

Ascertaining the Role of Psychological Climate in Predicting Employee Engagement

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Abstract

The purpose of the study was to ascertain if there was a link between psychological climate and employee engagement. An individual's willingness to participate in a job is determined by the organization's atmosphere. According to the findings of this study, there is a link between psychological climate and Employee Engagement (Saks, 2006). This means that by improving the organization's climate, we can increase employee engagement. Employee Engagement can be improved by improving the quality of the working environment.

Keywords: Employee Engagement, Employees, Environment, Organization, Psychological Climate, Work

1. Introduction

More than ever before, modern commercial organizations face numerous obstacles in properly managing their people capital. Because competent and motivated individuals have a variety of career possibilities, it is difficult to attract and keep them. Another key stumbling block in overcoming this obstacle is the organizations' expectations of its personnel. Employees must be proactive, exhibit initiative while performing their job and remain committed to achieving high performance standards (Leiter, (2010) and Chughtai and Buckley, (2011). Cho and McLean (2009), also noted that simply showing there isn't enough; they need to be performing at their best. In this regard, providing employees with a pleasant, rewarding work environment conducive to their job-related wellbeing is critical, as it allows them to improve and as a result, help their organization thrive in the current climate. Engaged employees, by their positive psychological experiences and attitudes, can help to improve an organization's psychological climate (Wollard and Shuck, 2011) and hence contribute to the

organization's effective functioning. Engaged employees, in particular, are more likely to experience happy emotions (Bindl and Parker, 2010; Bakker *et al.*, 2011), which lead to positive behaviors in the workplace, such as helping behavior and generate an upward spiral of positive sentiments (Cameron *et al.*, 2003). The positive gain cycle of constructive emotions boosts employees' pride in the organization, enjoyment of their work and job satisfaction, all of which are critical components of managerial success and organizational greatness (Fineman, 1996; and Cameron *et al.*, 2003). This paper focuses on ascertaining the linkage between psychological climate and employee engagement.

2. Literature Review

2.1 Psychological Climate

Psychological climate refers to the environment in the workplace that encourages people to enjoy their work or creates psychological hurdles to their work. Employees' psychological nuances display a psychological climate,

which is an expression or expression of the total mood (Brown and Leigh 1996). The psychological climate, according to Parker *et al.*, 2003, is the individual's visualization of an organization's structure and procedures. Furthermore, the psychological climate will have an impact on employee attitudes toward work, psychological well-being and motivation to individuals based on their cognitive assessment of their surroundings. Psychological climate is also a sense of the qualities of conditions that have psychological meaning or meaning that might influence individual members' conduct and attitudes (Rahmawati *et al.*, 2018). According to Young *et al.*, the psychological climate is a source of strength from business and core values that can unify all members of the organization into one unit, as indicated in his research. If employees are happy, comfortable, and satisfied, their creativity and abilities will be efficiently developed. Employees will have a positive perception of their workplace if they are more involved in their work and produce high work performance (Kawiana *et al.*, 2021). According to Muhilson (2021), it is critical for businesses to improve the work environment climate so that employees love their jobs and gain experience. And psychological climate is the perception of aspects of work conditions that have psychological significance and can influence individual members of the organization's conduct and attitudes. According to Brown and Leigh (1996), there are six (six) dimensions to consider: 1. The presence of management support (supportive management) is regarded as supportive and adaptable. 2. The existence of clear roles (role clarity) 3. Self-expression freedom (self-expression) 4. Organizational acclaim (recognition). 5. Employee contributions are aligned with the company's objectives and 6. Difficult and challenging work.

2.2 Employee Engagement

Employees that have tremendous prospects at work will take sides with the type of work they do and care about it, resulting in a high level of employee involvement. This can be used to increase staff performance, develop positive attitudes, and encourage positive conduct. Engagement, according to Schaufeli *et al.*, (2002), is a positive, gratifying, affective-motivational state of well-being marked by vigor, dedication and absorption. Employees' willingness to invest their time, effort and

positive energy while executing job responsibilities is referred to as vigor which is a high level of positive core affect. Employees perceive their work as meaningful, significant and hard when they are dedicated to it. Employees who are happily interested and perceive their work as engaging and something to which they can commit their complete attention are said to be engaged in absorption (Bakker *et al.*, 2011). Employees that are enthusiastic, dedicated and psychologically involved are better equipped to devote their active physical power and emotional energy to achieving organizational objectives. Employee Engagement entails investing in oneself, being authentic in one's work and delivering work performance with passion, persistence and energy. Increasing Employee Engagement in the organization can also aid in talent retention. Employees who are engaged are satisfied with their jobs, enjoy their work and the organization, believe their job is important, take pride in their company and believe their employer values their contributions. According to Vance (2006)'s report on measuring engagement at Intuit, highly engaged employees were five times less likely to quit than unengaged employees. According to Ramsay (2006), an organization's ability to engage, retain, and maximize the value of its employees is dependent on how well jobs are designed, how employees' time is used and the commitment and support of management towards employees.

