

Exploring the connection among employee performance, employee retention, and employee engagement within higher education institutions (HEIs)

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Abstract

The current research examined the connection between employee retention, their performance, and engagement in higher education institutions (HEIs). The study aimed to determine if employee engagement and retention are directly correlated with one another and with staff productivity. In order to collect information from staff members of various colleges and institutions in India's National Capital Region (NCR), a survey questionnaire was created. SEM analysis was done to assess the relationship on a total of 313 valid replies. The results show that employee engagement positively affects employee retention, with a critical ratio (CR) of 2.569 and a standardised regression coefficient $\beta = 0.47$, $p = 0.000$. The study also demonstrates that, with $\beta = 0.51$ and $CR = 2.119$, $p = 0.000$, engagement had a favourable impact on employee job performance. Furthermore, with $\beta = 0.34$ and a CR of 1.992, $p = 0.000$, retention had a favourable impact on employee job performance.

For HEIs, the study has important practical ramifications. To improve employee job performance, organisations should try to develop a supportive work environment that encourages employee engagement and retention. HEIs should establish friendly workplace environments for staff members and encourage constructive peer connections. The study also has societal repercussions. The variables that influence employee engagement and retention are indicative of a strong workplace culture, which has the potential to bolster the company's standing in the community. Hence, if these requirements are addressed, employees will be given considerable focus.

Subject Classification: 97B20.

Keywords: Retention, Engagement, Performance, Higher education institutions.

1. Introduction

Employees are an essential assets to any educational institution, and their engagement plays a pivotal role in institutional success. Engagement of employee is characterized by pride and loyalty towards the institution, resulting in increased productivity and job satisfaction. In today's competitive corporate environment, organizations must ensure that their employees remain committed and happy to achieve desired performance outcomes (Saks, 2006). Engaged employees tend to go above and beyond in their work, contributing to improved performance and productivity. This is why organizations must prioritize employee engagement to ensure that

their workforce is full of zest, passion, and enthusiasm (Bakker et. al., 2014). Valued and acknowledged employees are more engaged and fulfilled in their employment, resulting to higher retention rates (Kahn, 1990). Improving workplace engagement is a top concern for modern firms. Prioritizing engagement may lead to a more dedicated, productive, and contented staff, thus boosting organizational performance.

Employee performance, employee retention, and employee engagement are three important determinants that contribute to the success of organizations, including those in higher education establishments (HEEs). Employee engagement, in particular, has been identified as a key driver of employee performance and retention (Kahn, 1990; Saks, 2006), and is increasingly recognized as a critical factor in organizational effectiveness (Bakker et. al., 2014). However, the specific relationships among these factors in HEEs have not been extensively studied. There is a need to explore the interrelationship between the studied variables in the context of HEEs. The literature revealed that engagement is positively connected to retention and performance of employees (Bakker et. al., 2014; Saks, 2006). However, the nature of these relationships and the specific factors that influence them in the context of HEEs remain unclear.

This study aims to address a gap in the literature by analyzing the relationship between engagement, retention, and performance of HEI employees. The study focuses on examining factors that impact engagement, retention, and performance in higher education institutions. The study aims to increase understanding of factors affecting employee commitment, performance, and retention in HEIs, and provide recommendations for fostering a more devoted, engaged, and successful staff.

2. Literature Review

For any higher education institution (HEI), employee engagement, job performance, and retention are key pillars that determine success or failure. HEIs need to fully comprehend each of these elements in order to succeed. The study aimed to analyse the linkage between these studied variables in HEIs.

Employees engagement, their performances, and retention have become important topics of discussion in organizational behavior research. The degree of devotion, enthusiasm, and connection a worker had is referred as employee engagement. Employees that are excited about their

work perform better on the job and are more satisfied with their jobs. In contrast, disengaged cohort are less productive, least likely to stay with the organization, and more likely to negatively influence their colleagues (Macey & Schneider, 2008).

According to Harter et al. (2002), firms with strong employee engagement have 27% greater profitability, 50% fewer accidents, and 51% reduced absenteeism. Saks (2006) discovered that employee engagement positively impacts performance, leading to greater customer happiness, revenue, and profitability. Research indicates that participation positively impacts organizational outcomes.

Employee retention refers to an organization's ability to keep its staff. Retention is crucial for firms due to the high cost of staff turnover. Increased staff turnover can lead to lower productivity, morale, and expenses (Allen et al., 2010). Kim and Kao (2014) found that engagement positively impacts retention. Engaged employees exhibit more loyalty and are less likely to quit.

Although it has been demonstrated that engagement and retention had a favourable impact on organisational results, the connection between employee engagement and performance is more nuanced. While some studies have found a positive relationship between engagement and performance, others have found no significant relationship (Christian et. al., 2011). Additionally, some studies have found that high levels of engagement can lead to burnout and decreased job performance (Schaufeli et. al., 2008). Overall, the research points to the importance of employee engagement and retention for the success of organisations, but further research is needed to understand how these factors relate to performance.

