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## Emotional Intelligence as a Predictor of Employee Engagement and Talent Retention in SMEs: Evidence from Chandrapur City

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**Abstract:** Employee satisfaction and retention has become the issue of critical concern to the SMEs especially in the competitive and resource limited settings. The paper will evaluate emotional intelligence (EI) as the predictor of engagement of the employees (EE) and retention of the talent (TR) among the SME employees in Chandrapur City. The data was collected with the help of a structured questionnaire that was applied to 250 employees in case of a descriptive and analytic research design. Correlation and multiple regression analysis tools were the statistical techniques used to study the relationship among the study variables. The results indicate that EI positively affects the engagement of employees to a large extent and also directly affects TR. EE also shows a high positive impact on retention and partially mediates the operation between EI and TR. The findings point to emotional intelligence as an important participant resource which observably boosts the emotional doxin, EE, and corporate attachment. This research is relevant to the existing body of literature since it presents empirical data in an SME setting and postulates that emotional intelligence and encouragement of involvement could be valuable practice of enhancing the stability of the workforce and organizational performance.

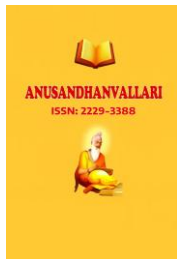
**Keywords:** Emotional Intelligence, Employee Engagement, Talent Retention, Small and Medium Enterprises, etc.

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### Introduction

Given the resource constraints, flatter structures, and limited formal HR systems are also being faced by SMEs in tier-2 and tier-3 Indian cities, which increasingly compete against one another when it comes to getting capable employees. EE and TR under these circumstances is a strategic requirement since the continuity of the workforce directly impacts the quality of services, relationship with customers, and efficiency of operations. In the modern engagement theory, the concept of engagement has been established as an active, work-based condition of vigor, commitment and absorption that is demonstrating the level to which employees devote their physical, mental, and emotional resources to work [16]. It is shown that increased engagement is related to positive organizational results, such as the decreased turnover and efficiency ([5]; [13]; [14]). Nonetheless, SME operations may be delicate since the communication between the employee and organization may experience role overload, informal systems, and unclear career developments, which when not well dealt with may lead to higher extraction reasonings and turnover intents.

Behavioral intentions (e.g., aim to stay or leave) and actual turnover are typically used as conceptualizations of TR, and they are influenced by both push (stressors, burnout, dissatisfaction) and pull (external opportunities) forces, and stay (job embeddedness) mechanisms ([11]; [9]). Heterogeneous meta-analytic results emphasize the fact that engagement and associated favorable work attitude are significantly correlated with the reduction of turnover, and engagement, as a sustainable factor, leads to retention as a downstream effect ([5]; [14]). However, SMEs usually possess less scalable, formal retention advantages (e.g., high pay premiums, extensive internal



mobility), which makes psychological resources employees bring into the workplace and the social-emotional aspects of the work experiences on a daily basis more significant.

EI is a conceptually applicable person to the context as it entails the awareness, experience, and control of employees regarding feelings both of themselves and others (Salovey and Mayer, 1990). In the workplace, EI was linked to desirable job attitudes and a reduction in turnover intentions, and the meta-analytic results indicated its predictive value on multiple outcomes, including organizational commitment and withdrawal cognitions ([7]; [10]). EI can facilitate employees to better handle interpersonal demands, role demands, and emotional-based interactions that often exist in SMEs, which consequently cause continued involvement and lower turnover intentions. Moreover, EI is compatible with the Job Demands-Sources (JD-R) approach: the employees who have better personal resources are in a better position to mobilize the energy, maintain motivation and resilience in a challenging environment [2]. In the context of COR, EI can assist the employees in conserving and accumulating treasured resources (e.g., social support, self-efficacy) and prevent the spirals of resource loss which usually lead to disengagement and turnover [6].

It is against this background that this study, which involves SMEs in Chandrapur City, will consider EI as one of the predictors of employee engagement and TR. Theoretically, the model considers EI an initial personal factor that facilitates engagement that further leads to retention-related outcomes (e.g., intention to stay, lower turnover intention). In an attempt to build on engagement and retention literature by demonstrating empirically the linkages across engagement and retention in an SME, the research seeks to expand the engagement and retention literature beyond the context of big firms and offer empirical support to practically applicable interventions including EI training, emotionally intelligent management, and HR practices tailored to resource-limited enterprises.

