

Partial Least Square – Structural Equation Model for Effect of Employee Engagement on Job Satisfaction and Job Performance in Automobile Industries



N. Srividhya, R. Mahalakshmi

Abstract: *The major challenges organizations facing today's competitive world is diversified work force and ever changing environment and technology. It is, therefore, imperative to utilize the employees 'capabilities to the maximum possible extent to achieve individual and organizational goals. In this perspective, it has been discussed that job satisfaction and employee motivation are wide influencer of employees' performance. Employee dedication and commitment towards work leads to improved outcomes in performance, organizational productivity and profit. Employees are more loyal and satisfied to the organization when they get recognition from their employers. The understanding of organizations on the factors satisfying employees will lead to deal with the people and get the extra ordinary results from them. The employee engagement and business performances are complimentary to each other. Higher is the employee engagement then greater the business performance. The present research makes an attempt to investigate the concept of job satisfaction and its impact on performance among the employees in the automobile industry, which is one of the key drivers that boost the economic growth of the country. In the time of recessions, the survival of the organization depends on the fully engaged employee. There is no agreement between defining the employee engagement by the earlier researchers and also its impact on job satisfaction and performance. In this concern, this study is significant in the definition of employee engagement and to find its relationship with job satisfaction and job performance in automobile industry.*

Key words: *Employee engagement, job satisfaction, job performance, SEM Model*

I. INTRODUCTION

The major challenges organizations facing today's competitive world is diversified work force and ever changing environment and technology. It is, therefore, imperative to utilize the employees' capabilities to the maximum possible extent to achieve individual and organizational goals. In this perspective, it has been discussed that job satisfaction and employee motivation are wide influencer of employees' performance (Rao, 2000). Employee Job Satisfaction is termed as a exposure of

priorities of employees over jobs (V. D. kosteas, 2011). Employee dedication and commitment towards work leads to improved outcomes in performance, organizational productivity and profit. Employees are more loyal and satisfied to the organization when they get recognition from their employers. The understanding of organizations on the factors satisfying employees will lead to deal with the people and get the extra ordinary results from them. The study of job satisfaction is of great significance for any organization, for several reasons. It would result in information gathering about job, employee and work environment. This leads to better decision making and modification of organizational policies. Survey on job satisfaction may be used as an indication for employee's stand towards organizational change and also helpful in identifying the resistance level and corrective measures. The Job satisfaction survey reinforces the communication process, and also employee has clear understanding on the top management views and organization's vision (J. Y. Jiang, 2011). The employee engagement and business performances are complimentary to each other. Higher is the employee engagement then greater the business performance is and the vice versa is also true (Gebour, 2009). Engagement is a comparatively blooming field of study (Saks, 2006). The earlier researchers stressed that the main focal points of employee engagement is on the issues of commitment, satisfaction and organizational behaviour (Katz, D. and Kahn, 2001). This research study is an attempt to find the influence of employee engagement on job satisfaction and job performance.

II. REVIEW OF LITERATURE

The organization performance, achievement depends upon the employee performance. Employee performance reveals the financial and other non financial outcomes. The factors which determine employee performance includes work environment, leadership, team work, training and development, career development, rewards and recognition, rules and regulations and employee welfare as well as employee engagement are major factors that determine employee performance (Anitha, 2014). The results of Global Workforce Study 2007-2008 survey portrayed the advantages of high levels of employee engagement through the data.

Revised Manuscript Received on December 30, 2019.

* Correspondence Author

Dr. N. Srividhya*, Professor & Head, Department Of Commerce, St. Peter's Institute Of Higher Education Research, Chennai, India.

Ms. R. Mahalakshmi, Research Scholar, Department Of Commerce, St. Peter's Institute Of Higher Education Research, Chennai, India.

