
ORGANIZATIONAL PERFORMANCE: THE IMPERATIVES OF EMPLOYEE ENGAGEMENT AND JOB SATISFACTION

OYEBANJI, Stephen Olawale

Department of Management and Accounting
Lead City University,
Ibadan, Oyo State, Nigeria
olawaleoyebanji19@gmail.com

FOLORUNSHO, Idiat Titilayo

Department of Management and Accounting
Lead City University,
Ibadan, Oyo State, Nigeria
tobafoly@yahoo.com

DADA, Olaniyi

Department of Business Administration and Management
Oyo State College of Agriculture and Technology, Igboora
Oyo State, Nigeria
olaniyidadfuro@gmail.com

ADEAGBO, Kehinde Rufus

Department of Business Administration and Management
Oyo State College of Agriculture and Technology, Igboora
Oyo State, Nigeria
kennyade2002@yahoo.com

ADENIJI, Oluyemisi Deborah

Department of Business Administration and Management
Oyo State College of Agriculture and Technology, Igboora
Oyo State, Nigeria
debbyemy15@gmail.com

OLALEYE, Zainab Olanihun

Department of Business Administration and Management
Oyo State College of Agriculture and Technology, Igboora
Oyo State, Nigeria
Olaleyezainab07@gmail.com

ABSTRACT

This study investigated the relationship between employee engagement, job satisfaction and organizational performance. The paper employed a descriptive research design. Data were collected from two selected companies in Lagos State Nigeria, covering a sample of 80 respondents. The data collected through self-administered questionnaire were analyzed with the use of regression analysis. The findings indicated that employee engagement and job satisfaction have positive significant relationships with organizational performance. Based on the results, the study, recommends that managers of organizations should create the working environment that foster employee engagement and job satisfaction, if they desire to achieve increased organizational performance.

Keywords: Employee engagement, job satisfaction, organizational performance

INTRODUCTION

In today's rapidly changing work environment, the continued success of any organization depends on its performance which invariably is determined by its human resources. Hence, employee engagement and job satisfaction constitute the mechanism for organizational performance. With employee engagement and job satisfaction being human resources' (HR) greatest concerns over the years, the duo are the most critical factors in ensuring organizational performance. For an organization to thrive, evidence has shown that employee engagement and job satisfaction are seriously considered as a major factor that affect organizations' daily operations and general performance (Medhi, 2021). Clearly, there is no doubt that these factors significantly relates to human resources management (HRM) and the combination of these factors significantly affect organizational performance.

Employees differ in skills, knowledge, aptitude, and physical vigor, so also is their performance. Thus, it is an obligation on HR managers to find ways of encouraging employees to achieve higher organisational performance. This level of performance can be achieved through effective employee engagement that ensure job satisfaction (Oleabhiele, 2019). However, both employee engagement and job satisfaction are significant. Job satisfaction is enough to sustain employees in a work for many years; however, it is job engagement that assist an employees to reach their full potential, and which in turn, enable organisational growth. Only satisfied and engaged employee can drive continued higher productivity (BasuMallick, 2020).

Engaged employees are motivated to come to workplace and carry out assigned tasks within their capacity to facilitate organizational success. For instance, if an employee is satisfied with their job, they tends to provide high quality services which in turn improve employee performance (Reynolds, 2016). The central point here is that job satisfaction through employee engagement is key to organizational performance. When employees are engaged, not only will they be motivated to get their work done, they will also be mindful about the organization's success. Engaged employee may likely exchange their job engagement for benefits and incentives put in place by the organization. This helps to create value and sustain productivity in an increasingly dynamic work environment. Organization with greater engaged employees will be more effective in responding to changing environmental conditions and developing efficient workforce to achieve better performance.

It therefore means that engaged employees are instrumental to improving performance. Previous literature paid attention to the association between employee engagement and job satisfaction (eg. Reynolds, 2016; BasuMallick, 2020; Rogel, 2020; Medhi 2021), but the understanding needs to be extended to encompass organizational performance. Accordingly, the focus of this study is to address the association between employee engagement, job satisfaction and organizational performance.

LITERATURE REVIEW

Concept of Employee Engagement

Engagement is a relatively new concept in the field of human resources management that tend to focus on issues of employee commitment, behavior and satisfaction (Saks, 2006). Engagement has been conceptualized in several ways. Engagement was coined by Kahn (1990), who posits that engagement come up when an employee bring in or relinquish themselves during assigned job-role. This behavior is defined in terms of the extent to which employees displays their originality via physical, cognitive and emotional involvement (Trussa et al., 2013). According to Kahn and Heaphy (2013), there seems to be a consensus that job engagement is a disposition and capability of employees that is influenced by contingent factors. It is a positive work-related disposition that exhibits capability, commitment, involvement and dedication (Schaufeli et al., 2002).

