



The influence of Involvement and participation, compensation, communication and work-life balance on Employee Engagement: A Case of Insurance Companies in Batticaloa District

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ABSTRACT

Employee engagement is a fulfilling work-related state of mind characterized by feelings of energy, dedication, and more concentration towards role performance. This concept is rapidly gaining popularity and is used in workplace to retain quality employees. This study examines the factors that influence employee engagement and measures the overall level of employee engagement in insurance sector. Four main factors were identified such as involvement and participation; compensation; communication and work-life balance. To attain the objectives, the quantitative method was used and data were collected through questionnaires. A total of 210 questionnaires were distributed to the employees who are in marketing and distribution level in insurance companies in Batticaloa District. Only 202 questionnaires were received and used for further analysis. The data were analyzed using Pearson correlation and multiple regression analysis. The findings exhibited that, there were relationship between factors and employee engagement and also employee engagement of employees is in high level in insurance companies in Batticaloa District. However, all factors are positively and significantly correlated with employee engagement. Lastly, the regression analysis between factors and employee engagement indicated that only 48% of total variance of employee engagement was explained by factors of employee engagement. In conclusion, it is observed that involvement and participation, compensations and communication have influence on the employee engagement. This shows that employers need to develop a proper and well-structured engagement policies and practices in attaining high level of engagement among the employees.

KEYWORDS: *Employee Engagement, Involvement and Participation, Compensation, Communication and Work-life Balance*

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1. INTRODUCTION

The growing level of uncertainty in the business setting requires organizations to continuously adjust to changes and accommodate diverse needs of the workforce. The quality of yield and competitive advantage of a company depends upon the value of its people. Since the employees are effectively and positively engaged with their organization, it forms an emotional association with the company. This impacts their attitude towards company's clients, and thus expands customer satisfaction and service levels. Abassi & Hollman (2000) stated that the most organization understands today that a satisfied employee isn't definitely the best employee in terms of loyalty and output. It is only an engaged employee who is rationally and emotionally link with the organization, feels clearly about its goals and is committed towards its value.

The relation between the factors that influence the employee engagement has been studied constantly over the few decades. Each study has been confirmed by a lot of researchers on the linkage between employee and the performance of the organization it make total sense (P. Anbuoli. 2009; Robinson. D. 2004; Saks, A.M. 2006). According to Ackers, (2006) when the employees satisfied with their current jobs it will come up to be a happy and cheerful employees and willingness to contribute into that organization constantly and he organizations with that exultant employee have been seen to improve the working situation while increased the work productivity and quality. Therefore, to increase employee engagement levels and turn in results is increased company profitability. Employee engagement is the level employees are associated to the organization and how they are committed to driving company results.

Since the organizations are facing big challenges like emergence in information technology and communication (Bhatla, 2011), organizations need to compete with others in a

dynamic environment. Every organization needs to achieve valuable features over others and employee engagement is the inevitable tool for it.

These days insurance sector being at competitive state and employee is very much important for longer sustainability. This study arises from the need to manage the human resources of the insurance companies more effectively. Having an engaged workforce with it is important because it helps these companies to obtain benefits of sustainability, productivity and efficiency.

Problem Statement and Objective of the Study

The main reason of conducting an employee engagement survey is to find out the factors that actually drive employees to accomplish their best. An organization will not function without the role from the employees as the employees could lead the organization to a better point in the vastly competitive market nowadays. Thus, it is reasonable to explain why employees are viewed as one of the significant assets to an organization (Daft and Marcic, 2011). Since employees are so vital to an organization, it is important to understand how the HRM practices can affect their job performance which is straightly linked to organization performance.

It is worth considering how employee engagement levels vary across occupations, industries and globally. The study of employee engagement at a global level is worthwhile given the increasing number of multi-national organizations and use of outsourcing (Ferguson, 2007). It is important to consider whether or not the same engagement techniques work for employees in countries with different economies and cultures.

According to Freeney & Fellenz (2013) and Menguc et al (2013), Asian countries replete with manpower, employee engagement needs special consideration and attention in relevant to

gain job performance within the Organizations. And also, the growing concern for insurance and social security in Sri Lanka is overwhelming the demands for insurance products. Very limited research work has been done in Sri Lanka with respect to employee engagement. Particularly there is no study which has explored the impact of involvement and participation; compensation; communication and work-life balance on this scenario. Thus, there is a clear empirical gap exist with respect of the issue discussed with in the context insurance sector.

In this context, this research intends to address the research problem of “Whether there is a significant relationship between factors and employee engagement in Insurance Companies in Batticaloa District?”

