



## EMPLOYEE ENGAGEMENT: A PREDICTOR OF EMPLOYEE PERFORMANCE IN ESIC

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### ABSTRACT

*India's population although their capacities to pay insurance premiums are very low mainly consisting of middle and low-income segment require the stipulation of social security. In India, only 3% of population is covered by some type of health insurance, either social or private due to unawareness of the schemes of ESIC. The existing mandatory health insurance scheme in India for Organized Sector is – Employees' State Insurance Scheme (ESIS) and Central Government Health Scheme (CGHS). The Employees' State Insurance (ESI) Scheme is more appropriate and significant because this was the first social insurance measures introduced in India. An organisation's capacity to manage employee engagement is closely related to its ability to achieve high performance levels and superior organisational results. Engaged employees will stay with the organisation, be an advocate of the organisation and its products and services, and contribute to the bottom line organisational success. This paper studies about the employee engagement in the ESIC so that healthy working environment is sustained. This paper has determined the impact of employee engagement on their performance in ESIC.*

**Keywords:** employee engagement, performance, retention, healthy environment.

### INTRODUCTION: EMPLOYEE ENGAGEMENT

Employee engagement is critical to any organisation that seeks not only to retain valued employees, but also increase its level of performance. Vazirani (2007) states that engagement is important for managers to cultivate due to the fact that disengagement or alienation is central to the problem of workers' lack of commitment and motivation. Worthless work is

often associated with apathy and detachment from one's work. He further points out that an organisation's capacity to manage employee engagement is closely related to its ability to achieve high performance levels and superior organisational results.

**Aon Hewitt's Engagement Model** Aon Hewitt defines engagement as the state of emotional and intellectual involvement that motivates employees to do their best work. The Aon Hewitt model examines both the individual's state of engagement as well as organizational antecedents. This employee engagement model has been tested and validated by over 15 years of research on millions of employees across a variety of companies and industries, and across Asia Pacific, Europe, Latin America, and North America. The model is supported by years of research in the area of organizational psychology. Engagement is an individual psychological and behavioural state.

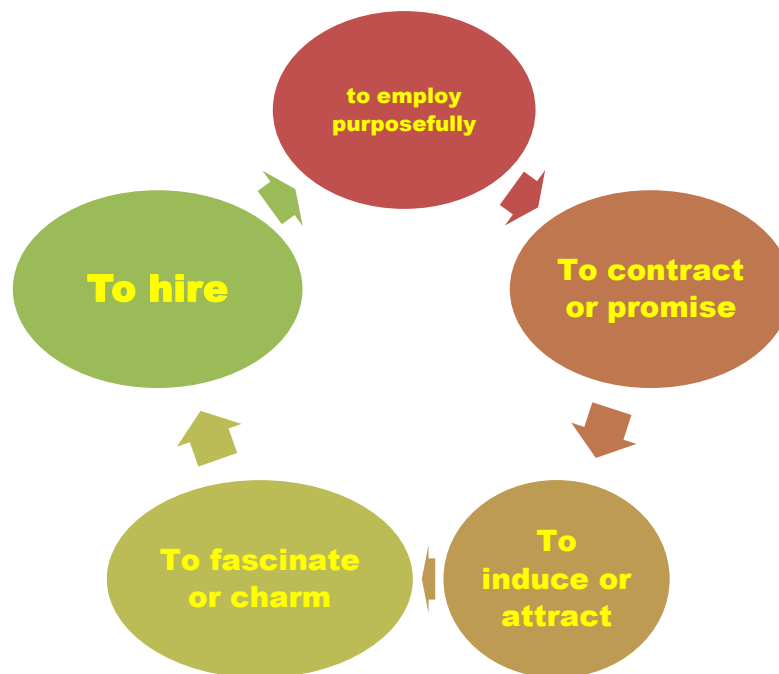


Employee engagement is the degree to which an employee is cognitively and emotionally attached to his work and organization. It reflects in the level of identification and commitment an employee has towards the organization and its values. An engaged employee is aware of the business context, and works as a team member to improve performance of the job for the benefit of the organization. Engaged employees are concerned about the future of the organization and are willing to invest discretionary efforts for the organization. Engaged employees are more profitable, productive, focused, have fun and less likely to leave the company because they are engaged.

