



Impact of Engagement Drivers on Employee Retention through Employee Engagement

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Article Info

Article History:

Published: 25 Dec 2025

Publication Issue:
Volume 2, Issue 12
December-2025

Page Number:
566-580

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Abstract:

As employee retention continues to pose a challenge for many companies as they attempt to remain competitive within the globalization of the marketplace and constant change in the nature of work, this research seeks to better understand how engagement factors such as work culture, leadership style, and career development opportunities impact the level of retention amongst an employee's engagement level. This research study employs a quantitative methodology using primary data collected from employees of Indian startups via a structured questionnaire, and results indicate that all three engagement factors significantly impact employee engagement levels and result in positive effects on employee retention. Based on this information, it can be inferred that employees who have a supportive leader, work within a positive work environment, and have access to continuous learning opportunities will have a higher degree of commitment to their employer. Through this research, organizations can acquire useful information that will help them develop strategies to promote engagement in order to create a sustainable model for long-term employee retention.

Keywords: Employee Engagement, Employee Performance, Employee Retention

1. Theoretical Background

In this study employee engagement has been examined through existing organisational behaviour theories. The Job Demands-Resources Model (JD-R Model) states that the job resources provided by an organisation e.g. a supportive working environment, the presence of effective leadership as well as providing advancement opportunities will lead to greater employee engagement.

The Social Exchange Theory posits that an employee will return the favour of positive organisational practices with greater engagement, improved performance and higher retention intentions. The existence of intrinsic motivators is explained through Herzberg's Two-Factor Theory which highlights the importance of these factors in sustaining engagement. Therefore the theories used

in conjunction with the study positively establish that employee engagement is a major contributor to both employee performance and employee retention in a positive way.

Statement of the Problem

Organizations continue to face issues with retaining employees because they do not fully understand the impact of employee engagement initiatives on retention. Many organizations are unsure of the effects of key engagement drivers, such as organizational work environment, leadership and career advancement opportunities, on employee retention. In addition, the majority of current research looks at these factors separately and therefore fails to address the role of employee engagement as an intermediary between key engagement drivers and employee retention. The goal of this research is to identify the way(s) in which employee engagement connects key engagement drivers to employee retention in modern organizational environments.

2. Introduction

Employee engagement is a key factor in improving organizational performance and retaining employees in today's workplace. Engaged employees will be more committed, motivated and involved in their work, leading to a positive impact on the organization's performance. Companies are increasingly focusing on identifying the drivers of employee engagement to maintain their success.

The level of employee engagement is influenced by three primary factors: culture of the organization, leadership style within the organization and access to career advancement opportunities within the organization. When these factors are managed effectively by the organization, it is highly likely that employees will perform better and continue to be loyal to the company. Thus, this study seeks to explore the connection between the major drivers of employee engagement and retention as well as to determine whether employee engagement mediates the relationship between drivers and retention.

3. Review of Literature

1. HRM Systems as an Engagement Catalyst

According to **Dey et al. (2023)**, well-structured HRM systems that provide feedback, recognition and job training programs have a greater potential to increase employees' equity in India's entrepreneurial businesses. The authors conclude that organizations which use beneficial HRM

methods positively affect employees' organizational commitment and productivity. In addition, improved employee engagement is integral to retaining employees.

2. Learning-Centred Culture as a Driver of Engagement

Alonso-García et al. (2023), stated that organizations that create a positive culture surrounding learning and sharing of knowledge are more likely to experience a higher level of employee engagement. Providing employees access to training resources along with providing clear communication regarding expectations for the organization increases the intrinsic motivation and psychological well-being of employees, which decreases the number of employees who leave the organization.

3. Retention Dynamics in Startup Environments

Karthika and Gunasekharan (2025) stated that, unlike traditional companies where monetary incentives are major motivators, the most important factors motivating startup employees are intrinsic to the company itself, and include the ability to fulfil a purpose, be recognised for one's contributions and receive support from management. To create employee engagement levels, significant investments should be made in each of these intrinsic motivators. Employees who are more engaged with their organisations will be retained at a higher rate during their early stages of development.