## Literature Review

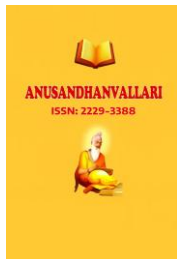
### Emotional intelligence: conceptual foundations and measurement

EI has been codified into being a group of emotion-related skills encompassing assessment and appearance of emotion, emotion directive, and sentiment utilisation to a way of thinking (Salovey and Mayer, 1990). Follow on workplace studies has enabled EI to be operationalised through ability-based and self-report/mixed frameworks both of which measurement options influence perceived relations with work outcomes (Joseph and Newman, 2010). The most common tools of exploring the subject of organizational research are the WLEIS which measures self-emotion assessment, others emotion evaluation, emotion use and emotional regulation and has been made highly applicable in the study of leadership and employee-attitude (Wong and Law, 2002).

In addition to a positive impact on performance, EI is associated with various adaptive outcomes that relate to retention: high job satisfaction, high level of organizational obligation, and reduced turnover intentions (Miao et al., 2017). There is also a larger psychometric meta-analysis confirming positive relations between EI and positive employee performance, such as citizen behaviors and decreased stress, which tend to be brought into engagement and withdrawal processes (Dogru, 2022). Altogether, this body of literature makes EI a sustainable personal resource that can contribute to the capacity of the employee to reduce the perception of events at work, balance interpersonal interactions, and regulate affective conditions that affect motivation and attachment.

### Employee engagement: theoretical perspectives and key antecedents

Engagement is an area based on the role theory and motivational psychology. The theory presented by Kahn (1990) was that engagement is indicative of the degree of how people bring their desired selves to work beyond that offered by work-related positions, which is facilitated by psychological seriousness, safety, and obtainability. Alongside, the concept of work engagement tradition views engagement as a positive, satisfying



cognitive state of vigor, devotion and full absorption (Schaufeli et al., 2002), and has been assessed as valid through the UWE Scale and the short variant (Schaufeli et al., 2006). Empirical studies also determine various engagement antecedents such as perceived structural backing and social conversation quality (Saks, 2006), value congruence and supportive climates (Rich et al., 2010), and the balance of demands and resources used in JD-R model (Bakker and Demerouti, 2007).

In JD-R, engagement occurs when both job (e.g., autonomy, feedback, social support) and personal resources are developed when they enable the achievement of goals and mitigate demands (Bakker and Demerouti, 2007). Personal resources may become relatively more salient in cases in SMEs where formal HR supports are rather scant. EI can serve as one of such resources because it allows living positively by means of emotion regulation, conflict management, and building relationships-skills that can help achieve psychological availability and lessen affective depletion and promote engagement.

It is theoretically sound that the EI-engagement connection should exist since engagement is filled with emotional and motivation elements and conditioned by everyday human interactions. Higher EI employees can perhaps reappraise stressful situations, sustain positive affect and develop supportive relationships all of which are circumstances that can be described by the conditions of psychological availability and safety as proposed by Kahn (1990) under his psychological availability and safety. On an empirical level, organizational studies have found positive correlations between EI and engagement, which implies that emotionally intelligent people are likely to be more involved and energetic at work (e.g., Akhtar et al., 2015). Meta-analytic research supports the more general assertion that EI is positively related to positive work attitudes and behaviors that tend to be co-occurring with engagement (Dogru, 2022; Miao et al., 2017). Thus, EI could be placed as an upstream predictor that influences engagement with enhanced emotion management, social performance, and coping capacity.

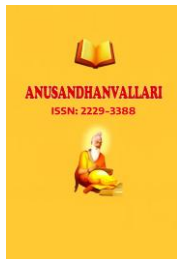
### **Employee engagement and TR**

In retention research, there is a difference between people leaving and staying. Conventional turnover models focus on satisfaction and alternative opportunity, whilst the JET emphasises the possibility of links, fit and sacrifice which connects employees to their jobs and localities (Mitchell et al., 2001). The empirical evidence demonstrates that embeddedness is a predictor of intent to leave and voluntary turnover in addition to the traditional predictors (Lee et al., 2004). This point of view is supplemented by engagement, which involves active investment of energies in the workplace: engaged employees have more chances to get a sense of meaning, commitments, and accomplishment that can lead to stronger staying intentions.