© The Authors. Published by Blue Eyes Intelligence Engineering and Sciences Publication (BEIESP). This is an [open access](http://creativecommons.org/licenses/by-nc-nd/4.0/) article under the CC-BY-NC-ND license <http://creativecommons.org/licenses/by-nc-nd/4.0/>

The net income increase was 13.7 percentage for the companies with high level employee engagement and with low levels of employee engagement had drop of 3.8% in net income(Ahmad, H., 2011).Engagement is perceived as people own definition of both engagement and disengagement and their degree of involvement in their job role and personally those they employ and express themselves. Engagement is defined by three dimensions such as energy, involvement, and efficacy and this is a contrary to the three burnout dimensions of fatigue, scepticism, and inefficacy(Maslach, C., Schaufelli, W.B. and Leiter, 2001). Social Exchange Theory formulated the foundation to find out the reason for more engagement and less engagement in their work. The conditions of engagement models were exchange of socio-emotional and economic exchange of resources. There is a mutual agreement between the employees and the organization for receiving and repaying of these resources with higher engagement. Kahn’s defined engagement as employee’s involvement in their performance and repayment for the resources what they are receiving from the organization. When the organization is failed to provide the required resources to the employees, the disengagement of employee engagement takes place. (Kahn, 1990).the full engagement employee depends on their understanding of the strategic goals, values, vision of the organization and also the employee fitness to align himself with all these goals, values and vision. The emotional attachment of the employees with the organization, motivation and their readiness to put their effort would lead to better results (Ballendowitsch, 2009).The characteristics of the fully engaged employees are involvement, enthusiasm in his or her work. They always attracted, inspired, committed and fascinated towards their work. They always focus on the growth of the company and they are ready to invest their effort in the proceedings of the organization success. The researcher insisted the organizations to implement talent management and retention plans (Rutledge, 2005).

III. RESEARCH GAP AND PROBLEM STATEMENT

In the ever-changing business world, with increasing competition and continuous demands from the stakeholders, employees are believed to be the most valuable asset in any organization, capable of meeting such uncertain demands. It is the employee’s performance which contributes towards the achievement of organizational goals. In this context, one can arrive to the point that, job satisfaction among employees is an important aspect of achieving desired productivity target and remain sustainable. The present research makes an attempt to investigate the concept of job

satisfaction and its impact on performance among the employees in the automobile industry, which is one of the key drivers that boost the economic growth of the country.In the time of recessions, the survival of the organization depends on the fully engaged employee (Gebour, 2009). The definitions of employee engagement has given in many different forms and they always included the many established constructs (Robinson, D., Perryman, S. and Hayday, 2000). There are no defined constructs and dimensions for employee engagement established. It means that there is no agreement between defining the employee engagement by the earlier researchers and also its impact on job satisfaction and performance. In the above concerned, this study is significant in the definition of employee engagement and to find its relationship with job satisfaction and job performance.

IV. RESEARCH QUESTION

Based on the reviews, the following research questions have been formulated and tested Structural equation modelling.

- Has employee engagement direct influence on job satisfaction?
- Has employee engagement direct influence on job performance?
- Does job satisfaction have direct positive influence on job performance?

V. RESEARCH METHODOLOGY

This research considered only automobile companies in kancheepuram districts. In kancheepuram districts, the respondents for the survey were employees in automobile companies. The respondents were randomly selected and 320 had been distributed and 304 had been considered as complete and considered for the study.

VI. RESEARCH INSTRUMENT USED

The statements which explain the construct were tested from the 5 point scale responses from employees of automobile industry.

(5-Strongly Agree; 4-Agree; 3-Neither Agree Nor disagree; 2-Disagree; 1-Strongly Disagree))

Employee engagement
EE1- Job role and responsibilities
EE2- Autonomy in job
EE3- Individual role in decision making
EE4- Promotional policy
EE5-Training and development
Job Satisfaction
JS1-Job in the organization



JS2-Continuation of job in the same organization
JS3- Recommending your friends to work in the same organization
JS4-Supporting the organization almost any way
Job Performance
JP1- On time target completion
JP2-Better job performance than colleagues
JP3-Better performance compared with other organization
JP4- Satisfied performance

VII.VALIDITY AND RELIABILITY OF THE RESEARCH INSTRUMENT

Table 2: Final Reliability and Validity for research instrument

Construct	Factor	Factor loading	Cronbach’s Alpha Final	AVE	Composite Reliability
Employee Engagement	EE1	0.813	0.910	0.738	0.933
	EE2	0.776			
	EE3	0.928			
	EE4	0.847			
	EE5	0.922			
Job Satisfaction	JS1	0.795	0.862	0.712	0.907
	JS2	0.732			
	JS3	0.919			
	JS4	0.914			
Job Performance	JP1	0.756	0.837	0.673	0.891
	JP2	0.790			
	JP3	0.855			
	JP4	0.875			

