopted to explore the factor structure. The exploration amounted to 13 items which have factor loadings higher than 0.38 and above. The analysis resulted in two factors influencing employee engagement: Employee Experience (IEE) and Organization Climate (IOC). The table no. 3 indicates the item loadings for the factors extracted.

Exploratory Factor Analysis

Kaiser-Meyer-Olkin (KMO) and Bartlett's test: Dependent Variable

The KMO measures the sampling adequacy which should be greater than 0.5 as indicated by (Kaiser, 1974) for a satisfactory factor analysis to proceed.

Table 4: KMO for Dependent Variable

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.948
Bartlett's Test of Sphericity	Approx. Chi-Square	2111.770
	df	91
	Sig.	.000

Through the test statistics indicated in Table 4, the obtained KMO value is 0.948. Therefore, the sample is considered to be adequate.

Further, the cumulative proportion of the overall variance was extracted to determine the practical value of the retrieved elements (Joseph F Hair Jr, 2010). As inferred by, (Joseph F Hair Jr, 2010) when the information is less precise in social science research, a solution accounting for the entire variation of 60% is approved, and in some circumstances, a solution accounting for the entire variance of 50% is also regarded satisfactory.

Using the information acquired above, table no. 5 shows that the overall cumulative percentage of variance retrieved was 56.013, which is deemed acceptable (Joseph F Hair Jr, 2010).

Total Variance Explained						
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.601	56.013	56.013	5.601	56.013	56.013
2	.988	9.882	65.895			
3	.654	6.539	72.434			
4	.557	5.569	78.003			
5	.523	5.232	83.234			
6	.511	5.107	88.342			
7	.438	4.381	92.723			
8	.367	3.666	96.389			
9	.361	3.611	100.000			
10	-3.886E-16	-3.886E-15	100.000			
Extraction Method: Principal Component Analysis.						

Table 5: Principal Component Analysis

Association between the Independent and Dependent Factors

For assessing the structural relationships between Employee Experience, Organization Climate and Employee Engagement, Structural Equation Modelling was adopted.

The model fit indices are indicated in the below table no. 6:

SI No	Model fit Indices Tested	Model Fit Indices Values Obtained	Inferences
1	CMIN/DF	1.898	Supported since CMIN/DF Value should be less than 3; RMSEA Value should be less than 0.08 (Hair Junior, 1998), PNFI should be >0.50, GFI;AGFI;TLI;CFI should be > 0.9, RMR should be <0.05
2	GFI	.937	
3	AGFI	.912	
4	TLI	.964	
5	CFI	.970	
6	RMSEA	.055	
7	PNFI	.774	
8	RMR	.026	

Table 6: Model Fit Summary

Below figure no. 2 represents the SEM model.

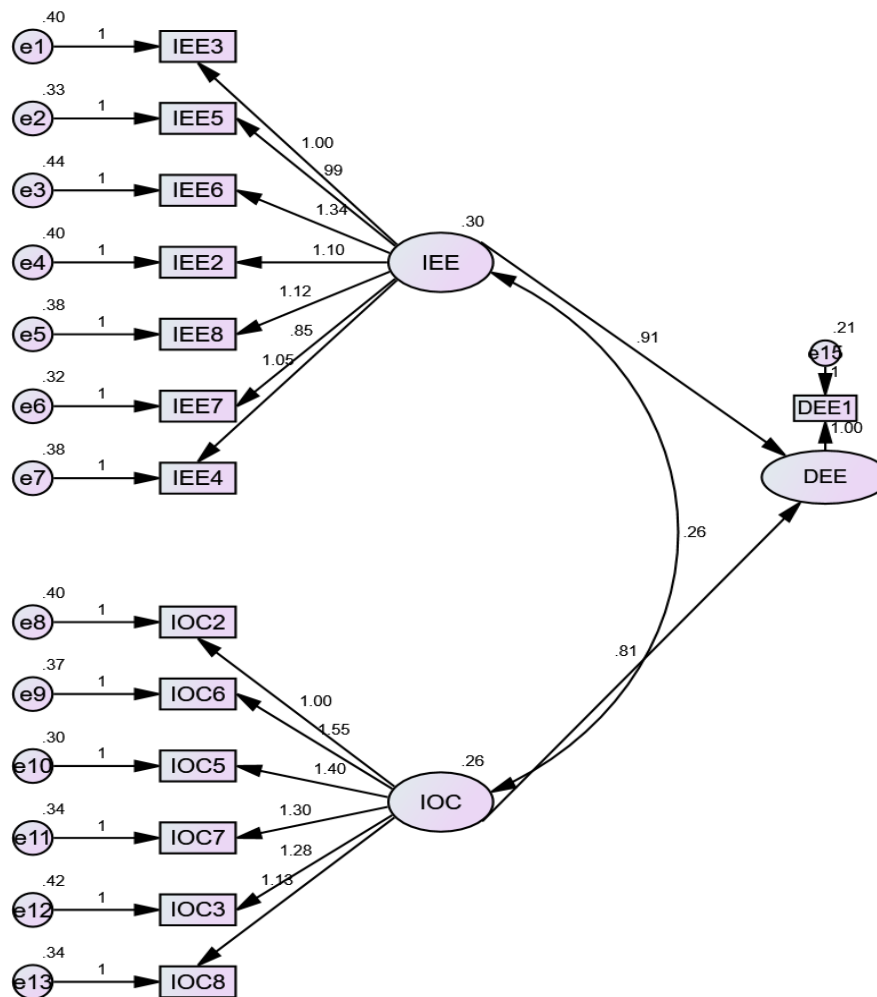


Figure 2: Structural Equation Model

Findings of the Study

The analysis provides inferences that Organization Climate and Employee Experience have a significant impact on the engagement level of employees. The model fit indices value infer the hypothesis of the present research

Hypothesis 1: Organisational climate has a positive impact on Employee Engagement.

Hypothesis 2: Employee Experience has a positive impact on Employee Engagement; were found to be acceptable.

The present research was a wise attempt to understand the importance of Organization Climate and Employee Experience in fostering the engagement level of employees.

Conclusions

The present research outlines the role of business leaders in creating a conducive organizational climate and also ensuring positive employee experience. For achieving the competitive advantage and retaining the potential talents in the organization, the degree to which employees have a positive experience at workplace and the supportive organizational climate are considered to be essential parameters. Designing employee supportive climate with appropriate empowerment programs, role clarity, supportive management and leaders, availability of resources is the focus attention of business managers today. The long term sustainability of a firm largely depends on the talented workforce. The research addresses the message to the policy makers of the organizations to effectively focus and designing organization climate and create positive employee experience to retain their talents.

Limitations and Future Directions

Data was gathered only 300 respondents working in manufacturing industries. Therefore, the study cannot be generalized to other business sectors. Further research initiatives can assess other significant factors having impact on employee engagement like psychological capital, psychological empowerment.

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