Employees, too have a choice. They can choose, in the first place, whether or not to be attracted into the organization-and, having arrived, they can decide whether or not their job

continues to interest them sufficiently to stay in it and develop it. Some employees rarely move beyond a transactional relationship, but many require something more from their jobs—a sense of self-worth and of being valued, and an opportunity to build their career growth.

**FIGURE 1.1 : THE ENGAGEMENT EFFORT**



Employee engagement is closely linked to employee turnover, beneficiary's satisfaction, loyalty, productivity, safety and profitability criteria (Harter, Schmidt and Hayes 2002). Studies on Employee engagement linked the same to customer impact and financial results. They suggested that there exists a close relationship between high levels of employee engagement and lower staff turn-over rates, higher customer satisfaction and loyalty. The need to create development and career growth opportunities, appropriate leadership styles and work – life balance were deemed important to attract, retain and engage employees. Engaged employees are not just committed but passionate about their work. According to Watson Wyatt (2002) consulting companies, as organizations globalize and become more dependent on technology in a virtual working environment, there is greater need to connect and engage with employees to provide them with an organizational identity.

Employee involvement refers to the process of engaging employees in the work and increasing their participation in decision-making. In particular, employee involvement ensures that employees who are closest to the work have the power to control work methods,

and are able to use their knowledge and skills to improve work processes. Employee involvement has been used to describe a wide range of common practices in the organization. The attention is drawn to the increasing employee influence over their work, and extended to other areas of organizational practice. The most common practices that aim to increase employee involvement are quality circles, quality of work life programmes, consultative committees, gain sharing, job enrichment and work redesign. Employee involvement in the current scenario. The most successful forms of employee involvement are those that imply changes to the core work of the organization. Collateral or parallel organization forms of employee involvement, like quality circles, often have a limited life span. Their impact is often quickly absorbed by the more enduring organization structures and systems. Employee Involvement has been used as the foundation for a wide range of management programs and practices. Employee engagement and involvement is a reengineering process of human resources.

## **EMPLOYEE ENGAGEMENT & EMPLOYEE PERFORMANCE**

Although numerous studies have emphasized cultures instrumental value, there is still absence of any comprehensive theory of how employee engagement may influence performance. Research on the link between employee engagement and their performance is also limited. Further this research has focused on how employee engagement is helpful to know their performance in terms of sales, attentive to their customers, responsiveness and committed to their responsibilities. The relationship between employee engagement and their performance in higher educational sector has also not been found all together in any of the research.

Employee is a valuable resource (asset) of the organization. The success or failure of the organization depends on their performance. Employee performance means output and productivity. A performance comprises an event in which normally one group of people, the performer or performers, acts in a particular way for another group of people. According to Davidoff (1987), individual performance is generally determined by three factors namely: ability-the capability to do the job; work environment-the tools, materials and information needed to do the job and motivation-the desire to do the job. To achieve competitive advantage, Bohlander et al. (2001) argue that while people have always been central to organizations, they have now taken on an even more central role in building a firms' competitive advantage. They reiterate the fact that success increasingly depends on the organizations' people embodied know-how, which includes the knowledge, skills and

abilities embedded in an organization's employees. In the view of Schuler and Macmillan (1984), organizations best able to meet this challenge are those that can acquire and utilise valuable and scarce resources.