4. Engagement, Psychological Capital & Retention

Ashraf & Siddiqui, (2020) Psychological capital, such as resilience and optimism, increases the level of engagement of an employee has to their job. Engaged employees have greater performance and remain employed for longer. Engagement acts as a bridge from psychological resources to decreased intent to leave an organization

5. The Effects of HR Practices on Retention

Kulkarni et al., (2020) found that employees are more likely to stay in their jobs when they are paid fairly, have open lines of communication, and are offered opportunities for developing skills. Employees will have strong commitment and are therefore more productive when they see opportunities for advancing their careers. There will be an increase in employee engagement which creates a greater desire to remain in employment with the organization.

6. Impact of HR Gaps on Performance in Startups

Singh & Sharma, (2025). The overwhelming majority of startup organizations suffer due to undefined roles, overworking employees, and poor communication. All three of these elements negatively impact employee engagement and productivity. This was evidenced by the research that showed clearly defined roles, along with the provision of managerial assistance, lead to increased employee engagement and retention.

7. Emerging Startups and Their Impact on Employee Engagement and Retention

Upadhyay, (2020). In order to increase employee engagement at a startup, an established culture of management support, equality among employees, and providing recognition for individual contributions must be established. Employees who feel emotionally satisfied tend to be more committed and productive than those who do not, which ultimately results in decreased turnover for those employees.

8. Engagement as a Mediator of Turnover Intention

According to **Aljohani et al., (2020)**, Engagement serves as a mediator variable to the relationships between Job Resources and Turnover Intention. Employees with strong job resource systems (Recognition, Autonomy, and/or Feedback) will be more engaged and have less tendency to leave. Engagement is the reported psychological mechanism that strengthens commitment and performance.

9. Retention Strategies Followed by Startup Companies

Suvethashri and Vickram (2020) have shown that retention strategies for startup organizations that are based on recognition, autonomy, and meaningful work significantly increase employee engagement. Their study finds that employees who feel respected and empowered have greater loyalty and performance than employees who do not feel that they have recognition, autonomy, or meaningful work. Their findings indicate that employees who do not have intrinsic motivators are disengaged and are more likely to leave; they also indicate that the supportive culture and intentional work design are important to create a long-term retention culture within an ecosystem of startups.

10. Engagement as a Predictor of Turnover Intention

Gašić & Berber (2023) stated that employee commitment was mediated by their engagement with flexible work arrangements. Thus, by creating a higher level of job engagement, Flexible Work Arrangements significantly reduce intention to leave an organization. They concluded that engagement mediates the relationship between flexible work arrangements and employee commitment, which

means that flexible work arrangements substantially reduce turnover intentions. engaged employees have greater emotional attachment to their organization, exhibit higher levels of performance, and therefore create better retention models.

11. Engagement, Resources, and Organizational Retention

Shahpouri et al. (2016), concluded that engagement acts as a mediator between job resources and turnover intention. Employees who possess adequate resources develop an increased level of engagement and perform better and are less likely to voluntarily resign from their employment. Therefore, increasing employee engagement is an effective method of retaining top performers working under demanding conditions.

12. Employee Retention Strategies in Startup Ventures

Srivastava & Nandhini (2021) Retention of employees has always been a huge obstacle for many organizations, including Startup Companies in the early stages of their development. The purpose of this paper is to examine how Indian Startup Companies are retaining employees since this has not been very well studied. A descriptive-exploratory type of research design was used to collect information from over 350 employees and many employers of Startups established between 2010 and 2019. Using a variety of mixed methods tools (descriptive statistics, thematic analysis and interpretive interviews) to demonstrate how satisfied employees are and how various Human Resource Practices affect employee retention, this study will provide information on current trends as well as various strategies by employers to help create and promote continued employee motivation and an organization's long-term commitment to the employee.