Medhi (2021) defined employee engagement as an emotional connection to the organization that affects a person's commitment and participation, and determines how likely it is that, employees will display higher levels of loyalty. The degree of dedication, interest, commitment, and connection a worker feels to their work is the domain of employee engagement. Various factors influence engagement such as leadership style, workplace community and individual factors (BasuMallick, 2020).

The concept of engagement further captures a range of job-related attitude, satisfaction as well as several organizational behaviour including leadership and voice (Shuck, 2011). In the writing of Kahn (1990) personal engagement was used instead of work engagement used by Schaufeli (2013). Engaged workers are likely to improve in their work than disengaged workers. Engaged employees and organizations tolerate each other because mutual benefit is earned in their relationship (Chiumento, 2004; Schaufeli, 2013). Employee engagement is a multi-faceted construct (Kahn, 1990).

Concept of Job Satisfaction

Job satisfaction is a state of mind of employee and which manifests in their love and commitment to their job. It describes a situation where employees enjoy the job they do. BasuMallick (2020) defined job satisfaction as the contentment one experiences as a direct outcome of playing a particular role at work. Obiekwe et al. (2019) opined that a person's overall likes and dislikes about their job are referred to as job satisfaction. It is a rational or emotional reaction to numerous aspects of one's employment. It is also ones' overall attitude and perspective of their employment. According to Medhi (2021), individual's selfish drive is not a function of job satisfaction. It is however fueled by love for what one does. A satisfied employee do not necessarily need to be an engaged one. However, in order for engagement to occur, it is crucial that a person at least likes, if not love the work they do (Medhi, 2021). Employees get attached to their jobs or strive to perform better when their needs are met when their needs are satisfied.

Organizational Performance

Performance in business describes the health of a firm as an outcome of management processes measured against set goals or compared to the health of rival firms (Ateke & Akani, 2018). It is a measure of a firm's capacity to achieve set goals by optimally utilizing scarce resources (Daft, 1991, as cited in Ateke and Kalu, 2016). Organizational performance also capture the outcome of management processes and organizational dexterity in terms of performance outcomes in relation to set goals and other considerations that are broader than what is usually captured in the firm's assessment and economic valuation by stakeholders. Amah et al. (2013, as cited in Ateke & Akani, 2018) states that an organization is performing well if it copes well, survive and make progress amidst the vagaries of the business-scape that birth risks and uncertainties.

Organizational performance results from the function, values, attitudes and perception of employees in a firm. Porter and Lawler (1974) posits that organizational performance derives from talents, skills, and efforts of employees in given work situations. Richard et al. (2009) defined organizational performance as the actual output or results compared to expected outputs. Market Business News (2019) argued that organizational performance entails evaluating a company's performance against its objectives and goals. In other words, actual outcomes or results as opposed to expected outcomes make up organizational performance. It also has to do with how well an organization executes or accomplishes its predetermined objectives and goals.

Employee Engagement and Organizational Performance

Improving work-related roles require findings the right balance between engagement and satisfaction. However, meeting everyone's expectation in an organisation is not feasible because there are major factors that influence how employees relate with their job. Medhi (2021) highlights key factors associated with engagement and job satisfaction. These include work environment, organizational culture, career development opportunities, job security, rewards and recognition and work-life balance.

Recent studies probed the link between employee engagement and job satisfaction. For example, BasuMallick (2020) distinguished job satisfaction from employee engagement and posit that employee engagement and job satisfaction are related but distinct constructs. Both are equally significant and their antecedent and outcomes different. Job satisfaction could be a factor in retaining an employee in job employment for several years but it is engagement that aid employees to reach their dreams, which could translate to growth of the organization.

However, employee engagement can be maintained with a good working environment where physical and emotional involvement is encouraged for higher organizational performance and lower employee turnover (Robinson, 2006). Consequently, job satisfaction can also be achieved when employees enjoy their job. Although doing what one loves at work gives one a sense of fulfillment, it is not driven by one's sense of pride (Medhi, 2021). Several researchers have argued that employees are better engaged when they have a positive attitude towards work and are committed to help the organisation achieve its objectives (Reynolds, 2016).

Thus, Employees who are engaged are motivated to do their job daily, and participate in anything they can to support their organizations. While engaged employees are satisfied with

their work, satisfied employee may not necessarily be engaged with their work. A satisfied employee might carry out their job responsibilities but without going above specified roles. Not only are engaged employees content with their jobs, they also think about the organisation's success. In addition, engaged employees are deeply involved and invest their energy and time in their work (Rogel, 2020).

In lieu of the foregoing report and arguments of scholars, we hypothesize that:
Ho₁: Employee engagement significantly affects organizational performance.