According to Nair and Yuvaraj (2000) the culture of the organization should be developed to support continuous improvement, improve employees' style of performing their job and thus develop quality awareness. Similarly, to operate successfully across cultures, it is important to be able to recognize cultural differences and be adaptable. Organisational culture finds expression through the thoughts, intentions, actions and interpretations of members of the organization. Definition of performance does not include the results of an employee's behaviour, but only the behaviours themselves. Performance is about behaviour or what employees do, not about what employees produce or the outcomes of their work". Perceived employee performance represents the general belief of the employee about his behaviour and contributions in the success of organization. Employee performance may be taken in the perspective of three factors which makes possible to perform better than others, determinants of performance may be such as declarative knowledge, procedural knowledge and motivation. HR practices have positive impact on performance of individuals.

The impact of HRM practices on employees' skills and abilities are portrayed in recruitment, selection, and training. Organizations can hire employees through sophisticated selection procedures created to choose the best potential employees. After selection, employees can be provided with comprehensive training and development programs in order to advance their knowledge, skills, and ability in performing their jobs. Second, the effectiveness of skilled employees will be restricted if they are not motivated to perform the job. Therefore, to motivate employees, employers can encourage efficiency through performance appraisals based on individual and group performance. Relating these appraisals to internal promotion systems based on employee merit and other types of incentives will support the interest of employees with those of shareholders.

## **RELEVANCE FOR THE STUDY**

The ESIC was chosen for the study because of the sheer dynamism and tremendous challenges that it has been witnessed in the recent years. This is primarily attributed to changing and ever increasing needs of beneficiaries as well as immense competition in this sector. For sustaining these challenges it is imperative to have engaged employees. Engaged employees be an advocate for its services and contribute to bottom line business success. The success of any organization lies in employee engagement and involvement. Employee

turnover rate is an indicator reflecting the employee engagement. It needs to be conceived, strategized and driven collectively. Employee engagement leads to sharing of ideas among team members and boost the morale and innovative capabilities of employees. Therefore, the researcher has made an attempt to study the various factors contributing for employee engagement and involvement in the current scenario.

## **REVIEW OF LITERATURE**

The review provided an insight into various dimensions of the problem and related issues at different stages. In this attempt, the investigator was selective and reviewed researches, which had a direct bearing on the present study?

**Paluku Kazimoto (2016)** explained that in many countries, employee's engagement has emerged as a potential factor for organizational performance. Many practitioners of human resource management have poorly understood measurement of employee motivation for activities and more precisely its commitment. The study focused on measuring the employee engagement in relation with the organizational performance focusing on non-financial factors. The results reveal that job assignment is critical for engaging employees to ensure organizations' longevity and profitability. To study the impact of employee engagement on employee productivity and motivational level of employees.

**According to the study of Priyadarshni Nidan (2016)** with organization going global and tapping new markets, it has become essential to give the organization its competitive edge by nurturing and retaining the top talent that is human resources. Retaining the highly skilled workforce has become a key concern for many organizations in good as well as bad times provided the importance of these human resources to company's success and survival. Thus employee engagement determines the association of person with the organization. It would help them to perform better and ready to take more responsibility, energetic and inspiring. Result shows that mentioned employee engagement drivers affect the motivation and performance of employees sector.

**Jyoti Naid (2016)** this paper aims to identify employee engagement strategies adopted by the organized sector of Nagpur to curb the attrition rate among the staff members. The study focuses on identifying if the employee engagement strategies influence both the gender differently. The key variables associated with employee engagement are intrinsic and

extrinsic rewards. These rewards instil a feeling of commitment and satisfaction among the employees thereby resulting in employee retention.

**Sorenson, S. (2013)** emphasized, “It’s great when companies try to improve employee engagement and even better when they measure it. Measurement is the first step companies must take before they can implement meaningful actions to improve engagement. But if they don’t measure the right things in the right way, those actions won’t matter and they won’t have a measurable impact on business outcomes or the bottom line. Concentrating on employee engagement can help companies withstand, and possibly even thrive, in tough economic times”.