From Table 2, It shows that all the factor loadings are above the threshold level of 0.7 which establishes the item validity of the constructs. The researcher has performed the reliability test after final data collection. The final values of Cronbach’s Alpha are found to be greater than 0.6 which confirms the reliability of the variables used to measure the construct. The Composite Reliability values are found to be higher than 0.6 which indicates that all the constructs have high level of internal consistency reliability. The AVE values are also found to be above the threshold value of 0.5. So, all the three constructs have high levels of convergence. As all the parameters meet the prescribed value the data is appropriate for further analysis and model building.

The discriminant validity for the research instrument is displayed in Table 3

Table 3: Discriminant Validity for Customers’ research instrument

	EE	JP	JS
EE	(0.859)		
JP	0.271	(0.844)	
JS	0.404	0.724	(0.820)

Table 3 displays the values of AVE and squared correlations. Values in brackets are square roots of AVE scores which should be greater than the squared correlation values to establish non-existence of any relationship. It can be inferred that no relationship exists among the constructs and Discriminant validity for the research instrument is established.

VIII. RESULTS

Influence of Employee Engagement on Job satisfaction and Job performance

The partial least square Structural Equation modeling is carried out in SMART PLS 3 software. The formulated structural equation model is given in the figure 1. Bootstrapping with complete bootstrapping option is carried out to find standard error and the T-values. Comparing the T-Value with 95% percentage confidence value of 1.96, the above hypotheses are tested.

H1: Job satisfaction has significant positive effect on job performance

H2: Employee engagement has significant positive effect on job satisfaction

H3:Employee engagement has significant positive effect on job performance

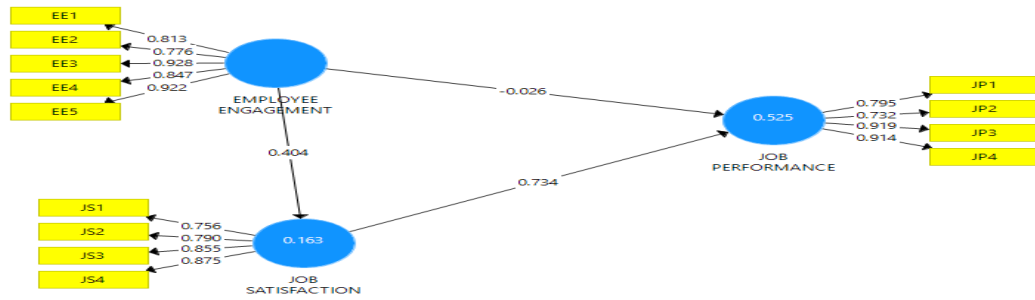


Figure 1: Structural Equation model for influence of Influence of Employee Engagement on Job satisfaction and Job performance

Table 4: Model Predictive Accuracy

	R Square	R Square Adjusted
JP	0.525	0.523
JS	0.163	0.162

Table 5: Model Fit Summary

Model	SRMR	NFI	d_ULS	d_G
Study model	.072	0.91	0.345	0.976
Recommended value	Less than 0.08	Greater than 0.9	0.449 (Upper limit at 95%)	1.590 (Upper limit at 95%)

			Confidence Interval) Less than Upper limit	Confidence Interval) Less than Upper limit

Table 6: Influence of Employee Engagement on Job satisfaction and Job performance-Results of Hypothesis Testing and

Structural Relationship

Hypothesis	Path	Path Co-efficients	Std. Error	T	P	Decision
H1	JS ->JP	0.734	0.035	20.94	0.000	H1 Accepted
H2	EE ->JS	0.404	0.041	9.781	0.006	H2 Accepted
H3	EE->JP	-0.026	0.024	1.042	0.298	H3 Rejected

Table 4 shows that Employee engagement explains 16.3 percentage of job satisfaction. But 52.5 percentage of job performance is explained by job satisfaction. In Table 5, the SRMR (Standardized Route Mean square Residual) value is 0.072, the NFI (normed Fit index) is 0.91. The d_ULS (the squared Euclidean distance) for this model is 0.345 and d_G (the Geodesic distance) is 0.976. All the indices of good fit indicate that the model is fit. From the results of t values, it is clear that Job satisfaction has positive influence and job performance and its path coefficient value of 0.734 proves that the influence is very high. Employee engagement also has the direct positive effect on job satisfaction but it does not have the direct effect on job performance but it indirectly influences the job performance.

