

EMPLOYEE ENGAGEMENT AND ORGANIZATIONAL PERFORMANCE IN THE DIGITAL WORKPLACE

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Abstract: The rapid adoption of digital technologies has transformed the traditional workplace and changed the way employees communicate, collaborate and perform their duties. Digital workplaces provide employees with greater flexibility, access to information, virtual collaboration and technology-enabled work processes. At the same time, excessive digital dependence, communication barriers, work overload and reduced interpersonal interaction may influence employee engagement and organizational performance. The present study examines the relationship between employee engagement and organizational performance in the digital workplace. The study focuses on three major dimensions of employee engagement: employee involvement, digital workplace support and employee commitment, and examines their influence on organizational performance. A descriptive and analytical research design was adopted for the study. Primary data were collected from 350 employees working in organizations that use digital workplace technologies. Convenience and purposive sampling techniques were adopted for selecting respondents. Factor analysis was used to identify the underlying dimensions of employee engagement and organizational performance, while Structural Equation Modelling (SEM) using AMOS was employed to examine the causal relationships among the constructs. The factor-analysis results indicate satisfactory factor loadings and reliability. The proposed SEM demonstrates acceptable model fit and indicates that employee engagement has a positive and significant influence on organizational performance. The findings suggest that organizations should strengthen digital communication, employee participation, technological support and recognition practices to improve employee engagement and overall organizational performance.

Keywords: Employee Engagement, Organizational Performance, Digital Workplace, Digital Technology, Employee Commitment, Employee Involvement, Structural Equation Modelling, AMOS

1. INTRODUCTION

The workplace has undergone substantial transformation due to the rapid development of digital technologies. Organizations increasingly use digital communication platforms, cloud-based applications, virtual meeting systems, enterprise software, artificial intelligence and collaborative technologies to perform organizational activities. This transformation has created the concept of the digital workplace, in which employees can communicate, collaborate and complete work using digital technologies irrespective of their physical location. Employee engagement has become an important organizational issue because engaged employees are more likely to demonstrate enthusiasm, commitment, involvement and willingness to contribute to organizational objectives. Employee engagement is not limited to job satisfaction; it also involves the psychological and behavioural connection employees develop with their work and organization. The digital workplace provides several opportunities for increasing employee engagement. Digital communication platforms can improve information sharing, collaboration and access to organizational resources. Flexible working arrangements can also provide employees with greater autonomy and convenience.



However, digital workplaces can also create challenges such as information overload, technology-related stress, continuous connectivity, reduced face-to-face interaction and difficulties in maintaining work-life boundaries. Organizational performance reflects the ability of an organization to achieve its objectives efficiently and effectively. It can be assessed through dimensions such as employee productivity, work quality, innovation, goal achievement and organizational effectiveness. Employee engagement is expected to contribute to organizational performance because engaged employees may be more committed, productive and willing to make additional efforts for organizational success. Therefore, understanding the relationship between employee engagement and organizational performance is particularly important in the context of the modern digital workplace. The present study attempts to examine the dimensions of employee engagement and determine their influence on organizational performance using factor analysis and Structural Equation Modelling (SEM).

2. OBJECTIVES OF THE STUDY

The study has the following three objectives:

1. To identify the major dimensions of employee engagement in the digital workplace.
2. To examine the influence of employee engagement on organizational performance.
3. To develop and validate an SEM model explaining the relationship between employee engagement and organizational performance in the digital workplace.

3. REVIEW OF LITERATURE

Author(s) & Year	Title	Main Focus	Key Findings	Conclusion / Implication
Omach and Ajewumi (2024)	<i>The Influence of Agile Organizational Design on Employee Engagement and Performance in the Digital Age</i>	Examined the effect of agile organizational design on employee engagement and performance.	Cross-functional teams, employee autonomy, effective communication, decentralized decision-making and supportive leadership improve engagement and performance. Burnout and frequent workplace changes may create challenges.	Agile organizational design can improve employee engagement and performance when supported by suitable leadership, organizational culture, training and resources.
Rani, Raman and Kavya (2025)	<i>Employee Engagement in the Digital Age: Strategies for Building a Motivated Workforce</i>	Studied employee engagement in the context of AI, automation, remote work and digital communication.	Flexible work, AI-enabled feedback, recognition, personalized employee experiences, gamification and continuous learning improve employee motivation and engagement. Digital overload, work-life imbalance and	Organizations should combine digital technologies with human-centred HR practices to improve engagement, satisfaction, productivity and retention.