**Vaijyanthi P. at el (2011)** the main purpose of this study is to ascertain the status of employee engagement and the factors that impede better employee engagement. In the findings of this study the factors are confirm infrastructure , cross functional discussions , communication & interaction with the corporate office employees , reflection on the feedbacks and proper support and orientation through induction programs..

**Shashi (2011)** reinforced the importance of employee communication on the success of a business. She revealed that an organization should realize the importance of employees, more than any other variable, as the most powerful contributor to an organization’s competitive position.

**Bijaya KumarSundaray (2011)** focused on various factors which lead to employee engagement and what should company do to make the employees engaged. Proper attention on engagement strategies will increase the organizational effectiveness in terms of higher productivity, profits, quality, customer satisfaction, employee retention and increased adaptability.

#### **AIMS AND OBJECTIVES OF STUDY**

The primary objective of this study is to determine the impact of employee engagement on their performance in ESIC.

#### **HYPOTHESIS OF THE STUDY**

H<sub>01</sub>: There is no significant impact of employee engagement on their performance.

H<sub>11</sub>: There is a significant impact of employee engagement on their performance.

## RESEARCH METHODOLOGY

In this study, survey research design is adopted. Survey research design was chosen because the sampled elements and the variables that are being studied are simply being observed as they are without making any attempt to control and manipulate them.

**Study Area:** In the study, the researcher has included employees of ESIC in Indore as the study area.

**Data Collection:** Primary Data collection was collected through Specific self-designed Questionnaire based on the 5-Point Likert Scale to measure the impact of employee engagement on their performance in ESIC. Also, Secondary Data was procured from Internet Websites, Journals and E-Journals, Books / Magazines, Research Papers.

### Sampling Technique:

For effective coverage and lower cost purposive sampling techniques were used to select the participating respondents.

**Sample Size:** 150 employees were selected from the above mentioned segments.

### Data Collection Instrument

The questionnaire was developed into many parts in such a way as to reflect the perception of employees towards their performance in terms of employee engagement as the researcher aimed to keep the parts of questionnaire similar in content in order to get a comprehensive view.

The results of the reliability analyses determined that the Cronbach's  $\alpha$  values was 0.932. This value is higher than 0.7, meeting the requirement suggested by Guelford (1965). Thus, it is concluded that the questionnaire used in this study has high reliability.

**Data Analysis Tests:** Correlation & regression analysis were applied to examine the impact of employee engagement on their performance.

## RESULT OF HYPOTHESIS

H<sub>01</sub>: There is no significant impact of employee engagement on their performance



**TABLE 1.2 MODEL SUMMARY<sup>B</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.539 <sup>a</sup>	.290	.289	1.12680	.289	30.164	1	149	.000

a. Predictors: (Constant), Employee Engagement

b. Dependent Variable: Employee Performance

**TABLE 1.3 COEFFICIENTS<sup>A</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	5.415	.240		22.588	.000
	Employee Engagement	.541	.026	.539	5.492	.000

a. Dependent Variable: Employee Performance

Overall model summary shows the value of linear correlation coefficient  $R=0.539$ , it is the linear correlation coefficient between observed and model predicted values of the dependent variable, Its large value indicates a strong relationship.  $R^2$ , the coefficient of determination is the squared value of the multiple correlation coefficients. Adjusted  $R^2=0.289$ ,  $R^2$  change is also 0.290 and these values are significant which shows that overall strength of association is moderately noteworthy. The coefficient of determination  $R^2$  is 0.290; therefore, 29% of the variation in employee performance is explained by Employee Engagement.

ANOVA is used to exhibit model's ability to explain any variation in the dependent variable. ANOVA table exhibits that the hypothesis that all model coefficients are 0 is rejected at 1% as well as 5% level of significance which means that the model coefficients differ significantly from zero. In other words we can say that there exists enough evidence to conclude that slope of population regression line is not zero and hence, Employee Engagements useful as predictor of employee performance.

