

# Relationships Between Work Environment and Employee Engagement

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## ABSTRACT

This research examines impact of work environment on employee engagement, and more that the role of job satisfaction as a mediator. We are empirically test relations between work environment and employee engagement mediate by job satisfaction in a national private bank in Indonesia. The data from questionnaires on job satisfaction, work environment and employee engagement collected from s survey that we received from 893 respondent via online. The structural model is based on four construct, which tested using structural equation modelling An increase in work environment both positively relates to job satisfaction and employee engagement, and it shows also that job satisfaction mediate positively significant work environment to employee engagement. This research confirm that job satisfaction mediate work environment to employee engagement although it is never conslucue yet from prom previous research. Work environment and job satisfactin both positively and significaly impact employee engagement and these constructs may strengthen employee engagement, as well as work environment impact to strengthen job satisfaction.

**Keywords:** *Work environment, Job satisfaction, Employee engagement, mediation, SEM*

## INTRODUCTION

The concept of employee engagement has long been one of the prominent ideas in the field of human resources (HR). In general, employee engagement is seen not only as the key to personal and operational performance but also determines the success of the

organization ((Nguyen & Pham, 2020). Employee engagement has become one of the top priorities for managers and human resource practitioners in organizations due to the implementation of activity restrictions. According to Memon at al., (2018) work environment is basic part of employee engagement as mentioned by Harter et al. (Harter et al., 2002), Holbeche (2018), Lepine, and Crawford (2010) and they are support statement that high level of engagement is a result of workplace environment. Organizations make alot of effort to reach high employee engagement condition on their employee, due to engaged employees will be more productive, mean while have to undstand the significant effects of work environment and job satisfaction on employee engagement (Rahman et al., 2017). Employee will be feel well and respected means to healthy working environment, and as employee as well as person will contribute to greater job satisfaction There has been known the important relationship between job satisfaction and employee engagement . (Taghipour & Dezfuli, 2013; Taheri et al., 2020). A lot studies argue the importanceof job satisfaction, work environment and employee engagement, and eanwhile there is no researchmodel explores the relationship between those all three concepts as a model

## OBJECTIVES

- To study the current working environment in an organization
- To identify the factors the affecting the woking environment
- To identify the expectation of employee towards working environment
- To know the reasons for the employee negative relationship

## LITERATURE REVIEW

In the following, the concepts used will be defined based on the analysis of previous literature and the conducted research, which will serve as a basis for hypothesis setting and further research work. We use occasionally term WE for work environment, JS for Job satisfaction and EE for employee engagement.

## WORK ENVIRONMENT OVERVIEW

Scientists attempting to conceptualize the WE in its simplest form can be defined as the settings, situations, conditions and circumstances in which people work. This is further elaborated by Briner (2000) as a very broad category that includes physical settings (e.g., heat and equipment), characteristics of the job itself (e.g., workload, task complexity), broader organizational features (e.g., culture, history) and even aspects of extra-organizational settings (e.g., local labor market conditions, industrial sector, work-home relations) (Briner, 2000). According to Opperman (2002) cited in (2012) defines the WE as a composition of three main sub-environments that include: (1) technical environment; (2) human environment and (3) organizational environment. It is explained that the technical environment refers to tools, equipment, technological infrastructure and other physical or technical elements of the workplace. The human environment includes peers, other people with whom employees come into contact, teams and work groups, interactional issues, leadership and management.

## JOB SATISFACTION OVERVIEW

An effective response by employees about work and this response is generated from individuals as a result of an overall comparison of actual circumstances with circumstances that are expected, needed, desired, or considered fair' (Lambert et al., 1999). According to Lee (1998), there are factors that affect a worker's JS in the form of job characteristics (e.g., autonomy and supervisory support) and work environment (e.g., working conditions). Other factors that influence JS include professional status (Lau & Chong, 2002), requirements (Hartrick and Hills, 1993) salary (Lum et

al., 1998), administrative style and policies (Collins & Henderson, 1991) and social integration (Kekana et al., 2007; Mueller & McCloskey, 1990). Yalabik (2017) argues that satisfaction with various characteristics or aspects of work will be reciprocated by more positive

## LEARNINGS

- **Enhanced Productivity:** Employees who enjoy positive relations with their employers are more engaged, leading to higher productivity. A harmonious workplace environment allows for the smooth flow of ideas, fostering innovation and efficiency.