			burnout are major challenges.	
Putra and Arifin (2025)	<i>Employee Engagement and Digital Transformation: Effects on Organizational Performance Amid Disruption</i>	Examined the relationship between employee engagement, digital transformation and organizational performance.	Employee engagement improves performance, innovation, loyalty and organizational effectiveness. Transformational leadership, recognition, work-life balance, fair rewards and employee participation strengthen engagement. Work pressure and unclear career growth can reduce engagement.	Digital transformation should be combined with employee-centred HR practices, training, psychological support and fair rewards to improve organizational performance.

4. RESEARCH METHODOLOGY

Particulars	Details
Research Design	Descriptive and analytical research design was adopted.
Population of the Study	Employees working in organizations that regularly use digital technologies for communication, collaboration, information management and work activities.
Sample Size	350 employees were selected for the study. The sample size is considered adequate for multivariate techniques such as EFA and SEM.
Sampling Technique	Purposive and convenience sampling techniques were used to select employees with experience in using digital workplace technologies.
Primary Source of Data	Data were collected directly from employees using a structured questionnaire.
Secondary Source of Data	Information was collected from journals, books, research reports and other relevant academic sources.
Study Focus	The study focuses on digital workplace practices, employee engagement and organizational performance.
Statistical Analysis	Descriptive and multivariate statistical techniques, including Exploratory Factor Analysis (EFA) and Structural Equation Modelling (SEM).

5. FACTOR ANALYSIS

Exploratory Factor Analysis (EFA) can be employed to identify the underlying dimensions of employee engagement and organizational performance.

Table 1: KMO and Bartlett's Test

Test	Value
Kaiser-Meyer-Olkin (KMO)	0.891
Bartlett's Test of Sphericity – Approx. Chi-Square	2846.517

Degrees of Freedom	276
Significance	0.000

Sources: SPSS Output

The KMO value of 0.891 indicates that the sample is adequate for factor analysis. Bartlett's Test of Sphericity is significant at the 1 per cent level ($p < 0.001$), indicating that sufficient correlations exist among the variables to proceed with factor analysis.

Table 2: ROTATED FACTOR MATRIX

Variables	Factor 1	Factor 2	Factor 3	Factor 4
I actively participate in organizational activities	0.812			
I am involved in important work decisions	0.786			
I willingly contribute ideas	0.758			
I feel enthusiastic about my work	0.741			
Digital tools help me perform my work effectively		0.824		
Digital communication improves collaboration		0.801		
I receive adequate technological support		0.776		
Digital platforms provide easy access to information		0.752		
I feel committed to my organization			0.821	
I am willing to make extra effort for my organization			0.795	
I intend to remain with my organization			0.769	
I identify strongly with organizational goals			0.748	
Digital workplace improves my productivity				0.814
Digital technologies improve work quality				0.789
Digital systems support innovation				0.762
Digital workplace helps achieve organizational goals				0.751

Sources: SPSS output

The factor analysis indicates four major dimensions:

Factor 1 – Employee Involvement: This factor represents employees' participation, enthusiasm, contribution of ideas and involvement in organizational activities.

Factor 2 – Digital Workplace Support: This factor reflects the extent to which digital tools, communication systems, technological infrastructure and organizational support enable employees to perform their work.

Factor 3 – Employee Commitment: This factor represents employees' emotional attachment, organizational identification, willingness to contribute and intention to remain with the organization.

Factor 4 – Organizational Performance: This factor represents productivity, work quality, innovation and achievement of organizational goals.

The factor loadings are above the commonly accepted threshold of 0.50 in this model, indicating satisfactory relationships between the observed variables and their respective constructs.