Research Questions

- To what extent involvement and participation, compensation, communication and work-life balance are influencing the employee engagement in Insurance Companies in Batticaloa District?
- To what extent the employee engagement exist in Insurance Companies in Batticaloa District?
- What is the relationship between factors/dimension and employee engagement in Insurance Companies in Batticaloa District?

Research Objectives

- To determine the extent to which the factors influencing the employee engagement in Insurance Companies in Batticaloa District.
- To examine the level of employee engagement of employees in Insurance Companies in Batticaloa District.

- To find out the relationship between factors/dimensions and employee engagement in Insurance Companies in Batticaloa District.

Conceptual Framework

The figure 1 depicts the relationship between factors and employee engagement. This study was a cause and effect study. The assumed independent variables were identified as factors of engagement like involvement and participation, rewards and recognition, communication and work-life balance. The assumed dependent variable was identified as the employee engagement. A positive or negative relationship was assumed between the each independent variable and the dependent variable.

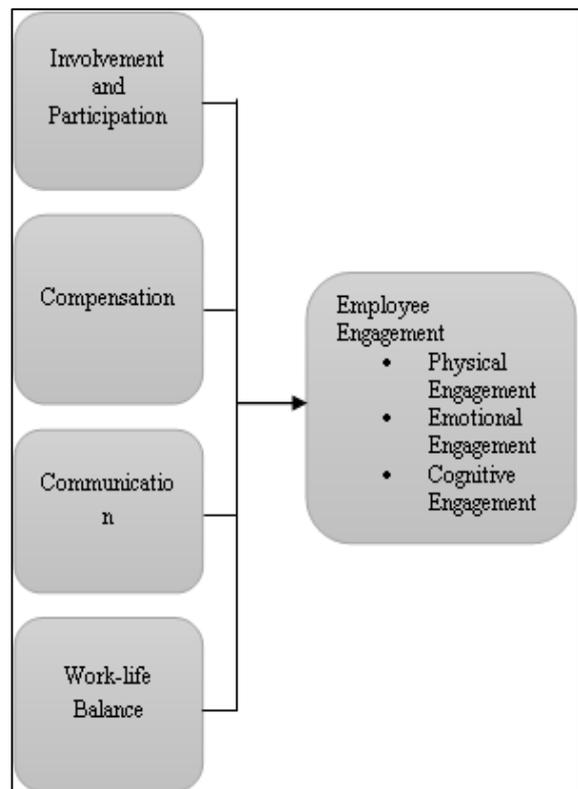


Figure 1. Influencing factors on Employee Engagement

Hypothesis

- H1: Involvement and participation is positively and significantly related to employee engagement.
- H2: Compensation is positively and significantly related to employee engagement.
- H3: Communication is positively and significantly related to employee engagement.
- H4: Work-life Balance is positively and significantly related to employee engagement.

2. LITERATURE SURVEY

Involvement and Participation:

Glen (2006) indicated that over the years employee participation has been affect the workplace both positively and negatively and it is widely believed that employee involvement also influence employee productivity, job satisfaction and employee commitment in the organisation. To give a chance for employee to take part in the organisation through sharing, decision making, contribute their ideas will help out the employees feel like they are part of the organisation to hold the responsibility of their daily job and will bring the positive attitude for the employee to feel more trusted and valued. To create trust and confidence to the employees, the organisation must be always kept employee informed about the business performance and company's plans.

Recent research such as Konrad (2006) suggests that high-involvement work practices can develop the positive beliefs and attitudes associated with employee engagement, and that these practices can generate the kinds of discretionary behaviours that lead to enhanced performance. In further according to Guthrie (2001) High involvement workplaces use “a system of management practices giving their employees’ skills, information, motivation, and

latitude and resulting in a workforce that is a source of competitive advantage”.

Communication:

Glen (2006) stated about communication that the two way communications between employees from top to down and from bottom to up should be consistent. Making sure that the organization has a proper two way communication helps everybody to understand about the company objectives, next steps and progress as well as the top management to know the ground of employees’ needs.

Further, practicing the face to face communication at all levels of groups among every department is primarily significant. As a top management team in the organisation, they need to be noticeable to keep everyone in the organisation informed and shouldn't be neglected, especially when there are several department within the organisation. The survey Tomlinson (2010), also carried out and cites that communication is also part of the factor that influence the engagement in the organisation. Meanwhile, workforce required more communication to avoid ambiguous.

Compensation:

The study of Bhatnagar (2007) indicated that the Compensation is a method that an organisations use to make employees feel respected and valued. If employee aggressively participates in relevant programs, the organisation strives to be best practice and gets recognised for its efforts. Career development and planning, incentive and promotion are also need to be emphasised and to continue the growth opportunities among the talented employees while retain the good employees.