2.3 Psychological Climate and Employee Engagement

Although prior research has suggested that employee involvement is linked to workplace efficiency and production, there is relatively little empirical evidence that explains how engagement develops. Furthermore, because of the well-documented repercussions, businesses are looking for methods to embrace the concept, developing development plans, and polling their employees to see what steps they should do first (Wollard and Shuck, 2011). Employees are likely to trade their participation as a state of reciprocal dependency for economic and socio-emotional resources from their business, according to Saks (2006). Engagement has thus been defined as a two-way connection between the employer and the employee (Robinson *et al.*, 2004). Employees tend to be engaged at high levels while feeling obligated to respond in a

caring manner if a business is able to give fair economic benefits and a climate of mutual trust, commitment and participation. Wollard and Shuck (2011) identified 21 organizational characteristics that contribute to employee engagement, the majority of which are around improving individuals' positive psychological experiences at work, such as role clarity, job-fit, rewards, feedback, challenge and a favorable workplace climate. Several additional research have also found a link between a positive company climate and higher Employee Engagement levels (Hakanen *et al.*, 2006; and Bakker and Demerouti, 2007). As previously said, a favorable psychological atmosphere fosters engagement by encouraging people to put in more effort, time and energy in their jobs (Brown and Leigh 1996). Employees that are engaged work harder and are more dedicated to achieving task mastery. The engagement of one individual can spread to others, improving team performance indirectly (Bakker, 2011) and therefore assisting businesses in achieving their objectives. In this regard, Employee Engagement has been identified as a cornerstone to organizational success and performance, as well as a critical component in improving organizational effectiveness (Cameron *et al.*, 2011 and Welch, 2011). From the above literature review we can formulate a hypothesis.

H0: Psychological Climate has no significant effect on Employee Engagement.

H1: Psychological Climate has significant effect on Employee Engagement.

2.4 Research Methodology

The research was carried out at several Lucknow-based organizations. The researchers wanted to see if there was a link between psychological climate and employee

engagement. For this aim, 200 middle and upper-level employees were personally called and asked to complete the survey. Data analysis was done using AMOS.

3. Measures

3.1 Psychological Climate

Brown and Leigh developed the Psychological Climate Measure to assess psychological climate (1996). The scale has a total of 21 items and is divided into six subscales: Supportive management, role clarity, contribution, recognition, self-expression and challenge (e.g., management makes it perfectly clear how my job is to be done; doing my job well really makes a difference). This scale had a reliability score of 0.80.

3.2 Employee Engagement

The Utrecht Work Engagement Scale (UWES-9) was established by Schaufeli *et al.*, to assess work engagement (2006). The scale has nine items and measures three sub-dimensions of engagement: Vigor (e.g., 'At my job, I feel bursting with energy'), dedication (e.g., 'My job inspires me') and absorption (e.g., 'When I am working, I get carried away'). All things in these three sub-dimensions were rated on a seven-point scale, with 0 equaling "Never" and 6 equaling "Always." This scale had a Cronbach alpha of 0.86.

3.3 Statistical Analysis of Data

3.3.1 Factor Analysis

Exploratory factor analysis is used on a set of data to determine the underlying factor structure. Many methods were used to analyze the data to convert to

Table 1. CFA values

Sn. No.	Construct	χ^2/df	RMSEA	CFI	GFI	AGFI	RMR	NFI
1	Employee Engagement	.020	.000	.957	1.000	1.000	.023	.989
2	Psychological Climate	.503	.000	1.000	.999	.994	.052	.998

useful information, such as internal consistency was established through the Cronbach's alpha. To ensure construct validity, exploratory and confirmatory factor analyses were employed: Four factors were identifying through EFA for Psychological climate and all factors are

confirmed through CFA. In Employee Engagement three factors were identified through EFA and all 3 factors are confirmed through CFA.

Based on the structural model that has been built, validity and reliability tests were carried out. Based on the