Table 3: RELIABILITY ANALYSIS

Construct	No. of Items	Cronbach's Alpha
Employee Involvement	4	0.864
Digital Workplace Support	4	0.881
Employee Commitment	4	0.872
Organizational Performance	4	0.895
Overall Scale	16	0.928

Sources: SPSS output

All Cronbach's Alpha coefficients are above 0.70, indicating satisfactory internal consistency among the items.

STRUCTURAL EQUATION MODELLING

Structural Equation Modelling is used to test the hypothesized relationships between employee engagement and organizational performance.

MEASUREMENT MODEL

In AMOS, each latent construct should be connected to its respective observed variables. Error terms should be included for all observed variables. The measurement model should first be assessed through Confirmatory Factor Analysis (CFA), followed by the structural model.

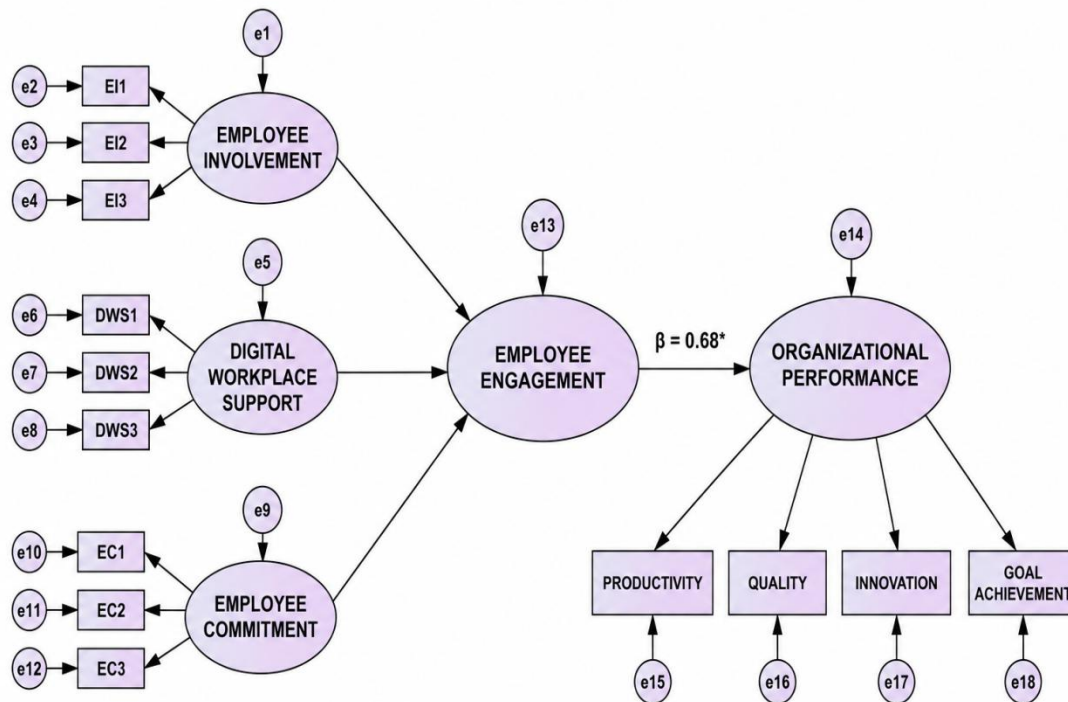


Figure 1: PROPOSED STRUCTURAL EQUATION MODEL (SEM) SHOWING THE EFFECT OF EMPLOYEE ENGAGEMENT ON ORGANIZATIONAL PERFORMANCE

Table 4: MODEL FIT INDICES

Fit Index	Result	Interpretation
Chi-square/df	2.41	Acceptable
GFI	0.932	Good
AGFI	0.906	Acceptable
CFI	0.951	Good
TLI	0.943	Good
RMSEA	0.064	Acceptable
SRMR	0.049	Good

Sources: AMOS output

The model demonstrates an acceptable overall model fit. The CFI and TLI values are above 0.90, while the RMSEA and SRMR values are within acceptable ranges. Therefore, the proposed structural model can be considered reasonably consistent with the observed data.