13. Factors Influencing Turnover Intention in a Malaysian Manufacturing Company

N. E. Alias, S. Ismail, R. Othman, and W.-L. Koe, (2018) Turnover intention is defined as a conscious intention of leaving an organization and is considered one of the most important predictors of actual turnover. The previous research shows the importance of keeping talent because when talented workers leave, it can affect the company's productivity and stability. There is also research that shows employees commitment, job satisfaction, and work engagement can play a significant role in reducing turnover intentions and creating a bond between employees and their organizations. However, some studies have shown that the impact of stress on turnover intentions is not always the same across employees. Therefore, it can be concluded that there is a combination of various psychological and organizational influences on how turnover intentions are formed.

14. Retention of Youth by Employee Engagement

Wibaselppa et al. (2025). The role that employee engagement plays in improving retention for both Millennials (those born from 1981-1995) and Gen Z (those born after 1996). Higher levels of engagement led to decreased turnover intent due to strengthening emotional attachment and commitment to the organization, thus producing loyal employees, who are more committed to continuing their employment with the organization. Employee engagement is therefore a major component in retaining younger generations in the workplace today.

Research Gap

From the literature we reviewed, we can see that HR practices, learning culture, support from leadership and job resources are key factors in promoting employee engagement and reducing turnover intentions, particularly for startups and emerging firms. However, there are still several gaps in the existing literature. First, while the majority of studies have examined retention or turnover intent, only a limited number of studies have considered employee performance as another outcome of engagement. Second, while many studies have tested both engagement as an outcome and as a predictor, very few studies have tested employee engagement as a mediating pathway between engagement drivers and employee performance as well as retention simultaneously. Third, most research has considered engagement drivers in isolation from one another. No models exist that integrate work culture, leadership influence, and career development growth into a single model. Finally, there is very limited empirical research on these relationships across different types of organizations, which calls for additional structured research that looks at these issues in a holistic way.

Objectives

1. To identify how work culture, leadership influence, and career growth and learning opportunities impact employee engagement.
2. assess the effect of employee engagement on employee retention.
3. To analyze the role of employee engagement in linking engagement drivers with employee retention.
4. To evaluate the effect of employee engagement on employee retention.

3. Research Methodology

Research Design

This study employs a quantitative descriptive-explanatory approach in conjunction with a cross-sectional research design to determine how employee engagement factors are connected with employee engagement levels and employee retention rates.

Nature of the Study

This is an empirical investigation based on the response data from employees to hypothesized relationships described in the theoretical framework developed for this study.

Population and Sample

The population studied comprises all employees working for all organizations in India. Due to difficulties in gaining access to the full employee population, the researcher employed a convenience sample. The minimum sample size necessary to conduct the statistical analyses was 150 respondents.

Data Sources

Primary Data - Surveys utilizing the structured questionnaire were used to collect primary data through the use of Google forms.

Secondary Data - The research will also utilize secondary sources such as journals and books, as well as published data from other researchers in the field.

Survey Instrument

The survey instrument consisted of 4 major sections:

1. Demographic information
2. Engagement drivers
3. Employee Engagement
4. Employee Retention

The survey adopted a 5-point Likert Scale to capture ratings assigned by respondents.

Statistical Methods

- i. Descriptive statistics
- ii. Cronbach's alpha - A measure of Reliability
- iii. Correlation
- iv. Regression

Statistical software packages (SPSS) were used to conduct the analyses on the data collected.

Limitations

- Data was derived from self-reported responses and therefore may introduce some bias into the research results.
- The cross-sectional methodology will not permit the evaluation of the long-term effects associated with these relationships.