**Employee Retention:** Strong employee relations management contributes to lower turnover rates. When employees feel valued and supported, they are more likely to remain with the organisation, reducing the costs and disruptions associated with high staff turnover.

## EMPLOYEE ENGAGEMENT OVERVIEW

Ulrich in Schaufeli (2014) reveals two things: First, organizational human capital is becoming increasingly important due to the demands of more things to do with fewer employees. So, the organization's treatment of employees is becoming more important than ever before. Second, modern organizations need employees who are able and willing to invest in their work psychologically. It is no wonder that companies have become interested in EE at a time of great change in the world of work (W. Schaufeli, 2014). positive things. Attachment is something that employees offer and cannot be 'required' as part of the employment contract or goal-setting process (Bridger, 2018).

## 1. Work Environment and Employee Engagement

Research by Mohd et al. (2016) on telecommunication companies stated that work environment is the most influential

factor on work engagement. The results of research limited to private banks operating in Bhubaneswar by Bidya & Pravat (2019) stated that the work environment and self-evaluation at work have a positive effect on employee engagement. These findings provide useful insights and suggestions for the management in private banks to gain knowledge about developing an employee engagement approach among their employees by adopting a better environment in the organization as well as implementing HR practices related to employee morale and workplace self-evaluation.

Based on the previous description, it should be suspected that there is a direct influence of work environment on employee engagement.

## 2. Work Environment and Job Satisfaction

1. Physical working environment and with the supporting components are office decoration, desk position and sanitation and others
2. Social working environment with the supporting component are relationship coworker and relationship with supervisor
3. Seured working environment with the supporting component are job security working environment Financial working environment with the the supporting component are wage rate, motivation facilities, appreciation, logistic support. Taheri et al., (2020)

## 3. Job Satisfaction And Employee Engagement

According to Lu et al., (2016), employee engagement is an individual dimension, and job satisfaction is the result of this dimension. Karanika-Murray et al. (2015), According to Karanika-Murray et al., (2015), that employees who are strongly and positively engaged with their work and show energy and dedication to their work, will have satisfaction with their jobs. Rayton dan Yalabik (2014) shows that job satisfaction mediates the relationship between psychological contract breach and employee engagement, indicating that engagement occurs when there is a feeling

in the employee that the organization fulfills all its obligations and simultaneously the employee achieves job satisfaction.

## Relation of Work Environment to Employee Engagement and Job Satisfaction Mediation

Some evidence from by previous research mention that there insignificant effect to work environment, job satisfaction, and employee performance Banking, educational institutions, and telecommunication industries in Pakistan proved the significant influence of work environment on employee job satisfaction. Managers recognize the work environment is very important to raise

## BENEFITS FOR THE ORGANIZATION:

1. Improved employee engagement and morale: Employees who feel valued and trusted are more motivated to contribute their best. This leads to higher productivity.
2. Increased retention: Good relationships make employees want to stick around longer. This reduces turnover costs related to hiring and training new employees.
3. Smoother change management: Engaged employees with a good relationship with leadership tend to embrace changes more readily. This makes transformation initiatives easier.
4. Enhanced employer brand: A reputation as a great place to work helps attract top talent. It also improves public perception and customer satisfaction.
5. Identifying pain points: Open communication inherent in ERM helps surface issues that need to be addressed proactively.
6. Stronger collaboration: Good relationships enable employees to work together more effectively as a team.

## BENEFITS FOR EMPLOYEES:

1. Job satisfaction: Employees who get along well with their team and managers find greater meaning and fulfillment in their work.
2. Career development: Managers who invest in their employees' growth open up more advancement opportunities. This allows for acquiring new skills.

