



## Critical Role of Change Management in Boosting Employee Engagement and Retention

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### ARTICLE DETAILS

**Research Paper**

**Keywords:**

*Change management,  
Employee engagement,  
Retention of employees*

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**DOI:**

**10.5281/zenodo.14294756**

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### ABSTRACT

In today's fast paced business environment, organisations face constant change, from technological advancements to shifting market demands. Effective change management is crucial to minimise disruption and maximise opportunities. The substantial effects of change management on employee retention and engagement two important variables affecting the performance of an organization are examined in this study. I look at how effective change management techniques can promote a culture of flexibility and resilience, increase employee trust and commitment, support ongoing learning and development, lower attrition intentions, and increase retention rates. On the other hand, I also cover the detrimental effects of badly handled change, such as lower morale, more stress, and the loss of talent. This study emphasizes the value of a systematic approach to change management, with a focus on employee involvement, leadership buy-in, and effective communication. By prioritising change management, organisations can unlock the full potential of their workforce, driving engagement, retention, and ultimately, business success.

## **INTRODUCTION**

Organizations must constantly adapt and change in today's quickly changing business environment in order to meet the demands of their customers, the market, and emerging technologies. Change management has become an essential competency for organisations seeking to stay ahead of the curve and maintain a competitive edge. However, the impact of change management extends far beyond the bottom line, with significant implications for employee engagement and retention.

As organisations undergo change, employees are often faced with uncertainty, anxiety, and disruption to their routines. If not managed effectively, change can lead to decreased morale, reduced productivity, and increased turnover. On the other hand, well-planned and executed change management can foster a culture of adaptability, resilience, and continuous learning, leading to enhanced employee engagement and retention.

In this context, understanding the impact of change management on employee engagement and retention is crucial for organisations seeking to build a high performing and sustainable workforce. Organizations may create strategies that effectively navigate change, support their workforce, and promote long-term success by investigating the intricate relationships among change management, employee engagement, and retention.

With an emphasis on identifying the critical elements that impact employee engagement during times of transition, this study intends to investigate the relationship between change management strategies and employee engagement and retention. By examining the impact of change management on employee engagement and retention, this study seeks to provide insights and recommendations for organisations seeking to navigate change successfully while maintaining a high-performing and sustainable workforce.

## **OBJECTIVES OF THE STUDY**

1. To investigate the relationship between employee engagement and change management.
2. To explore effects of effective change management on employee attitudes, behaviours, and outcomes.
3. To identify the impact of change management on employee retention.

## RESEARCH METHODOLOGIES

This study primarily relied on secondary data sources to investigate the impact of change management in boosting employee engagement and retention. Primary data was collected through the completion of Google Forms questionnaires by employees from different organizations in Kerala. A solid foundation for the analysis is provided by the use of secondary data, which enables a thorough review of previous studies, reports, periodicals, websites, and industry publications on this subject.

## REVIEW OF LITERATURE

- Research by Bridges (1991) and Kotter (1996) emphasizes the significance of successful change management in preserving worker engagement throughout transitional periods.
- According to a study by Herold et al. (2008), change management techniques like communication, involvement, and training are positively correlated with employee engagement.
- Barnett and Hall (2001) found that employee engagement is critical for successful change implementation.
- Research by Shaw et al (1998) and Michael et al (2001) highlights the impact of change management on employee retention.
- A study by Wang et al (2017) found that effective change management practices reduce turnover intentions and improve retention.
- Research by Kotter (1996) and Prosci (2019) emphasizes the importance of effective change management practices such as communication, leadership, employee involvement.

## THEORETICAL FRAMEWORK

### OVERVIEW OF CHANGE MANAGEMENT

Change management is a systematic approach to transitioning individuals, teams and organisation from a current state to a desired future state, minimising disruptions and maximising adoption. It involves assessment, planning, communication, implementation, monitoring and sustaining. The ways and means by which an organization defines and applies change to its internal and external processes are referred to as change management. This entails training and assisting staff, outlining the necessary procedures for the change, and keeping an eye on pre- and post-change activities to guarantee a smooth implementation. A major change in an organization's objectives, procedures, or technological capabilities might be difficult to implement and necessitate the collaboration of several distinct

departments. To help achieve a positive transition while minimizing disturbance, it is essential to develop an organized strategy to change. When implemented correctly, quality-based change management techniques can assist any size firm in overcoming reluctance to change, modernizing antiquated procedures to progress, and realizing the importance of unambiguous communication and cooperation among employees at all levels. When used incorrectly, organizations may even suffer from frequent personnel turnover in addition to ongoing difficulties breaking through obstacles and low output.