Hypotheses

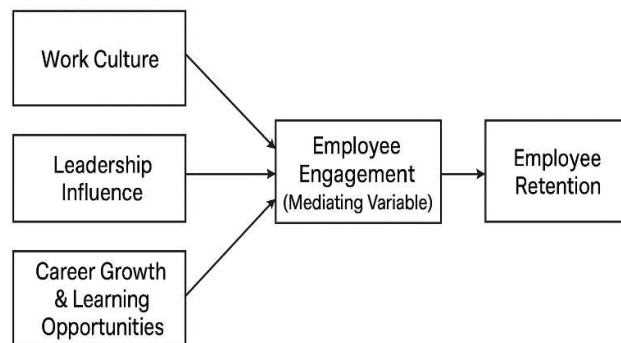
H1: There is a significant relationship between work culture and employee engagement.

H2: There is a significant relationship between leadership influence and employee engagement.

H3: There is a significant relationship between career growth and learning opportunities and employee engagement.

H4: There is a significant relationship between employee engagement and employee retention.

4. Conceptual Model



According to the conceptual model, aspects of employee engagement, such as work culture, leadership influence and career growth and learning opportunities, significantly affect employee engagement. Specifically, Hypothesis 1 states that a positive work culture enhances employee engagement through trust, collaboration, and a positive work environment. Hypothesis 2 claims that effective leadership influence enhances employee engagement by means of guidance, motivation, and recognition. Hypothesis 3 suggests that career growth and learning opportunities will lead to increased employee engagement because they give employees a sense of development in their careers and prospects for long-term career success.

Moreover, the conceptual model defines employee engagement to be a mediating factor between the engagement drivers and employee retention. In turn, Hypothesis 4 states that higher than average levels of employee engagement will create higher emotional attachment, commitment and opportunity to remain with the company. As a result, employee engagement is the method by which the drivers of engagement improve employee retention.

5. Data analysis & Interpretation

i. Descriptive Statistics

Construct	N	Minimum	Maximum	Mean	Std. Deviation
Employee Engagement	150	3	5	4.02	0.52
Work Culture	150	3	5	3.75	0.51
Leadership Influence	150	2	5	3.72	0.58
Career Growth & Learning	150	3	5	3.86	0.54
Employee Retention	150	3	5	3.92	0.41

Interpretation:

A positive view of the results is evidenced by the mean score of all constructs being above the median neutral point (3.00). Employee engagement and employee retention had relatively high mean scores, indicating that employees have positive views of their level of involvement at work and will stay at their jobs. Additionally, low standard deviations in all constructs indicate consistency in responses by respondents.

ii. Reliability Analysis

Reliability analysis was conducted using Cronbach's Alpha to assess the internal consistency of the scales.

Construct	Number of Items	Cronbach's Alpha
Employee Engagement	3	0.81
Work Culture	3	0.74
Leadership Influence	3	0.78

Career Growth & Learning	3	0.75
Employee Retention	3	0.76

Interpretation:

Cronbach's Alpha values for the constructs exceed the recommended 0.70 level indicating that there is a high level of internal consistency among each of the constructs in this study. Thus, it can be concluded that the items within each of the constructs measure what they were intended to measure and the scales are appropriate for use in any future analyses.

iii. Correlation Analysis

Pearson correlation analysis was performed to examine the relationships among the study variables.

Variables	EE	WC	LI	CG	ER
Employee Engagement (EE)	1.000	0.31	0.28	0.34	0.29
Work Culture (WC)	0.31	1.000	0.26	0.29	0.21
Leadership Influence (LI)	0.28	0.26	1.000	0.27	0.19
Career Growth & Learning (CG)	0.34	0.29	0.27	1.000	0.25
Employee Retention (ER)	0.29	0.21	0.19	0.25	1.000

Interpretation:

The correlations show that the relationship between employee engagement and employee retention is both positive and statistically significant. Further, the influence of work culture, the impact of leadership, and the opportunities for career growth and learning have a positive relationship with both employee engagement and employee retention. Thus, the correlation results lend support to the relationships predicted between the study's variables.

iv. Regression Analysis

Model 1: Effect of Employee Engagement on Employee Retention

A simple linear regression analysis was conducted to examine the effect of employee engagement on employee retention.