Job Satisfaction and Organizational Performance

Organization's seeks efficiency and effectiveness in their operations and to attain these, they set goals which are meant to be achieved by employees. When employees are content with their jobs especially when their jobs are impacting areas such as security and confidence, they invest their best in the organization. Their contentedness is regarded as job satisfaction. This satisfaction is capable of retaining employees. While not enough for higher productivity, it coupled with employee engagement, promotes increased productivity (Rogel, 2020).

Job satisfaction births positive morale among employees, increases employee commitment organization, and enhances their level of motivation, and directly impact productivity of employees (Obiekwe et al., 2019). On the contrary, unsatisfied workers "disentangle" themselves from their job-tasks, subdue self- involvement in physical, psychological and emotive responses of work (Trussa et al., 2013). Conclusively, for any organisation to achieve high performance, job satisfaction and employee engagement need to be managed and sustained, for satisfied employees in addition to their commitment and effort, are asset for organizational success.

Employee engagement and job satisfaction over years have attracted more attention. However, their linkage with performance or productivity is scanty in literature. Trussa et al. (2013) probed employee engagement, organisational performance and individual well-being. The study suggested that engagement constitute the mechanism through which HRM practices impact individual and organisational performance. Similarly, Medlin and Green (2009) examine how goal setting, engagement, and optimism enhances performances. They found that organizations that feature formal structured goals and leadership processes achieve higher levels of employee engagement and increased optimism, which in turn yields improved employee performance.

Ballendowitsch (2009) reported that employee engagement is the degree to which employees think, feel and act in line with company goals, and includes the extent to which they go the extra mile in their work in the form of discretionary effort, creativity and energy. Bakker et al. (2008) provides that engaged workers perform better, experience positive emotions including happiness, joy and enthusiasm, experience better health (physical and psychological), create their own job and personal resources and transfer their engagement to others. Pritchard (2008) found that employee engagement in the public sector is less effective compared to the private sector. Thus, it supported that employee commitment is important in engaging employees at work.

Kim-Soon (2015) in their study examined the relationship between employee engagement and job satisfaction. The results indicated that components of employee engagement relate to

intrinsic leadership. Mathieu and Zajac (1990) in their work reviewed components of employee engagement that drive engagement. The study suggested that organisation that foster engagement realized success in terms of job satisfaction.

In lieu of the foregoing report and arguments of scholars, we hypothesize that:

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THEORETICAL REVIEW

Maslow's hierarchy of needs theory provides a theoretical foundation for this study. This is because the relationship between employee engagement, job satisfaction and performance can be better understood through the needs pyramid. The hierarchy of needs theory is one of most widely used to analyze various factors affecting workplace engagement. The last three layers at the bottom deals with job satisfaction drivers, thus, they are factors that exhibit employee engagement. Basic wants are at the base of the pyramid; after these needs are satisfied through money, people desire safety and security, such as favorable working conditions. Social demands include the desire to fit in and be a member of the group. A promotion may lead to increased self-esteem. Self-fulfillment, or the space for creativity, comes in first. Where they want to take charge and fully engaged. The hierarchy of needs pyramid indicates that job satisfaction and employee engagement are related and same spectrum, employee cannot achieve one at the expense of the other.

Maslow's hierarchy of needs



Fig. 1: Maslow's Hierarchy of Needs

The fundamental basis, without which ongoing employee engagement is impossible, is job satisfaction. Additionally, employee involvement sets these positions apart from the many others a person may do. It promotes pride, a sense of accomplishment, and personal growth. To reach an employee's full potential, several factors are essential. Engagement must always come before satisfaction in any result-based organization, but in process-based ones, the opposite may be true. That is why it is so significant to apply Maslow's hierarchy of needs framework to understand the precise spectrum where employees are in the pyramid. Naturally, the choice of the spectrum needs to start from the bottom in order to support employees to foster their way to the top of the pyramid.

METHODOLOGY

This study adopted a descriptive research design. A descriptive approach provides a valuable tool for assessing opinions and giving a general overview of a study; and the researcher obtain accurate representation of opinion. The population are the study are staff of two organisations namely: Lapo Microfinance Bank and Khmedan Global Services. A sample size of 80 respondents were selected using a stratified sampling approach. The sample comprised senior, junior and middle management employees. The process of collecting data involved the use of questionnaire. The questionnaire was developed in a five point Likert scale to elicit information that represents the opinion and views of respondents. Of the 80 questionnaire distributed, 78 valid responses were used for the analysis. The data were analyzed using Pearson correlation, regression analysis and one-way ANOVA. Statistical package for social sciences (SPSS) was utilized for the analysis.