There is meta-analytic evidence on a large scale at the business-unit level that ESE is associated with reduced turnover and better performance (Harter et al., 2002). In the individual level, social exchange processes of jobs and organizational outcome can be maintained: where employees feel supported and treated fairly, they will contributing more as they become more engaged and will not be likely to drop out (Saks, 2006). Moreover, performance and discretionary behaviors are anticipated off job engagement implying that engaged employees are more behaviorally engaged to the organization which is generally less prone to turnover (Rich et al., 2010). Engagement could be particularly consequential in retention in SMEs, where employees tend to be closely connected as owner of the business; roles are not independent, and a lack of engagement can readily influence how the team operates and provides services.

### **Emotional intelligence and TR: direct and indirect pathways**

EI can be applicable to retention directly and indirectly. The direct connection to EI involves a decrease in turnover intentions, which can be achieved through the enhanced coping levels, the lesser burnout potential, and the establishment of more constructive relations at the workplace (Miao et al., 2017). Empirical research, too,



identifies a negative relationship between the turnover intention and EI in the service-intensive setting; though commonly explained by decreased burnout and enhanced work-family functioning (Giao et al., 2020). On the indirect side, EI could be an improved way to increase the level of engagement that subsequently reduces withdrawal cognitions and intention to stay. Such a meditated logic is consistent with the resource-based logic: EI aids in resource acquisition (greater relationships, self-regulation, positive affect), which activates action, and the action helps in sustaining attachment and assists in diminishing the motivation to leave (Bakker and Demerouti, 2007; Hobfoll, 1989; Saks, 2006).

### Synthesis and research gap

Although deep theoretical underpinning and a growing body of empirical evidence propose the approach to infer Causation between EI and positive work emotions and correlation between engagement and retention rates, there are two gaps that are relevant to the studies on SME. First, much evidence of EI-engagement-retention including in other large companies or particular industries (e.g., banking, hospitality) may not be contextualizable to smaller companies with simpler systems and unique psychosocial processes. Second, the integrated model provides EI as a predictor of engagement and retention (where engagement can be a pathway) which has not been adequately tested in smaller city SME ecosystems. In this regard, by studying SMEs in Chandrapur City, one can gain a chance to check the predictive potential of EI within an environment where people interact in the interpersonal context, where a small bandwidth of managers dictates the results, and where the continuity of staff is potentially a valuable strategic aspect.

### Objectives:

The study aims at studying the degree of EI in the employees of SMEs in Chandrapur City, to scrutinize its effect on EE, to gauge the connection between engagements of the employee and retention of talent and to qualify EI as a considerable predictor of retention fueled by engagement among employees.

### Methodology:

The research design used is descriptive and analytical research employed in cross-sectional survey. Primary data will be gathered with the help of structured questionnaire toward the employees of the SME in the Chandrapur City. Stratified random sampling is used in selecting the sample of the 250 respondents so that they are representative of the sectors and the data analyzed in terms of relevant statistical methods that are used to determine relationship between variables.

### Analysis

The data collected was coded, tabulated and analyzed with the help of statistical methods in order to investigate the relationship between EI, EE and TR in the Chandrapur City among SME employees. The report is provided in systematic tables and explanations are given towards them.

Table 1 Descriptive

Variable	Mean	Standard Deviation
Emotional Intelligence	3.82	0.61
Employee Engagement	3.74	0.58
TR	3.69	0.63

The average emotion intelligence (3.82) score reveals that the employees of SMEs have a fairly high emotional awareness and control level. Employee engagement (3.74) and TR (3.69) are also desirable with respect to a high level implying that the respondents have positive involvement with their job and are willing to stick with their organizations.

**Table 2 Correlation Matrix**

Variables	Emotional Intelligence	Employee Engagement	Talent Retention
Emotional Intelligence	1.000		
Employee Engagement	0.68**	1.000	
Talent Retention	0.61**	0.72**	1.000

There is a strong positive relationship of EI with EE ( $r = 0.68$ ) and moderately strong positive relationship with TR ( $r = 0.61$ ). The EE is strongly correlated with TR ( $r = 0.72$ ) which means that the greater the engagement levels, the better the intention among employees to remain in SMEs is.