Recognition is vital to any viewpoints of employee engagement. Recognition may take the form of monetary or nonmonetary awards, or a simple acknowledgement of a job.

Work-Life Balance:

Work-life balance is an issue not just for individuals, but for employers, the market, the state and society as a whole. According to Derek R Avery (2010) and Cryer (2003), Workplace stresses has been increased significantly and not to be surprised most of the employees are come into sight of disappointed with these trends. To enable employees to engage, companies must actively balance the demands on employees with opportunities for appropriate recovery and renewal from period of stress (Lazar 2010). Therefore, it is important to balance work and life to get involved the employee with an organization.

Employee Engagement:

Baumruk (2004) defined that, it is an intellectual commitment attached to employees’ jobs with the organisation while willingness to perform and learn from their workplace. As previously suggested by Kahn (1990), nowadays, companies trying to achieve by seeking any method to engage their employees while change the way they manage employees. The main purpose of the change is the encouragement of employee to achieve and to find great ways of working and go beyond the expected outcome of their specified roles.

According to Schaufelli & Bakker (2004), employee engagement occurs probably when the employees have great commitment to their employer and less intent to quit from their organisation. Eventually, individuals who are more engaged are most likely to be in high quality relationship and more trusting their organisation, and has the willingness to share the positive attitudes toward their company.

•Physical engagement

Physical engagement refers to “high levels of energy, full effort and more intensity while working, the willingness to invest efforts in one’s work, and persistence even in the face of difficulties” (Rich, 2010).

•Emotional engagement

Emotional engagement involves “a sense of significance, enthusiasm, inspiration, pride, and challenge” and thus is the opposite dimension of cynicism (Rich, 2010).

•Cognitive engagement

Cognitive engagement refers to “being fully concentrated and deeply engrossed in one’s work, whereby time passes quickly and one has difficulties with detaching oneself from work” (Rich, 2010).

3. RESEARCH METHODOLOGY

Quantitative method applied for this study. 210 employees were selected using the random sampling technique from selected Insurance Companies in Batticaloa District and their responses were obtained through self-administrated questionnaire. A total of 202 responses were received, for a response rate of 96%. Five were eliminated because of incomplete information and three weren’t received. All responses were anonymous. Data were analyzed using the software SPSS version 19.0. Univariate analysis.

Univariate analysis is carried out for evaluating the attributes of dimensions and variables individually based on the response in the questionnaires. For this purpose, mean values and standard deviation of the dimensions and variables are taken into consideration. Therefore, this study initially evaluates individual characteristics of dimensions and variables. Assessing the levels of dimensions and variables individually is the secondary objective of this study with the following criteria.

Table 1: Decision Criteria for Univariate Analysis

Range	Decision attributes
$1 \leq X_i \leq 2.5$	Low level
$2.5 < X_i \leq 3.5$	Moderate level
$3.5 < X_i \leq 5.0$	High level

Where X_i = mean value of a dimension/variable, σ = standard deviation,

Z = value of the 95% confidence limit and σ_x = standard error of the mean

4. RESULTS & DISCUSSION

The minimum acceptable level for the alpha value is 0.7 (Hair, 1998 and Peter, 1979). In this study, it illustrates the reliability of four variables. Cronbac’s alpha has been use to examine the internal reliability. Based on table 2, the alpha values for all variables exceeded the minimum acceptable level, and most of them were over 0.7. This suggested that all the items have a high level of internal consistency in the instrument.

Table 2 : Reliability

	Cronbach’s Alpha
Involvement and Participation	0.84
Compensation	0.79
Communication	0.73
Work – life Balance	0.74
Employee Engagement	0.71

Table 3: Descriptive Statistics for Employee engagement

	Physical engagement	Emotional engagement	Cognitive engagement	Employee engagement
Mean	4.01	3.66	3.71	3.75
Standard deviation	1.178	0.956	1.042	0.826

The mean value of employee engagement is 3.75. According to decision rule, the mean shows the high employee engagement in Insurance companies. The Standard Deviation of 0.826 shows that the individual responses, on average, 0.82 point away from the mean. The mean of each dimension is at high level which constructs the dependent variable to the high level. The result was consistent to empirical evidence in the literature (Demerouti, 2001), which reported that high-work demands and high control were associated with higher engagement.

Table 4. Overall Measures of Dependent Variable EE and Its Dimensions

Description	Dimensions				Dependent Variable Employee Engagement
	Involvement and Participation	Compensation	Communication	Work - life Balance	
Mean	3.24	3.38	3.25	2.43	3.75
Standard deviation	0.602	0.492	0.257	1.16	0.826
Influenci ng level	Moder ate	Moder ate	Moder ate	Low	High

The results of descriptive analysis indicated that the employee engagement in Insurance companies, Batticaloa is high (mean value 3.75 with standard deviation 0.826). And in the case of influential variable, involvement and participation of employee engagement in Insurance companies is moderate level (mean value 3.24 with standard deviation 0.602); the compensation of the employee engagement is moderate level (mean value3.38 with standard deviation 0.492); communication of the employee engagement is also moderate level (mean value 3.25 with standard deviation 0.257), and the work life balance of employee

engagement is low level (mean value 2.43 with standard deviation 1.16).