From the table of coefficients, the regression equation can be obtained as

$$\text{Employee Performance} = 5.415 + .541 * \text{Employee Engagement}$$

## FINDINGS OF THE STUDY

For the first hypothesis, the study has found that there is a weak association between open communication (factor of employee engagement) and employee performance. As they responded that there is no openness in the expression of views and also the communication gap between employees and their management is high. Due to the hectic schedule and the complicated nature of job prevents them for facilitating the proper communication. Hence, the value is very low but the hypothesis is significant at 5% level so, the null hypothesis is rejected.

## CONCLUSION

Finally, a comprehensive view of employee engagement can be helpful to determine what is working and what is not. Predictors offers HR a way to better understand what practices and policies in their organization effectively promote employee performance. By using employee engagement predictors (open communication, teamwork, autonomy, career opportunities, innovation, mentoring, reward/recognition, working environment and decision making skills), HR can help the organization better manage engagement and ultimately foster employee performance. The level of engagement determines whether people are productive and stay with the organization—or quit and perhaps join the competitors. Employee engagement is the holistic purview of management (Bhatnagar, 2007). The extent to which employees are connected to the organizational strategy and goals, acknowledgment for work well done, and a culture of learning and development foster high levels of engagement. Without a workplace environment for employee engagement, turnover will increase and efficiency will decline, leading to low customer loyalty and decreased stakeholder value. Ultimately, because the cost of poor employee engagement will be detrimental to organizational success, it is vital for top management to foster positive, effective people managers along with workplace policies and practices that focus on employee well-being, health and work/life balance.

## SUGGESTIONS

- ❖ Employees are endowed with skills, knowledge, abilities values, aptitude and attitude. They come to the organization with all these varieties of human resources. In the process of maintaining human relations, the company should provide congenial work environment to its employees. The work environment that suits the requirements of

job and conveniences of the employee maximizes the workers efficiency and productivity.

- ❖ The optimum utilization of the human resource for the better outcome is largely depends on the interpersonal relationship of the persons engaged in the process, good relation would enhance the productivity in the optimum desired level, this section would elaborate the employees opinion on the inter-personal relationship.
- ❖ Employee's desire for career progress should expose their skills, knowledge, qualifications, achievements, performance etc, to those who take the decision about career progress. Skill development programme should be integrated with the organizations on-going employee training and management development programmes. From the individual's perspective, there is a need to understand the factors affecting their own careers. From the organization's viewpoint, there is a need to encourage broad-based development to provide future managerial and professional personnel.
- ❖ Employees face a variety of uncertainties, issues and problems at both the work and the family. These problems are multi-faceted involving economic, social, physical, psychological and religious considerations. Counselling is one of the efficient interventions to find out work and family related employee problems that affect the work negatively. Counselling is the process of helping other persons to find and act upon a solution to their problems, anxieties, uncertainties and issues.
- ❖ Organization and individual should develop and progress simultaneously for their survival and attainment of mutual goals. Superiors have to appreciate the employee publicly and counsel them privately regarding their mistakes. The superior must be able to teach his men all aspects of the products and processes. He must be good at human relations in order to motivate, co-ordinate and direct his subordinates.

### **SCOPE FOR FURTHER STUDY**

The study can be further extended by considering other factors that induce employee engagement like corporate culture and communication, work environment, relationship with others and training and development prospects in the other sectors. Also employee engagement can be measured on a longitudinal basis which clearly shows the extent of employee engagement over a period of years. Besides a comparative study on employee engagement in any two public sector or any two private sector can also be undertaken.

### **LIMITATIONS OF THE STUDY**

- ❖ The whole population of employees is not considered in sampling and only a segment is considered. Some of the employees have attempted to fill the questionnaires as an act of formality. Some of the respondents might have been biased in their responses and as such the analysis and conclusion based on it could vary to some extent. It is because of the lack of cooperation of the respondents. Not all of the respondents were giving cooperation in answering the questions and some of them did not take it seriously. The respondents may have a less than perfect recollection of recent encounters, and so the data may be biased.

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