



## **A STUDY ON EMPLOYEE ENGAGEMENT AMONG EMPLOYEES IN BPO INDUSTRY, COIMBATORE**

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### **Abstract:**

*In India, the BPO sector is one of the fast developing industries paying the significant share to our Gross Domestic Product. Employee retention is a challenge for the industry because of the cost of a new employee is very high and it, in turn, distresses the business performance. There are obvious research results which show employee engagement is directly related to business outcome and customer satisfaction. Employees make a choice about how they act, and the degree to which they are engaged. Engaged employees sense stimulated by their work; they are customer focused in their attitude, they care about the future of the company and are set to invest their effort to see that the organization prospers. The objective of the present study is to identify the relationship between demographic variables, the attitude of employees towards job on employee engagement. The data was collected based on simple random sampling from 200 respondents in BPO industry in Coimbatore city. The data was analyzed using a t-test, ANOVA, and Regression techniques. The results showed that job factor is one of the primary determinants of employee engagement*

**Key Words:** Employee Engagement, Attitude Towards the Job, Employee Attrition, Employee Retention, Business Outcome & Customer Satisfaction

### **Introduction:**

#### **Employee Engagement:**

Engagement is a state of employees of being dedicated to the organization, trusting in what it stands for and being ready to go above and afar what is expected of them to deliver exceptional service to the customer.

Employee engagement is more a psychological contract than a physical one. It is the something the employee has to offer. Employees make a choice about how they act, and the degree to which they are engaged. Engaged employees' sense stimulated by their work; they are customer focused in their attitude, they care about the future of the company and are set to invest their effort to see that the organization prospers.

Engagement can be summed up as

- ✓ Think about the organization
- ✓ Feels about the organization
- ✓ Is proactive about achieving organizational goals for customers, colleagues, and other stakeholders.

#### **Three Aspects of Engagement:**



Source: Sarah Cook (2009)

The figure above shows, engagement is about what employees think sensibly about their employers, what they feel about them, their emotional construction, as well as what they do and say as a result with their co-employees and their customers.

**Levels of Engagement:**

<b>Engaged Employees</b> work with passion and feel a profound connection to their company. They drive innovation and move the organization forward.
<b>Not Engaged Employees</b> are essentially “checked out.” They’re sleepwalking through their workday, putting time—not energy or passion—into their work.
<b>Actively Disengaged Employees</b> aren’t just unhappy at work: they’re busy acting out their unhappiness. Every day, these workers undermine what their engaged co-workers accomplish.

Source: Adapted from “Engaged employees inspire company innovation.” (2006, October 12). Gallup Management Journal,

**The importance of Employee Engagement:**

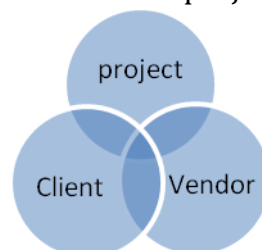
There are two key reasons: the increasing power of the consumer and the growing strength of the employee. As more and more business recognize that enthusiastic and committed employees add value to their organization not just regarding productivity but also customer satisfaction, retention, profitability and long-term state holder value," employee engagement" is a much talked at the highest levels in organizations today.

**Business Process Outsourcing:**

Outsourcing to put in definition would mean, shifting or delegating a company’s day to day operations or business process to an external service provider. Outsourcing is done to lower the costs. To improve quality and to get an edge over the peer competitors. (Amanpratap Singh Pall and Ashugupta (2007). Business process outsourcing means to engage the services of an external provider (i.e. the outsourcer) to manage and deliver services in respect of one or more business activities of non-core nature to the client (or the outsourced).

**Components of BPO:**

Organizations are always confronted with the choice of whether to spend resources to create an asset, product or service internally or to buy it from an outside party. If the organization picks to buy, it is called outsourcing. Outsourcing calls for the transfer of factors of production, the resources used to perform the work and the decision rights to other entity. The organization assigning these is referred to as the client, the organization that conducts the work and makes decisions are the vendor, and the scope of the work is captured called as the project.