## CHANGE MANAGEMENT BEST PRACTICES

- Define the change and assess the risks

It is crucial to accurately evaluate the risks and the possible effects on business performance before adopting change. To accomplish this, it is necessary to identify the area's most susceptible to reductions in productivity, lost income, or gaps in processes. Changes in supply chains, geopolitical situations, norms and requirements, and climate change are just a few of the variables that might affect a business and need to be taken into account and included in any change management strategy.

- Plan for change

No matter how big or small the change is, it must be organized into a project-like framework in order to update personnel, procedures, or strategies. The plan's detail and organization will depend on the extent of change. To ensure a more responsive approach to change management, leadership must also involve employees in defining what needs to change and pay attention to their concerns. It might also be beneficial to conduct a current status assessment of the workforce's proficiency with pertinent technology and the organization's readiness for change. Providing information about the change and the plan in order to address the question "what's in it for me?" can also foster buy-in for various departments, teams, and positions.

- Support the change

Organisational culture: Although change management is dependent on particular workgroups or teams, organizational support and leadership dedication are essential to its success. An organization's culture must be flexible in order for change management techniques to be successful, yet it must also be ready for individuals to reasonably respond negatively to change. Employees up to the leadership must be free to provide candid criticism, particularly if outmoded procedures or instruments make it difficult to adopt

a phased strategy that would be more flexible and responsive. When faced with evolution, any business might experience job discontent, mistrust, and productivity loss due to inadequate change management procedures, misaligned KPIs, or gaps in workflow and accountability. These factors can eventually have a detrimental influence on quality and customer loyalty.

**Rewards:** In order to sustain employee engagement and empower them throughout the change management process, rewards, incentives, and acknowledgment for their hard work are necessary. Professional development opportunities might help inspire employees to accept the changes. Companies also need to think about ways to encourage managers to accept their leadership roles in change, like offering incentives like cash bonuses or chances for advancement in exchange for successfully completing change initiatives. Surveys conducted across the entire organization to find out what motivates workers to participate can also be useful in promoting change and ensuring that it lasts over time.

**Communication:** Effective leadership communication is crucial to involving and enlisting staff in the change process. Employee opposition from those who might not comprehend the need for change is also lessened via communication. In order to create a sense of psychological safety, regular information sharing on the change's purpose, methodology, benefits for individuals and workgroups, and success stories can help both the change process and the corporate culture.

**Training:** Throughout the change management process, training is crucial to take into account for both management and staff. Employees may choose to leave if they feel undertrained or unsupported throughout a change. Cross-functional cooperation and communication are essential for both significant changes and successful change management. If executives fail to provide their staff with appropriate training or fail to recognize the role that technology will play in this shift, operations will become much more complex, particularly for multinational corporations or those with several subsidiaries. Effective project management techniques are necessary for cross-functional communication, change management, and goal alignment. These practices also include having access to the right resources and setting clear deadlines.

## EMPLOYEE ENGAGEMENT

The concept of employee engagement in human resources (HR) refers to how enthusiastic and committed an employee is about their work. Employees that are engaged feel that their efforts matter

and are concerned about both the company's performance and their job. An engaged worker is motivated by more than just a wage and may see their own happiness as a direct result of their output and a crucial component of their organization's success.

**EMPLOYEE RETENTION**

The tactics used by companies to keep their workforces from departing are referred to as employee retention strategies. Maintaining a high retention rate is essential since high turnover can be expensive and negatively affect team morale. Growth opportunities, a great work environment, and competitive benefits are all necessary for effective retention.

