

# A Study On the Influence of Employee Engagement On Employee Retention

**Sathyajothi. M<sup>1</sup>, Dr. Arulkrishnan. S<sup>2</sup>**

<sup>1</sup>II MBA Student, Department of Management Studies, <sup>2</sup>Assistant Professor, Department of Management Studies

<sup>1,2</sup>Veltech Rangarajan Dr. Sagunthala R&D Institute of Science and Technology, Avadi, Chennai, India

## ABSTRACT

In the current state of affairs, it is obligatory to keep talented people. There is no question that an increased employee turnover rate adversely affects the flow of work and it also raises recruitment costs, either directly or indirectly through agency fees paid to head hunters, and at the same time, it is also threatening the stability and growth of the organization. The research intends to clarify the correlation between employee engagement and employee retention by identifying the role of employees with high engagement levels. Employee engagement can be described as the emotional and psychological bond that employees form with their organization and its goals. It is a state that the employee feels satisfied with his/her job, motivated, happy with the recognition and belongingness, and trusts the company's management are included. The research investigates the hypothesis that employees with active engagement are more probable to stay with an organization, make positive contributions, and facilitate a positive workplace culture. This study takes a mixed-methods stance using both qualitative and quantitative data. Employee surveys and interviews were carried out across different industries to determine levels of engagement and how these were linked to retention intention. Secondary data from organizational reports and literature reviews also gave insight into best practice in creating engagement. Research has confirmed that engagement and retention are strongly connected with each other. The elements essential for one to be engaged (communication effectiveness, career advancement prospects, the role of a supportive leader as well as performance recognition) were proven to be significantly effective in determining whether one will leave his or her job or not. On the contrary, lack of engagement was presented as the main factor that caused dissatisfaction and disengagement, and that was the cause of higher employee turnover. The research calls for organizations to make engagement the central part of their human capital strategies. Encouraging inclusion, providing for growth, and recognizing employee achievements can result in increased loyalty and lower attrition. As firms develop in the more competitive, digital world that exists today, the strategic priority on engagement-facilitated retention will only continue to drive long-term achievement.

**Keywords** Employee Engagement, Employee Retention, Workforce Management, Organizational Commitment, Job Satisfaction, Leadership, Talent Management, Human Resource Strategies, Employee Motivation, Turnover Reduction.

## 1. INTRODUCTION

Organizations are currently facing increasing pressures to attract, develop, and retain the best talent, particularly during these changing times. On the one hand, retaining employees truly poses to be the most acute challenge since talented professionals today are always likely to have several offers-and choices- to consider. Turnover affects workflow adversely, and additionally, costs heavily on finances, morale, and productivity. The increasing desire from organisations for sustainability and competitiveness shows that employee engagement has a significant role in keeping human capital. Engagement of employees, unlike job satisfaction or employee happiness, is the emotional and intellectual investment that employees make in relation to their jobs, their company, and most importantly, their overall workplace. Expectedly, these are energetic, committed, and passionate employees who bestow time, effort, and endowed labor towards the goals and values of the company. They are most likely to apply discretionary effort, innovative thinking, and voluntary retention, during high-stress periods, along with others, for the same reason: commitment to the company. Currently, employee engagement is associated with companies that seek sustainability and competitiveness since understanding what the employees want in engaging them is critical in ensuring that human resources are maximumly retained. On the contrary, disengaged employees are prone to high rates of absenteeism, cause loss of productivity, and eventually terminate their employment. It is not equivalent to job satisfaction or happiness; it entails an emotional and intellectual investment by employees relating to their jobs and the company itself. These are employees who are very energized, enthusiastic, and committed to the enterprise's goals and values, and expectedly they would discretionary effort, innovation, and retention through some difficult phases. The aim of the research would be to study the causative-direct or indirect association of the employee engagement in keeping the employees. The study will in a way try to analyze the impact of different levels of engagement-recognition, leadership participation, career advancement, work-life balance and company culture-on a person's intents to remain with his or her employer. And the study would bring heading successful methods of engagement which the organizations can adopt in order to produce a loyalty-driven and stable workforce. This is because the most efficient in any organization are human assets. Competition has increased in all areas, highlighting the retaining of experienced and top talents. Furthermore, the outlook of employees' aspirations is changing fast; the individual's goal is to be fulfilled by meaningful work, personal growth, and diverse work environments. By this study, we intend to add to the current pool of knowledge by determining key elements that connect engagement and retention, as well as offering actionable recommendations to employers.