Based on the above the following are the hypothesis of our study-

H1: There is a positive relationship between engagement and performance of an employee

H2: Employee engagement has a positive impact on employee retention.

H3: Employee retention is positively related to employee work performance.

3. Research Methodology

Examining the relationships between the studied variables at higher education institutions (HEIs) is the major goal of this study. HEI employees

participated in a structured questionnaire survey that served as the basis for the data gathering method for this study. Using SPSS, both exploratory and confirmatory factor analyses were carried out, and then the model was tested using structural equation modelling (SEM). Gallup Scale (2003) was used to develop questionnaire for employee engagement, for retention Mittar et. al., (2004), Koopmans' scale (2015) was used to analyse performance of employees.

The sample population comprised all present employees in Delhi and the National Capital Region's universities and colleges, including teaching and non-teaching. Employee engagement, retention, and job performance were assessed using a Likert scale. The study collected data via practical sampling and obtained 313 valid responses. These facts underpinned our investigation.

4. Data Analysis

4.1 Demographic analysis

Understanding the sample population of our study, which consists of academics and staff working in educational institutions across several colleges and universities in the NCR, is made possible by the examination of the respondents' demographic characteristics. According to our research, 41.25% of respondents, or the majority, were under the age of 35. In addition, 33.21% of respondents were found in-between 35 and 45 years, other respondents were above 45. Furthermore, 34% men and 66% women made up the sample group. 55% of respondents claimed to have more than 10 years of teaching experience, while the remaining 45% said they had fewer than 10 years. 62% of respondents held the post of assistant professor, 28% held the position of associate professor, and 10% held positions such as professor or any other higher position in terms of their hierarchical positions.

4.2 EFA & CFA Analysis Using SPSS and SEM

To establish relationship between variables of the study, the exploratory factor analysis (EFA) technique was employed using principal component analysis. The main aim of the PCA was to identify a linear combination of variables that would extract the maximum variance while providing an uncorrelated factor. The varimax orthogonal rotation method was used to avoid over-reliance on a single component. The KMO Measure verified the adequacy of sample with a score of 0.922, while the Chi-Square

value of Bartlett's test of sphericity was 5431.422 ($p < 0.05$), which indicated that the sample was adequate for the factor analysis. All the variables' factor loadings were above 0.55, and the factor analysis produced three factors that accounted for 71.27% of the variance.

To validate measurement model and model fit indices, the confirmatory factor analysis (CFA) technique was utilized with the use of SEM. The model considered the variables of Employee Performance (EMPP), Employee Retention (ERTN), and Employee Engagement (EENG). The results of the CFA technique confirmed the factorial structure of the measuring instrument, with a CMIN/Df value of 2.36, CFI value of 0.937, RMSEA value of 0.066, TLI value of 0.941, NFI value of 0.937, and IFI value of 0.955. The above results demonstrate that the measuring scales used in the study were reliable and valid.

4.3 Measurement Model analysis

This is carried out to determine a connection between observed items and latent constructs prior to evaluating the hypothesis and model fit using SEM (Wong, 2013). The latent construct's elements were all distributed between a range of 0.65 to 0.91 as shown in Table 1. The items with factor loading less than 0.7 were eliminated in order to assess the measurement model's internal consistency, reliability, and strength (Hair et. al., 2012).

Table 1
Measurement Model analysis

Indicators	Employee Engagement - Sub variables	Factor Loading	P Value	Reference
EENG1	Training and coaching	0.81	***	Leshabari et al (2008); Kreitner and Kinicki (2010); Hackman & Oldham (1974); (MacLacalan, 2012); Gallup (2003); Gu and Chi (2009)
EENG2	Leadership Style	0.77	***	
EENG3	Task performed in an environment	0.71	***	
EENG4	Work-life-balance	0.72	***	
EENG6	Communication	0.72	***	

Contd...

ERTN1	Benefits offered by Organization	0.81	***	Competitive Advantage Consultants, (2003); (Moses (1999); Al-khasawneh and Futa(2013)
ERTN3	Career Developer opportunities	0.77	***	
ERTN4	Talent Mangement	0.73	***	
ERTN5	Executive coaching and Training	0.75	***	
EMPP1	Problems resolved quickly		***	Koopmans et al (2015)
EMPP2	Boosting employee morale and motivation	0.72	***	
EMPP3	All colleagues cooperate	0.76	***	
EMPP4	Manages helps in resolving problems	0.88	***	
EMPP5	Updating knowledge and skill sets	0.73	***	

Source: Authors Compilation

4.4 Testing of Hypothesis:

Once the satisfaction of measurement model is achieved, the next step is to assess the relationship between the endogenous and exogenous constructs, as outlined by Hair et. al., (2011). In other words, the final hypothesis aimed to determine the effect of the construct, which was evaluated using the method suggested by Byrne and Johnson-Laird (1989). The results of this hypothesis are presented in Table 2. To understand how changes in one variable effect changes in another, the connection between the variables must be established. This is crucial in the context of the current study, which concentrated on the linkage between the triad. To evaluate this, the measurement model needed to be confirmed as valid and reliable, as stated by Hair et. al., (2011). Subsequently, the final hypothesis was tested to establish the link between the constructs, as suggested by Byrne and Johnson-Laird (1989). The result is presented in Table 2.