**THE RELATIONSHIP BETWEEN EMPLOYEE ENGAGEMENT AND CHANGE MANAGEMENT**

The emotional attachment that workers have to their firm is known as employee engagement, and it has a direct impact on their inclination to remain with the company and their level of productivity. The process of preparing, assisting, and supporting staff members as they adjust to changes within an organisation is known as change management.

Key aspects of change management that affects engagement:

- **Clear Communication:** Employees are better able to comprehend the changes' justifications, advantages, and effects when there is open and honest communication about them.
- **Involvement in the Process:** Employees that are actively involved in the change process feel more invested in it.
- **Support and Training:** Giving staff members the tools, instruction, and assistance they need guarantees that they feel capable of handling any changes.

**DATA ANALYSIS & INTERPRETATION**

Table.1 Clarity of communication regarding the recent change in the organisation

Particulars	No.of Respondents	Percentage (%)
Very unclear	20	10
Unclear	30	15
Neutral	40	20
Clear	70	35
Very clear	40	20

Source: Primary data

Interpretation: According to Table 1, employees are more likely to stay engaged if they feel informed. Better communication tactics must be used, nevertheless, as evidenced by the sizeable percentage of workers who expressed confusion regarding the change.

Table.2 Level of involvement in the change process

Particulars	No.of respondents	Percentage (%)
Not involved	30	15
Somewhat involved	50	25
Neutral	60	30
Mostly involved	40	20
Fully involved	20	10

Source: Primary data

Interpretation: According to the statistics, there is a clear association between greater involvement and improved engagement, even though many employees felt indifferent or somewhat involved.

Table.3 Changes in Engagement Due to Recent Role or Company Changes

Particulars	No.of Respondents	Percentage (%)
Decreased significantly	25	12.5
Decreased slightly	35	17.5
No change	50	25
Increased slightly	60	30
Increased significantly	30	15

Source: Primary data

Interpretation: There may be opposition or discontent within the workforce, as seen by the 30% of employees who claimed that their level of participation decreased during the change process.

Table.4 Effects of effective change management on employee’s attitude.

Particulars	Pre change (% of respondents)	During change (% of respondents)	Post change (% of respondents)

Positive	10	25	40
Neutral	35	50	30
Negative	55	25	30

Source: Primary data

Interpretation: The evidence shows that employee attitudes are greatly improved by good change management.

Table.5 Effects of effective change management on employee's behaviour.

Particulars	Pre change (% of respondents)	During change (% of respondents)	Post change (% of respondents)
Positive	25	10	50
Neutral	50	55	20
Negative	25	35	20

Source: Primary data

Interpretation: The aforementioned findings demonstrate how employee behaviour affected change management in three scenarios: before, during, and after the change.

Table.6 Effects of effective change management on employee's outcome.

Particulars	Pre change (% of respondents)	During change (% of respondents)	Post change (% of respondents)
Increased	20	30	40
Neutral	40	40	35
Decreased	40	30	25

Source: Primary data

Interpretation: The majority of workers say that the change management have enhanced their job performance, which has increased the organization's production or outcomes.

Table.7 Perceptions of Change Management in Relation to Employee Retention

Change management related factors	Strongly agree/ agree (percentage)	Strongly disagree/ disagree	The proportion of workers who plan to
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		(percentage)	remain
Clear communication about changes	80	20	80
Supportive leadership	75	25	75
Adequate training and resources	65	35	65
Overall satisfaction with changes	85	15	85

Source: Primary data

Interpretation: Clear communication- Employees who are well-informed about the reasons for and the procedures of change are more likely to stay with the company, according to the highest percentage of employees (80%) who intend to stay.

Supportive leadership- Employee retention is higher for those who perceive leadership to be supportive during change. One of the main factors affecting retention is the leadership's function in offering direction and assistance during change. Employee retention is higher when they perceive leadership to be supportive.

Adequate training and resources (65%) - demonstrate that although these elements affect retention, their influence is marginally less than that of leadership support and communication, but they still have a definite positive correlation with employee retention.

Overall satisfaction with changes: implies that people are more likely to stick with a company when they are happy with the way changes are conducted, suggesting that effective change management can directly lead to increased retention.

**Relationship between Employee Engagement and Change Management.**

H0 = There is no significant relationship between employee engagement and change management.