3. Workplace community: Positive work relationships provide employees with a sense of belonging and a support system. This enhances their well-being.  
Trusted environment: A culture of openness and respect enables employees to voice concerns freely and honestly. They feel valued and heard.
4. Leadership guidance: Bonding with managers allows employees to get constructive feedback and coaching. This supports their overall development.

## IMPORTANCE OF EMPLOYEE RELATIONSHIP

1. Organizations must make efforts to maintain a healthy relationship with the employees. It should be profitable to both the employers and employees as well. Happy and satisfied employees hold the potential to improve organizational performance and engagement. Other reasons as to why employee relationships are important:

2. Unresolved employee issues can lead to employees leaving the organization. The cost of employee turnover is expensive to both the company and the employees. So, any employee frustration or problems should be addressed before it's too late. When organizations make consistent efforts to improve and maintain the employer-employee relationship, employee retention increases.

## METHODOLOGY

### 1. Hypotheses

We formulated four hypotheses to test the relations between these three construct work environment, job satisfaction, and employee engagement. The hypotheses that tested mentioned in the model in Figure 1) below.

H1: Work environment positively related to job satisfaction.

H2: Work environment positively related to employee

engagement.

H3: Job satisfaction is positively related to employee engagement.

H4: Job satisfaction is mediate work environment to employee engagement.

## 2. Instruments

All of the instruments in three variabel were measured on a five-item scale. We used a five-point scale of Likert ranging from 1 (very disagree) to 5 (very agree).

Employee engagement was measured on a five item scale based on UWES (W. B. Schaufeli et al., 2006) The coefficient of reliability  $\alpha$  = was 0.960,. Job satisfaction was measured by using a five item scale developed by Nasser and cobined with Ramalho Luz (Nasser, 2011; Ramalho Luz et al., 2018). The coefficient of reliability  $\alpha$  = 0.962,.

## Research setting and participants

The questionnaires was responded by a total of 893 banking employees at level 5, 6, 7 office rank, were men 503 (56%) were women 390 (44%). Based on marital status of respondents: 785 (77%) were married, 208 (23%) were single. We have also asked about the number of children where 137 (15%) had none, 238 (27%) had one child, 230 (26%) had two children, 80 (9%) had more than two children. According to the working period of respondent, where 339 (38%) has been less than 5 years, 253 (28%) has between 5 to 10 years, 201 (23%) has between 10 to 15 years, 47 (5%) has between 15 to 20 years, 53 (6%) has been more than 20 years. Bases on the educational respondents background : 4 (0.45%) had in senior high school, 74 (8%) Diploma, 782 (88%) Undegraduate, 33 (4%) had a M.Sc. or MBA. According to position office rank 5 are 96 (11%), were office rank 6 are 473 (53%), were office rank 7 are 324 (36%). According to the age of respondent, where 285(32%) less than 30 years old, 478 (54%) between 30 to 40 years old, 110

(12%) between 40 to 50 years old, 19 (2%) between 50 to 60 years old.

## DISCUSSION

The correlation results show that JS and EE are positively related, and JS playing as mediator role for EE (Malhotra & Jain, 2015; Tepayakul & Rinthaisong, 2018). A healthy WE where individuals feel comfortable and valued, both as employees and as individuals with personal lives is important for employee. In previous research we have not been able to find studies that specifically discuss onstruct of JS mediate r WE and EE . We have examined the relationship between WE , JS, EE and the role of JS as a mediator for WE and EE . This research is based on empirical evidence.

## CONCLUSION

From the result we can conclude that a higher level of WE has a positive effect on JS (H1) and JS is positively related to EE . (H2), and JS is positively related to EE . The three hypotheses above strengthen or are in line with the results of previous research. The results of research on the mediating role of JS in the relationship between WE to EE can be confirmed to be positive and significant. Most of the research focuses on three constructs, namely JS, WE and EE, the mean while we are not considering another determinant, as we do not include mentioning demographic variables, that we propose to consider for next research. The results of our research, however, bring up something new which brings the important impact of the role of JS on the WE and EE. The practical contribution of this research is also a deep insight into the relationships between the studied constructs. This paper has practical implications for HR professionals and heads of work organizations, as it emphasizes the important impact of the WE on JS.

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