**Table 3 Emotional Intelligence as Predictor of Employee Engagement**

Model Variables	Beta ( $\beta$ )	t-value	Sig. (p)
Emotional Intelligence	0.68	14.92	0.000
Constant	—	6.21	0.000
$R^2 = 0.46$			

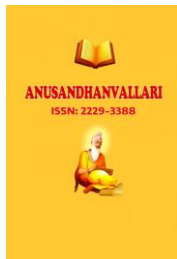
According to the regression findings, employee engagement is highly predicted by emotional intelligence ( $b = 0.68$ ,  $p < 0.01$ ). The estimated  $R^2$  of 0.46 indicates that employee engagement is expected to be explained by EI to an extent of 46 percent, and it has a significant contribution to a personal resource in the SME workplace.

**Table 4 EI and Employee Engagement on TR**

Predictor Variables	Beta ( $\beta$ )	t-value	Sig. (p)
Emotional Intelligence	0.29	5.87	0.000
Employee Engagement	0.53	10.64	0.000
Constant	—	4.18	0.000
$R^2 = 0.57$			

EI and EE have a very great impact on retaining talents. The better predictor is employee engagement ( $b = 0.53$ ) with EI positively influencing as well ( $b = 0.29$ ). The model explains 57 per cent of the variance in TR showing that emotional intelligent and involved employees have uncertainties of staying within the SMEs.

The results empirically determine the fact that EI is one of the essential antecedents of EE and an indirect ER driver in SMEs. The mediating role of EE is that employee engagement enhances the effect of EI on retention outcomes. The findings highlight the strategic multifariousness of building emotionally intelligent competencies to maintain the interest and minimize staff turnover in SMEs.



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## Discussion

The results of the research support the empirical evidence of EI as one of the psychological resources which affect the EE and TR within the SMEs in Chandrapur City. The constant positive relationship among EI and EE implies that the better employees can perceive, regulate and use emotions, the higher chances of exhibiting the higher levels of vigor, dedication, and absorption in the workplace. This finding correlates with the previous research that highlights a larger ability of employees with high levels of EI to respond better to work pressures and have a positive attitude related to work practices which promotes a better engagement rate among such employees (Schaufeli et al., 2002; Miao et al., 2017).

The findings also indicate that engagement of employees is effective and meaningful in affecting retention of talents, as the findings indicate that engaged employees are less likely to form turnover intentions and are more likely to stay with their organizations. This observation is in line with social exchange theory which assumes that employees will return positive and significant work experiences by being loyal and commitment-based (Saks, 2006). Engagement becomes an important process in the context of SMEs where interpersonal communication is common and all organizational roles are closely unified, the sense of attachment and job embeddedness is formed by employees.

Further, the regression analysis establishes that EI has both direct and indirect effect on TR. Though EI has independent retention values, the effect is greatly enhanced by the addition of EE thus the partial intermediating value. This validates the framework on Job Demands-Resources, which establishes personal resource which in that case includes EI as key drivers of motivation and long period of engagement at the workplace (Bakker and Demerouti, 2007). In the case of SMEs, having minimal structural and financial motivators, the increase in EI could be viewed as an affordable means of generating interest and stabilizing the human resource.

There is general consensus on EI that it is not simply an individual characteristic or feature but a strategic business contribution, particularly in the context of SMEs. It is possible to counteract the threat of attrition by developing emotionally intelligent habits and encouraging behavior gaining practices in the SMEs and increasing workforce stability and enhancing the long-term organizational performance.

## Conclusions

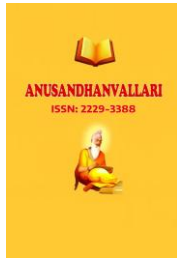
The researcher comes up with the conclusion that EI is very important towards EE and retention in SME within Chandrapur City. The levels of engagement among employees who have greater EI were higher and hence intention to stay in the organization was positively affected. The association between EI and TR is partly mediated by EE, indicating the strategic significance of emotional competencies in maintaining the stability of a workforce in an environment that is resource-limited and of SMEs.

## Recommendations

SME owners and managers can focus on cultivation of EI by using specific training programs, coaching, as well as leadership behaviors that are emotional supportive. The engagement drivers to which organizations ought to intensify their interactions include meaningful work, recognition, and conducive supervisory relationships. Employing EI development upon engagement-based Hr efforts, the SMEs can aim at reducing the staff turnover rates and creating a stable, loyal workforce.

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