H1 = There is a significant relationship between employee engagement and change management.

For testing the independence of two attributes we apply chi-square test.

Table.8 Relationship between employee engagement and change management- observed frequency

<b>Change management factors</b>	<b>High engagement</b>	<b>Moderate engagement</b>	<b>Low engagement</b>	<b>Total</b>
Effective change management	50	40	15	105
Ineffective change management	20	30	45	95
<b>Total</b>	70	70	60	200

Source: Primary data

Chi square test formula

$$\chi^2 = \sum E \frac{(O-E)^2}{E}$$

<b>O</b>	<b>E</b>	<b>O-E</b>	<b>(O-E)<sup>2</sup></b>	<b>(O-E)<sup>2</sup>/E</b>
50	36.75	13.25	175.56	4.7
20	33.25	-13.25	175.56	5.28
40	36.75	3.25	10.56	0.28
30	33.25	-3.25	10.56	0.28
15	31.5	-16.5	272.25	8.64
45	28.5	16.5	272.25	9.55
Total				28.73

Source: Primary data

$$\chi^2 = 28.73$$

$$\text{Degree of freedom} = ((r-1) (c-1))$$

$$= ((2-1) (3-1))$$

= 2

Level of significance = 0.05

Table value = 5.991

Interpretation: We reject the null hypothesis and come to the conclusion that there is substantial correlation between change management and employee engagement because the table value is significantly less than 0.05. This indicates that employee engagement is highly impacted by the efficacy of change management.

## **FINDINGS, SUGGESTIONS**

### Findings

- Change management and employee engagement have been demonstrated to be significantly correlated. Higher levels of participation are typically shown by staff members who believe that the change management process is straightforward, easy to understand, and encouraging.
- High engagement workers are more likely to welcome change, which improves adaption and facilitates transitions throughout organizational changes.
- If the change management process is poorly handled, employees with moderate levels of engagement may react inconsistently to change, which could result in resistance or complacency.
- Low-engagement workers are more likely to oppose change and to feel more frustrated, stressed, and disengaged during the process. Both morale and production may suffer as a result.
- Employee attitudes, such as greater work satisfaction, trust in leadership, and organizational commitment, have been found to be positively impacted by effective change management. Businesses that successfully manage change get improved results, including increased employee satisfaction, lower absenteeism, and improved overall performance.
- By creating a positive work atmosphere where staff members feel appreciated, knowledgeable, and equipped to handle change, effective change management has a direct impact on employee retention. Workers are more inclined to stick with the organization if they have a positive perception of the transformation process. Employees that experience poor change management, on the other hand, may feel alienated, frustrated, or unsure about the organization's future, which can lead to a higher turnover rate.

## Suggestions

- Clear communication should be a key component of change management, particularly when dealing with individuals that are moderately or poorly engaged. It's crucial to make sure staff members comprehend the rationale behind the move and its advantages.
- Engage staff members in the process of transformation by using participatory methods and feedback loops. Engagement will rise as a result of fostering a sense of control and ownership.
- Provide low-engagement staff with focused interventions (such training or mentorship programs) to help them comprehend and adjust to changes.

## CONCLUSION

One important component affecting how employees respond to change management is employee engagement. While low participation can lead to resistance and unfavorable outcomes, high engagement produces superior results. The attitudes, actions, and organizational results of employees are greatly improved by effective change management. Effective change programs require leadership support, participation in decision-making, and clear communication. Employee retention is significantly impacted by change management. Because they feel more satisfied and trusted, employees are more inclined to stick with the company when change is handled successfully. When change is handled poorly, employees may feel detached and unsupported, which increases turnover.

The study has emphasised how important change management is to raising employee retention and engagement in business. Businesses must constantly adapt to changes in the market, technology, and organisational structures. As a result, keeping a motivated and dedicated workforce requires effective change management. This study shows that effective change management procedures have a big impact on how workers view, adjust to, and interact with organisational changes. This has a direct impact on workers attitudes, long term commitment, and job satisfaction.

In conclusion, change management is not just a tactical instrument for bringing about change; it is also a major factor in employee engagement and retention, which helps businesses stay successful, competitive, and sustainable in the face of changing obstacles.

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