## 2. REVIEW OF LITERATURE

- **Shaik Shamshuddin, Chirra Baburao, Haniefuddin Shaik, YVVVSSS Vara Prasad (2025)-** This chapter explores the integration of Green Human Resource Management (GHRM) and digital intelligence to enhance employee engagement and retention in sustainable workplaces. It examines how eco-friendly policies and digital tools contribute to organizational commitment, reduce turnover, and foster productivity. By aligning environmental initiatives with human resource strategies, companies cultivate loyalty, drive innovation, and build a positive corporate culture. The chapter highlights key drivers, including psychological safety, employee well-being, and value alignment, that contribute to meaningful engagement. Through a comprehensive review of literature and case studies, it underscores the role of digital platforms in promoting sustainability

practices and monitoring performance. This chapter provides valuable insights for organizations seeking to balance employee satisfaction with long-term sustainability goals, reinforcing the importance of GHRM in modern business environments

- **Alfred Presbitero, Yuka Fujimoto, Weng Marc Lim (2025)** - Given the rise in cultural diversity in workplaces due to increased globalization and hyperconnectivity, organizations worldwide are seeking effective ways to attract and retain multicultural talent. This research probes the interaction between an employee's cultural intelligence (CQ) and a supervisor's CQ, investigating how this interaction impacts work engagement and the intention to stay within multicultural work groups. Drawing on work engagement literature and leader-member exchange (LMX) theory, we conducted two empirical studies. Study 1 (170 matched data) reveals that employee's CQ positively influences work engagement, with this relationship moderated by the supervisor's CQ. Study 2 (161 matched data) validates these findings while also demonstrating how work engagement influences employee's intention to stay. Taken collectively, our research advances theory and practice by elucidating the synergistic value of fostering both employees' and supervisors' CQ—i.e., the “double CQ”—for enhancing engagement and retention in multicultural work groups.
- **Sameh Abdelhay (2024)**- The paper is, therefore, going to try and look at how HR analytics can be used to retain employees at Egyptian corporations, focusing on how employee engagement can be the middle link and how this can be made stronger by the organizational culture. In the present scenario, many companies' plans are driven by the data coming out of HR analytics; this forms one of the primary ways through which planning in terms of who might leave, understanding the actions of employees, and then formulating plans to retain them takes shape. Because happier and more committed individuals, engaged employees do not intend to leave, the focus on engagement is thus brought about. An organization's culture can enhance this by making data-driven tactics successful when supportive and flexible. The study leveraged data from surveys distributed to HR professionals across various sectors in Egypt to propose a model for understanding the mechanism through which HR analytics influences employee retention, respectively. For HR managers and business leaders, the results point to the necessity of integrating the application of HR analytics with the initiatives to enhance engagement and develop a favorable culture to enhance and sustain employee commitment and long-term stability.
- **CHARU BHAVESH Goyal- (2023)** Employee engagement is an important factor for the success of an organization. Employee engagement is the level of involvement and commitment of an employee to their organization and its values. The focus of the study is to determine the level of employee engagement in the private banking sector and IT-ITeS companies to identify the factors that contribute to employee engagement and to examine employee engagement and its impact on employee retention. Employee engagement is referred to as a work-related state of mind. This can be categorized by 3 things—namely-vigor, dedication, and absorption. A quantitative method was used, and questionnaire was developed using the Utrecht Work Engagement Scale (UWES), which assesses the level of energy and mental resilience during work, as well as the sense of meaning, inspiration, pride, challenge and focus on work. The author has majorly focused on the identification of the impact of the factors of the employee engagement on the retention of the employees in the two types of industries organization ie, Banking industry and the IT companies'

employee. To achieve these objectives the researcher has applied various statistical test for the first identification of the important factors for the employees engagement and its impact on the retention of them which are first is the descriptive statistics for the identification of the employees profile in the Bank and IT companies and out of which it has been noted that Male as a gender, 25–35 years as a age group of employees, post–graduation as a majorly education, Rs. 15,000-Rs. 30,000 category as a major employees salary, 2-5 years category as a tenure of employees, Below 5 years category as a working experience of the employees are the common in both the Industries employees.

- **Malik et al. (2024)** investigated the hospitality industry, finding that HR practices aligned with the Ability-Motivation-Opportunity (AMO) framework, coupled with transformational leadership, positively impact employee engagement and talent retention.

### 3. OBJECTIVES OF THE STUDY

- To investigate the correlation between employee engagement and employee retention
- To determine the drivers of employee engagement
- To investigate employee attitudes towards engagement programs in the company
- To propose effective employee engagement strategies to enhance retention
- To review the impact of organizational and demographic factors on engagement and retention.

### 4. RESEARCH METHODOLOGY

This research adopts a descriptive and analytical research design using a quantitative technique. The process which includes data collection in the form of structured questionnaires that is used for statistical analysis and interpretation leads to conclusion development. The selection method provides accuracy and reliability to the research study. The research gathers data from various sources in order to examine the influence of employee engagement toward employee retention. The success of the project relies on having appropriate research methods.