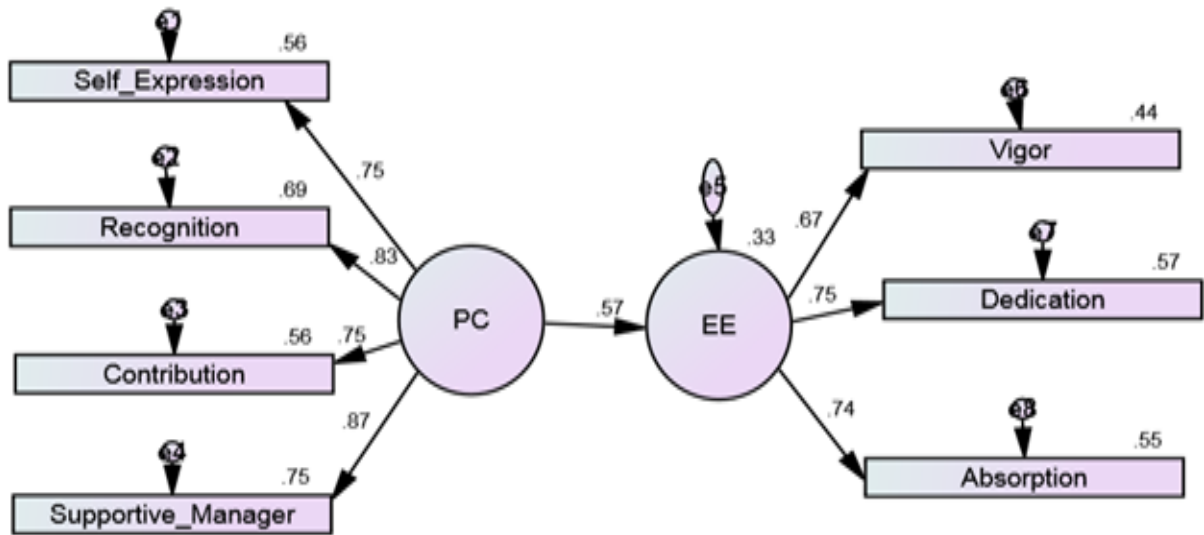


Figure 2. The impact of psychological climate on Employee Engagement through SEM.

Table 2. Regression weights: (Group number 1 - Default model)

			Estimate	S.E.	C.R.	P	Label
EE	<---	PC	.504	.063	8.050	***	
Self_Expression	<---	PC	1.000				
Recognition	<---	PC	.936	.059	15.801	***	
Contribution	<---	PC	.921	.065	14.216	***	
Supportive_Manager	<---	PC	1.011	.061	16.435	***	
Social_Support	<---	EE	1.000				
Job_Fit	<---	EE	1.323	.123	10.729	***	
Career_and_development	<---	EE	1.271	.119	10.661	***	

Table 3. Standardized regression weights: (Group number 1 - Default model)

			Estimate
EE	<---	PC	.573
Self_Expression	<---	PC	.750
Recognition	<---	PC	.830
Contribution	<---	PC	.749
Supportive_Manager	<---	PC	.869
Vigour	<---	EE	.667
Dedication	<---	EE	.755
Absorption	<---	EE	.739

results of the SEM output in the calculation results of the outer loading value of all indicators the value is greater than 0.5 so that all indicators can be used in the research model. Psychological Climate explained a variance of 56% in “contribution” dimension, followed by those explained in supportive manger (75%), recognition (69%) and self-expression (56%). The Average Variance Extracted (AVE) values are all variables, the value is greater than 0.5 so that it meets the requirements of convergent validity, meaning that this research model has good discriminant validity. The result of validity and reliability tests of the AVE value of psychological climate is 0.51; and Employee Engagement is 0.53. The next testing stage is discriminant validity. Discriminant validity can be tested by comparing the value of the square root of the AVE with the correlation value between constructs. The square root value of AVE is greater than MSV (0.354, 0.152) of each construct. By testing the impact of psychological climate on Employee Engagement through SEM it was reported that psychological climate shares a significantly positive relationship with Employee Engagement ($\beta = 0.57, p < .001$). Thus, based on these, H0: “There is no significant relationship between Psychological Climate and Employee Engagement” have been rejected.

4. Findings

The findings imply that safe and meaningful working environments (supporting management, role clarity, self-expression, job challenge, recognition and contribution) are positively associated to employee engagement, which is in turn related to organizational effectiveness. Because people are more engaged at work, organizational settings that include the above-mentioned climate concerns are more likely to improve organizational success. This list of positive climate features can be quite useful for practitioners who are often tasked with finding workplace characteristics that influence employees’ climate impressions. These elements can be implemented into organizations’ strategic HRM interventions. HRM interventions based on these criteria will result in a higher return on investment in human capital management for firms, as well as a better return on investment in human capital management interventions more effective for managers and employees in general. Employee environment perceptions, according to Biswas and Varma (2007), have a considerable impact on employees’ citizenship actions and job happiness, and so favorably impact their job performance.

5. Conclusions

In the face of vying current realities of business, managing employees has become increasingly vital, as organizations strive to enhance their emotional commitment to work while also achieving organizational success. The study focuses on important climate characteristics that may have an impact on employee engagement. This research provides some rather specific recommendations for human resource managers whose job is optimizing workplace efficiency in order to improve employee engagement.

Organizations or firms must pay attention to their surroundings, such as providing support, their position, freedom to express themselves, and giving acknowledgment for their work and contribution to the organization, in order to improve employee involvement in the workplace.

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