Model Specification

Regression model was used to establish the functional relationship between the dependent variable (organisational performance) and independent variables (employee engagement and job satisfaction). The regression model is expressed below:

$$OP = (EE, JS, EC, OC) \dots\dots\dots (1)$$

Where:

OP= Organisational performance;

EE = Employee engagement

JS = Job satisfaction

EC = Employee commitment

OC = Organisational culture

The regression model can be expressed econometrically as follows:

$$OP = \alpha + \beta_1.EE + \beta_2JS + \beta_3 EC + \beta_4OC + u \dots\dots\dots (2)$$

α = Constant term while $\beta_1, \beta_2, \beta_3, \beta_4$ are the coefficient of the independent variables.

u = error term,

Appropri expectation

$$\beta_1, \text{ to } \beta_4 > 0$$

DATA PRESENTATION AND ANALYSIS

In order to measure the relationship between employee engagement, job satisfaction and organizational performance, Pearson correlation was used. This approach is to evaluate the statistical significance of the relationship that exists between the variables.

Table 1: Correlation Matrix of variables

		OP	EE	JS,	EC	OC
OP	Pearson Correlation	1	.719	.752	.652	.637
EE	Pearson Correlation	.719	1	.715	.619	.569
JS	Pearson Correlation	.752	.715	1	.730	.619

Source: Researcher' Computation using SPSS

The correlation Table 1 above shows that a significant relationship exists between organizational performance, employee engagement, job satisfaction. The result indicates that job satisfaction has the highest correlation of 75.2% followed by employee engagement with 71.9% respectively. This implies that the explanatory variables positively relates to organizational performance.

Table 2: Regression Analysis**Model Summary^b**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.818 ^a	.669	.651	1.87777	.669	36.888	4	73	.000	1.498

Predictors: (Constant), EE, JS,

b. Dependent variable: OP

Source: Researcher' Computation using SPSS

Table 2 above indicates that the coefficient of determination (R^2) which is 66.9 shows that 66.9% of possible change in the dependent variables (OP) is explained by the explanatory variables (EE, JS). The F-statistic of 36.88 and probability (p-value) of less than 0.005 show the relationship of the explanatory variables to be significant at 5% error level.

Table 3: Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	.774	1.393		.556	.580
EE	.249	.084	.297	2.954	.004
JS	.446	.154	.339	2.898	.005

a. Dependent Variable: Organizational performance

Source: Researchers' Computation using SPSS

Table 3 above shows the regression coefficients of the explanatory variables in relation to the dependent variable indicating how each of them can possible influence the outcome of the organizational performance. It shows that job satisfaction can enhance organizational performance by the highest coefficient of 44.6%, followed by employee engagement of 24.9% respectively. The relationship between the dependent and independent variables would be predicted by re-writing the model and imputing the derived regression coefficient as follows:

$$OP = \alpha + \beta_1 EE + \beta_2 JS + u$$

Where $OP = .774 + 0.249EE + 0.446 JS$

Thus, JS has the strongest impact on OP and in order indicated above.

DISCUSSION OF FINDINGS

This study examined the relationships between employee engagement, job satisfaction and organizational performance. The quantitative results of this study showed that employee engagement and job satisfaction significantly impact organisational performance. From Table 2 the model as fitted explains that 66.9% of total variability in organizational performance is attributable to employee engagement and job satisfaction. In other words, 66.9% of change in organisational performance is accounted for, by factors related to employee engagement and job satisfaction while 33.1% of total variability in organizational performance can be explained by other variables not included in the model. This implies that employee engagement and job satisfaction are good predictors of organizational performance. This finding is in line with Odafe (2019) who argued that employee engagement cannot be discussed without analyzing job satisfaction, and that productivity and success of organizations is driven by engaged and satisfied employees. The results of the study also supports the findings of Medhi (2011) that employee engagement and job satisfaction need to be managed and sustained, if a firm must perform above industry average.

CONCLUSION AND RECOMMENDATIONS

Human capital has been regarded as the most important resource of any organization. Human resources are responsible for making a difference in organisations in terms of services provided. They either deliver good or bad services, this is where the competitive edge comes from which invariably affect all stakeholders in the organization. In order to have good service and high productivity, this study has identified employee engagement and job satisfaction as determinant of organizational performance.

In the light of the discussion above, the study recommends that managers of organizations should embraced high level of engagement with their staff at various level, it will help and aid staff to reach their full potential thereby promote the growth of the organization. The study also recommends that job satisfaction is a must for every employee in order to ensure a long tenure, managers should try within their capacity to improve areas such as job security, benefits, career development etc. where employees feel a sense of contentment. In addition, the study recommends that every organization should always measure job satisfaction among employees and implement necessary strategies to boost satisfaction. Furthermore, the study recommends that organizations should put in place mechanism for employees engagement survey in order to understand areas of concern for improvement and efficiency.

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