### 5. DATA COLLECTION

#### 1.Primary Data

The researcher gathers first-hand data directly from workers in different industries to learn how worker engagement affects their choice to stay with their present organization. Information is collected using structured questionnaires and individual interviews, targeting engagement practices and their effects on retention behavior. employees in sectors such as IT, education, healthcare, and manufacturing are covered in the research, and they share details about their experiences in relation to motivation, recognition, leadership, and job satisfaction. The aim is to assess whether employee engagement will make workers more loyal, productive, and less likely to leave their jobs. Key valuation includes

- Job satisfaction
- Recognition and rewards
- Leadership and managerial support
- Career development opportunities

- Work-life balance
- Communication and feedback
- Employee involvement in decision-making
- Trust and transparency within the organization

## 2. Secondary Data

Researchers collected secondary data from academic journals, research reports, books, reliable websites, and industry reports that were on employee engagement and retention trends across different industries. Previous studies investigating the relationship between organizational commitment, job satisfaction, and motivational techniques offered useful information for the validation of the primary research findings. Literature on human resource practices, leadership impact, and employee commitment also complemented the framework for examining how levels of engagement influence employee retention.

## 6. TOOLS FOR DATA COLLECTION

### CORRELATION

**Null Hypothesis(H<sub>0</sub>):** There is no considerable correlation between employee engagement factors and employee retention intention.

**Alternate Hypothesis (H<sub>1</sub>):** There is a strong correlation between employee engagement drivers and employee retention intention

### Correlations

			Employee Engagement Factors	Employee Retention Intention	Leadership and Organizational Support
Employee Engagement Factors	Engagement	Pearson Correlation	1	-.093	.031
		Sig. (2-tailed)		.190	.664
		N	200	200	200
Employee Retention intention	Retention	Pearson Correlation	-.093	1	-.033
		Sig. (2-tailed)	.190		.646
		N	200	200	200
Leadership and organizational support	and	Pearson Correlation	.031	-.033	1
		Sig. (2-tailed)	.664	.646	
		N	200	200	200

## 7. INTERPRETATION:

The correlation between employee engagement determinants and employee retention intent is positive ( $r = 0.093$ ) with p-value of 0.190 showing that there is no significant relationship. Moreover, there is a lack of relationship between leadership, and organization support are weakly related to engagement ( $r = 0.031$ )

and retention ( $r = -0.033$ ) as p-values are higher than 0.05. The results indicate that there is no relationship between the variables that is statistically significant.

## **8. RESULT**

Research shows that high employee engagement is an antecedent to employee dedication, job satisfaction, and emotional bonding to the company, all of which lead to increased employee retention. Engaged employees feel appreciated, supported, and until now in tune with organizational goals-thereby greatly reducing the chances of leaving. Businesses that hold positive engagement approaches have been found to have less turnover among their staff, as employees are 41% more likely to remain within the organization long-term and 59% less likely to search for alternative employment. Engagement drivers also affect retention directly and are positively enhanced through career growth, feedback, reward, and collaborative leadership. Engaged employees are loyal, in still strength in their own jobs, are satisfied, and will perform above-average productivity levels.

## **9. DISCUSSION**

Engaged employees are more likely to stay with an organization compared to their less-engaged peers across diverse organizational contexts. Enhanced emotional attachment, motivation, and alignment with the organization's target significantly reduce the intent of engaged employees to leave. In such organizations where an engagement culture is actively fostered through open communication, recognition, opportunities for growth, and endorsement by leadership, attrition rates are lower. As per a recent study released in the Harvard Business Review, high-employee-engagement organizations saw a 24% rise in employee retention. Research also shows that when workers are made to feel valued and included in decision-making, their organizational allegiance gets strengthened and turnover is less likely. The psychological effect of engagement on workers is also significant. The Gallup State of the Workplace report observes that workers who are actively disengaged or not engaged tend to look for other opportunities, citing career development and lack of appreciation. Employee engagement significantly affects their intention to remain in the organization as compared to less engaged employees engaged employees possess increased emotional attachment goal alignment and motivation toward the organization and are thus less inclined to leave. In such organizations where an engagement culture is actively fostered through open communication, recognition, opportunities for growth, and endorsement by leadership, attrition rates are lower.

## **10. CONCLUSION**

In summary, the research points out the tremendous effect employee engagement has on employee retention in organizations. Although the results of this study indicated poor correlations, the general body of evidence always points toward the fact that increased levels of engagement are a direct indicator of better retention levels. Engaged employees show increased commitment, job satisfaction, and a feeling of belongingness, which makes them remain longer in their organizations. Elements like recognition, open communication, professional development, and supportive leadership are all part of creating high levels of engagement. Beyond that, organizations that work actively to build an environment of engagement will be likely to achieve not only lower turnover, but also higher productivity, innovation, and overall organizational performance. Even though the research evidence is really poorly statistical, it is obvious



that placing important engagements towards career growth-from recognition initiatives to work-life balance-would invoke such work culture, that it attains the level of allegiance required for the employee's work. The aspect of company policy toward creating a very committed and well-performing team would thereby create a strategy to be bundled into such deepest long-term returns associated with most talented employees. Therefore, the results of this research are added to the mounting evidence that employee engagement is one of the determining factors of retaining high-achieving employees and the well-being of an organization.

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