According to the findings, the employees' involvement and participation, compensation and communication influences on their engagement moderately and have significant impact in deciding the high level employee engagement in their work. On the other hand the work – life balance of an employee is insignificant and has low level influence in deciding work engagement.

Table 5. Correlation of Independent Variables

Dimensions of Employee Engagement	Involvement and Participation	Pearson Correlation: r	0.398**
		Sig. (2- tailed)	0
Compensation		Pearson Correlation: r	0.444**
		Sig. (2- tailed)	0
Communication		Pearson Correlation: r	0.370**
		Sig. (2- tailed)	0
Work life Balance		Pearson Correlation: r	0.320**
		Sig. (2- tailed)	0
Over View		Pearson Correlation: r	0.556**
		Sig. (2- tailed)	0

** = significant at the 0.01 level
(Source: Survey Data)

The results of correlation analysis showed that the employee involvement and participation is positively correlated with employee engagement (Pearson Correlation 0.398), the level of compensation of the employee engagement is positively correlated (Pearson Correlation 0.444), the degree communication is positively correlated (Pearson Correlation 0.370) and work life balance also positively correlated (Pearson Correlation 0.320).

All together, the study found that the variables used in this study are positively correlated with

its dependent variable and thus, showed a significant on employee engagement.

Table 6. Summarized Regression of Variables on Employee Engagement

Variable	Beta
Involvement and Participation	0.387
Compensation	0.430
Communication	0.412
Work life Balance	0.030

Supportive to the R2 of Variables, the variance in employee engagement is being explained by involvement and participation; compensation; communication and work life balance by 38%, 43%, 41%, and 03% respectively.

The above finding shows the variable work - life balance is insignificant to explain the employee engagement while others explain the dependent variable significantly.

Table 7. Model Summary of Influencing factors of Employee Engagement

Model	Adjusted R ²	Change Statistics
		Sig. F Change
1	.481	0.000

a. Predictors: (Constant), involvement and participation, compensation, Communication, Work - life Balance

Based on the output of the Table 3, the value of adjusted R Square is 0.481. This value is adjusted based on the number of independent variables in the model. Hence, 48% of Employee Engagement has been influenced by the factors discussed in the research.

5. CONCLUSION

This study provides valuable implications for Insurance companies that have growing interest in maintaining and developing engagement of employees for attracting and retaining quality

human resources. The study revealed significant differences in overall employee engagement and its factors i.e. involvement and participation; compensation; communication and work life balance. It is concluded that the employee involvement and participation; compensation and communication were found to be the more significance individual related factors which can be considered or manipulated for increase the level of employee engagement. The study also proves that employee engagement in the workplace is fundamental to improving and maintaining organizational effectiveness and can be achieved through these factors. In conclusion, it is observed that the influential factors discussed here have influence on the employee engagement. This shows that employers need to develop a proper and well-structured policies that motivate employees in attaining high work engagement level among the employees.

Researcher has suggested some areas for future research first, this research has designed cross sectional basis, and it means that data were collected from respondents at single point of time. Therefore there is a bias about causal relationship between variables. Thus future research will be recommended to use longitudinal designs in order to avoid causal relationship biases in future.

Second, this research has mainly used self-report questionnaires to collect the data. So that responses may be affected by social desirability response bias. So it is recommended for the future research in this area which will be used multiple sources such as quantitative or qualitative data like archival data from organizational records.

Furthermore, this study concerns the generalizability of the findings. The data were collected form only permanent employees of marketing and distribution level employees in insurance companies thus, the findings of this study may not generalize to insurance sector in other contexts or other cultures; research in other settings or geographical areas might yield

different results. So it recommended using the present findings across different context (replication study).

In addition this research has adopted (Rich, 2010) based on Khan Conceptualization, it includes three dimensions to operationalized employee engagement such as physical, emotional and cognitive engagement. Current literature and cotemporary researchers look the different views of employee engagement (Shuck, 2010). It is recommended for future research to be used different operationalization on employee engagement to find out the influence of factors on employee engagement.

This study gives several implications to the managers. This study found that involvement and participation, communication and compensations have highly influenced on employee engagement in workplace. Thus, the results of this study support the need for HR managers to develop and implement new engagement strategies to improve the engagement of employees.

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