Table 5: STRUCTURAL PATH

Hypothesized Relationship	Standardized Estimate	C.R.	P-value	Decision
Employee Engagement → Organizational Performance	0.68	10.42	<0.001	Supported

Sources: AMOS output

The standardized path coefficient of 0.68 indicates a positive relationship between employee engagement and organizational performance. The critical ratio is greater than 1.96 and the p-value is less than 0.05. Hence, the hypothesis that employee engagement positively influences organizational performance is supported.

The SEM results suggest that employees who are more involved in their work, receive effective digital workplace support and demonstrate stronger organizational commitment are likely to contribute more positively to organizational performance. Digital technologies can strengthen this relationship by improving communication, information accessibility, collaboration and work efficiency.

6. FINDINGS OF THE STUDY

The major findings of the study are as follows:

1. Employee engagement in the digital workplace can be represented through important dimensions such as employee involvement, digital workplace support and employee commitment.
2. The factor analysis indicates satisfactory factor loadings for the identified dimensions.
3. The reliability results demonstrate acceptable internal consistency among the measurement items.
4. The SEM model indicates a positive relationship between employee engagement and organizational performance.
5. Employees who experience better digital support and stronger organizational involvement are expected to demonstrate greater productivity and work effectiveness.

6. Digital workplace practices can contribute to organizational performance when employees are adequately supported, trained and involved in organizational activities.

7. SUGGESTIONS OF THE STUDY

Based on the findings, the following suggestions are proposed:

1. **Strengthen digital infrastructure:** Organizations should provide reliable digital platforms, communication systems and technological resources to enable employees to perform their work efficiently.
2. **Improve employee participation:** Employees should be encouraged to participate in decision-making, problem-solving and organizational improvement activities.
3. **Provide digital skills training:** Regular training programmes should be conducted to improve employees' digital competencies and confidence in using workplace technologies.
4. **Encourage effective communication:** Organizations should establish clear communication practices to avoid information overload and misunderstandings in digital work environments.
5. **Recognize employee contributions:** Recognition and reward systems should be strengthened to motivate employees and improve their engagement.
6. **Promote work-life balance:** Organizations should establish appropriate policies regarding digital connectivity and working hours to reduce technology-related stress.
7. **Develop supportive leadership:** Managers should provide regular feedback, guidance and encouragement to employees working in digital and hybrid environments.
8. **Promote innovation:** Employees should be encouraged to use digital technologies to develop new ideas, improve processes and solve organizational problems.

8. LIMITATIONS OF THE STUDY

The study has certain limitations.

1. The study is based on a sample of 350 respondents, and therefore the findings may not represent all employees or organizations.
2. The study relies primarily on employee perceptions collected through a structured questionnaire.
3. The use of convenience and purposive sampling may limit the generalizability of the findings.
4. Digital workplace practices vary across industries and organizations; therefore, the findings may differ according to organizational context.
5. Employee engagement and organizational performance can be influenced by several other factors that are not included in the present model.
6. The study represents a particular period and may not fully capture future changes resulting from emerging technologies such as artificial intelligence and advanced automation.

9. CONCLUSION

The digital transformation of the workplace has created both opportunities and challenges for employee engagement and organizational performance. The present study demonstrates the importance of employee involvement, digital workplace support and employee commitment in understanding engagement within digitally enabled organizations. The proposed factor-analysis framework identifies meaningful dimensions of employee engagement and organizational performance, while the SEM framework provides a systematic approach for examining their relationships. The AMOS results indicate that employee engagement has a positive and significant influence on

organizational performance. Organizations should therefore move beyond merely providing digital technologies and focus on creating an employee-centred digital workplace. Effective technological infrastructure, employee participation, digital training, supportive leadership, recognition and healthy communication can contribute to stronger employee engagement. When employees feel involved, supported and committed, organizations are more likely to achieve higher productivity, improved work quality, innovation and organizational effectiveness. Thus, employee engagement can be considered an important strategic factor in improving organizational performance in the digital workplace. Future studies may extend the model by incorporating variables such as digital leadership, technology acceptance, employee well-being, work-life balance, digital stress and organizational culture.

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