Model	R	R Square	Std. Error of the Estimate
1	0.288	0.083	0.26224

ANOVA

Model	Sum of Squares	df	F	Sig.
Regression	0.918	1	13.362	0.000

Coefficients

Model	Predictor	B	Std. Error	Beta	Sig.
1	Employee Engagement	0.186	0.051	0.288	0.000

Interpretation:

The analysis of the model shows that employee engagement was positively correlated with employee retention, and when employee engagement increased, the likelihood of employee retention also increased. The model has a good R-Squared value, which means that the variance of the dependent variable (Employee Retention) can be explained by the independent variable (Employee Engagement) to a large extent.

Model 2: Effect of Engagement Drivers on Employee Engagement

Multiple regression analysis was conducted to examine the influence of engagement drivers on employee engagement.

Model	R	R Square	Std. Error of the Estimate
1	0.412	0.170	0.24918

ANOVA

Model	Sum of Squares	df	F	Sig.
Regression	1.213	3	7.082	0.000

Coefficients

Model	Predictor	B	Std. Error	Beta	Sig.
1	Work Culture	0.152	0.043	0.214	0.016
1	Leadership Influence	0.134	0.046	0.193	0.036
1	Career Growth & Learning	0.181	0.041	0.271	0.002

Interpretation:

The results of the multiple regression analysis shows that the predictors of Work Culture, Leadership Influence and Career Growth & Learning Opportunities all have a statistically significant relationship to Employee Engagement. Career Growth & Learning Opportunities had the greatest effect of the three predictors on Employee Engagement; this shows that development -oriented practices positively contribute to employee engagement.

Discussions:

1. The study indicates that employee engagement is an essential component in keeping employees on the job longer.
2. A positive working environment promotes employee engagement by providing a culture where employees can work together and help each other.
3. The way leaders communicate with employees and provide support to them affects their level of engagement.
4. One of the largest drivers of employee engagement is the availability of opportunities for professional development (i.e., career advancement).
5. The higher the level of employee engagement, the higher the emotional connection an employee has to the organization.
6. The findings support the theoretical framework proposed in this study, which identifies the drivers that lead to employee engagement and subsequent retention.

Findings:

1. The work culture has a positive effect on employee engagement.
2. Leadership style has a significant impact on employee engagement.
3. Employees have increased levels of engagement when given opportunities for career development and learning.
4. Higher levels of employee engagement lead to increased organizational commitment.
5. Employee engagement plays an important role in mediating the relationship between employee engagement drivers and employee retention.

Suggestions:

1. Organizations must regularly reevaluate their engagement drivers as their workforce requirements are constantly changing.
2. Future research should look to include other variables impacting employee engagement and retention.

3. Longitudinal Studies can assess engagement and retention over longer periods of time.
4. Comparative Studies between multiple industries may provide greater perspective into employee engagement approaches.
5. An increased sample size can aid in generalizability of research findings.
6. Diverse methodological approaches for studying employee engagement may allow for a more in-depth understanding of employee engagement processes.

6. Conclusion

The study also confirms that employee engagement is the main connecting factor between culture and leadership, career development, and employee retention. They suggest that if organizations provide a positive and supportive working environment and offer professional development opportunities, they will greatly improve their employee engagement and reduce turnover. They also believe that employee retention and employee engagement are closely related to each other, and a high level of employee engagement will help maintain long-term organizational stability and a dedicated workforce.

Future Scope of the study:

- In further studies, they also include additional engagement drivers.
- Longitudinal studies would allow researchers to track engagement and retention rates over a longer period of time.
- This research could be expanded to other industries and geographic areas.
- Increasing the sample size would increase the ability to generalize findings.
- Qualitative approaches could provide a more comprehensive understanding of how individuals engage with their employer.

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