Table 2
Results of Hypothesis Testing

Hypotheses	Path Analysis	S.R.W	Standard Error	t-value	p-value	Results
H1	EENG--→ERTN	0.47	0.121	6.17	***	Supported
H2	EENG--→EMPP	0.51	0.091	7.42	***	Supported
H3	ERTN----->EMPP	0.34	0.077	5.62	***	Supported

Note: S.R.W.: Standardized Regression Weights, ***significant values

Hypothesis 1

The results from Table 2 states that engagement has a significant positive effect on retention of employees at ($\beta = 0.478$, $CR=2.569$, $p<0.05$). This finding aligns with the research conducted by Jordan (2011), Wachira (2013), Markos and Sridevi (2010), which suggests that organizations should prioritize employee engagement strategies to promote employee retention in higher education institutions.

Furthermore, several studies too found a positive relationship between employee engagement and employee retention. For example, a study by Goudarzi and Fard (2017) found that employee engagement was a significant predictor of employee retention in the Iranian banking sector. Similarly, a study by Saks and Gruman (2014) found that higher levels of employee engagement were associated with lower levels of voluntary turnover in a Canadian healthcare organization. These findings suggest that employee engagement is a critical factor in promoting employee retention across various industries and organizational contexts.

Hypothesis 2

The second hypothesis posits that there is a direct linkage between employee engagement and performance, with employee engagement having a favorable impact on work performance. Table 2, the regression analysis shows that employee engagement has significant positive impact on employee work performance at ($\beta = 0.51$, $CR= 2.119$, $p<0.05$). This shows that when employees are deeply involved with the company, they are more content and driven by the leadership style and organisational culture. As a result, they perform better at work because they are more eager to go above and beyond for the company. The study's findings are

consistent with those of other studies that have demonstrated a connection between employee engagement and job performance, such as Bankar and Gankar (2013), Dalal et. al., (2012), and Sorensen (2013).

These findings significantly impact management methods in higher education organizations. Research indicates that employee engagement initiatives can improve performance at work. Managers should emphasize employee engagement efforts to maintain an engaged and motivated workforce. Creating an enabling work environment may stimulate employee engagement and contributions. Managers can implement growth and development programs and maintain frequent communication channels to teach staff about corporate aims and objectives. Higher Education institutions may foster a culture of involvement, resulting in improved employee performance and better institutional outcomes.

Hypothesis 3

Hypothesis 3 aimed to investigate the link between employee retention and work performance. The results in Table 2 states positive link between employee retention on work performance ($\beta = 0.34$, CR= 1.992, $p = 0.000$), supporting the hypothesis. This implies that organizations need to invest in strategies that enhance employee retention to improve work performance. The findings matches with previous research (Devi, 2017; Walsh & Taylor, 2015; Gberevbie, 2010), which investigated that retention of employee has a positive impact on their work performance.

To retain a stable workforce and improve performance, organizations must prioritize employee retention. Implement rules that prioritize employee retention, including opportunities for professional growth, employment security, competitive benefits, and work-life balance.

These approaches may create an inviting workplace, motivating employees to remain and enhance performance. According to the survey, organizations should prioritize retention as a key factor in improving job performance.

Conclusion

In many industries and enterprises, employee engagement has been highlighted as a critical component in determining what employees expect from their employers. This study has helped us to determine how engagement affected staff retention and performance at higher education institutions in the NCR. According to the study's findings, employee

retention, performance, and engagement are all positively correlated. The study's hypotheses were all accepted, suggesting that improving employee engagement is crucial for enhancing workplace culture, lowering staff attrition, increasing productivity, and improving bottom-line results. The study have important implications for institutions of higher learning. HEIs may enhance performance and retention, build a world-class organisation, and enhance student learning by concentrating on staff engagement practises. HEIs may also improve their reputation and foster a favourable perception of academic institutions. Additionally, employee engagement practices can help build stronger relationships with clients, which is essential in higher education institutions' marketing and recruitment efforts.

Future Scope

The findings of this study provide the groundwork for future investigations on employee engagement in higher education institutions. Future research can look at how staff involvement affects other performance metrics, such as student happiness, institutional reputation, and financial success. Future studies might also examine how leadership influences employee engagement, pinpoint the most effective employee engagement strategies, and assess the success of employee engagement treatments.

Managerial Implications

The study's conclusions have a number of management ramifications. Institutions of higher education should concentrate on creating employee engagement strategies that are specific to their organisational setting. Starting points for HEIs include incorporating staff in decision-making, creating chances for professional growth, providing competitive wage packages, and acknowledging and rewarding staff members for their achievements. HEIs should also regularly poll their workforce to gauge levels of engagement and pinpoint opportunities for development. HEIs may increase employee performance and retention, promote a pleasant workplace culture, and improve their overall organisational performance by putting effective employee engagement practises into place.

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