IX. CONCLUSION

This study focuses on only influence of employee engagement on job satisfaction and job performance. Employee engagement directly influences job satisfaction

but it has only indirect influence on job performance. And the employee engagement predicts only 16 percentage of job satisfaction. So it is clear that other factors influence also there on job satisfaction. The in depth research might be carried out to find the other factors on job satisfaction. Conceptualization of job satisfaction from the employee perspective is constructive because it implies both precise guidelines for human resource managers for formulating tactics and strategies and areas where research can be useful in assisting managerial decision making.

REFERENCES

- Ahmad, H., K. A. and I. A. S. (2011). Relationship between job satisfaction, job performance, attitude towards work and organizational commitment. *European Journal of Social Sciences*, 18(2), 257–267.
- Anitha, J. (2014). Determinants of employee engagement and their impact on employee performance. *International Journal of Productivity and Performance Management*, 63(3), 308–323.
- Ballendowitsch, J. Employee Engagement – A Way Forward To Productivity (2009). Retrieved from Towers Perrin-ISR



4. Gebour, J. (2009). Getting employees onboard and engaged. Retrieved May 23, 2019, from <http://www.theedgemalaysia.com/management/16336-getting-employees-onboard-and-engaged.html>
5. J. Y. Jiang, L. Y. S. and K. S. L. (2011). Job Satisfaction and Organization Structure as Moderators of the Effects of Empowerment on Organizational Citizenship Behavior: A Self-Consistency and Social Exchange Perspective. *International Journal of Management*, 28(3).
6. Kahn, W. A. (1990). Psychological conditions of personal engagement and disengagement at work. *Academy of Management Journal*, 33, 692–724.
7. Katz, D. and Kahn, R. L. (2001). *The Social Psychology of Organizations* (2nd ed.). New York, NY: wiley.
8. Maslach, C., Schaufelli, W.B. and Leiter, M. P. (2001). Job burnout. *Annual Review of Psychology*, 59, 397–422.
9. Rao, P. S. (2000). *Essentials of Human Resource Management and industrial relations*. Mumbai: Himalaya publishing House.
10. Robinson, D., Peryman, S. and Hayday, S. (2000). *The Drivers of Employee Engagement*, Institute for Employment Studies. Brighton.
11. Rutledge, T. (2005). *Getting Engaged: The New Workplace Loyalty*. Toronto.: Mattanie Press.
12. Saks, A. M. (2006). Antecedents and consequences of employee engagement. *Journal of Managerial Psychology*, 21(7), 600–621.
13. V. D. kosteas. (2011). job satisfaction and promotions. *Industrial Relations*, 50(1).

AUTHORS PROFILE



Dr. N. SRIVIDHYA has received her B.Com., M.Com., M.Phil., Ph.D., from Bharathidasan University and received her MBA degree from Periyar University. She has been qualified NET in Commerce and Management Studies. She is currently working as Professor and Head in Department of Commerce in St. Peter's Institute of Higher Education and Research, Chennai. She is having morethan 22 years of experience in teaching and research. She has published 17 research articles in National and International Journals.



R. MAHALAKSHMI has Completed B. Com in DRBCCC HINDU college in the year 1999 and graduated M. COM from JBAS Women's College, Chennai. She has been awarded M.Phil. in the year 2007 in Annamalai University. She has received her MBA degree from Alaghapa University. She has been qualified SET conducted by Mother Teresa University for women in the year 2016. She is currently working as Assistant Professor in DRBCCC, Hindu College, Chennai and pursuing her PhD in St. Peter's Institute of Higher Education and Research, Chennai. She is having 10 years of experience in academics.