Source: The outsourcing handbook-Mark J Power; Kevin C Desouza and Carlo Bonifaci (2008)

**BPO in India:**

In India, the BPO sector is one of the fast developing industries paying the significant share to our Gross Domestic Product. Factors such as economy of scale cost

advantage and superior competency have all lead to the development of the BPO Industry in India. The BPO growth in India can be attributed to cheap labor cost, huge flair pool of experts and English Speaking professionals' availability. The Report of NASSCOM has shown that the topographical location and investor friendly tax structure in India have all made the sector to grow sharply in few years. The multicultural workforce, in turn, is a great challenge for Human Resource Professionals to retain the talented and skillful workforce and to uphold a consistency in the performance. HR manager has been facing various hitches in general and keeping quality staff in general.

<b>INDIAN IT-BPM INDUSTRY – THE LANDSCAPE</b>
Revenues grew by 12% in the last 5 years to reach USD 26 billion
BPM export employees grew by 6% to reach 1032
Largest location for CIS services growing at 2.2X in last 5 years
Knowledge services hub for the world – fastest growing at ~3X in last 5 years
Over 60 per cent recruitment from non-Tier-I locations
Over 40 per cent female employees

Source: NASSCOM BPM Strategy Summit 2015 in Bangalore.

**Objective of the Study:**

- ✓ To identify the relationship between demographic variables, attitude of employees towards the job and employee engagement

**Scope of the Study:**

The study is limited on job variable of the several HR factors which influences Employee engagement. Future researchers can explore all the influencing factors and can find the individual impact and collective impact of these factors on employee engagement. The business outcome can also be measured through employee engagement.

**Research Methodology:**

**Instrument Development and Validation:**

A survey questionnaire was intended to study demographic variables, Attitude of employees towards job and employee engagement. The first part of the device was regarding their demographic; second part measured the employees' perception regarding their job which included statements regarding nature, workload, and satisfaction, motivation towards completing the job, a clear understanding of job and utilization of skills to do the job, authority required to do the job respectively. The third part included the statement to measure the employee engagement which included cognitive, emotional and physical engagement statements.

The respondents were asked to rate each item on a five-point Likert scale, ranging from strongly agree to strongly disagree about their views on job and employee engagement. The instrument was validated using pilot data from 50 respondents. Reliability of the various factors through the test was found to be .883 for Attitude towards job and .861 for employee engagement.

**Sampling and Data Collection:**

As the reliability coefficients were statistically significant, the instrument was used for the main data collection. Simple random sampling was used to select the employees from all cadres who are working in BPO industry in the Coimbatore city. A total of 275 questionnaires were distributed, and 200 valid responses were collected, resulting in a 72 percent response rate. Data analysis was carried out using the t-test to identify whether mean scores of "Attitude towards job" vary between the personal profiles which have only two groups. ANOVA was applied to test whether the mean

scores of "Attitude towards job" varies between respondents who are categorized in more than two groups, Regression technique was used to identify the impact made by demographic variable along with attitude towards job on employee engagement score.

### **Literature Review:**

#### **Early Research on Employee Engagement:**

The first study on engagement was carried out by Kahn (1990). He started his work with of Goffman (1961) who suggested that "people's attachment and detachment to their role varies" (Kahn 1990:694). However, In his study, he argued that Goffman's work concentrated on brief face-to-face encounters, while a different philosophy was needed to fit organizational life, which is "ongoing, emotionally charged, and psychologically complex" (Diamond and Allcorn 1985).

According to Saks (2006), a resilient Theoretic Foundation for explaining employee engagement shall be found in social exchange theory (SET).He also argues that one way for individuals to pay off their organization is through their level of engagement. In other words, employees will select to engage themselves to changeable degrees and in reply to the resources they receive from their organization. Fetching oneself more fully into one's work roles and dedicating greater amounts of cognitive, emotional, and physical resources is a very intense way for individuals to respond to an organization's actions. Thus, employees are more likely to interchange their engagement for resources and benefits provided by their organization.

Greenwood Michelle (2007), conducted research on "Stakeholder Engagement: Beyond the Myth of Corporate Responsibility." The purpose of their study is to surpass the assumption that stakeholder engagement is necessarily a responsible practice. Stakeholder engagement is traditionally seen as corporate responsibility in action. Indeed, in some literature, there exists an assumption that the more an organization engages with its stakeholders, the more it is responsible.

Ahmad A. Al-Tit and Mohammad Hunitie (2015) conducted research with an aim to identify the mediating effect of employee engagement in the relationship between its antecedents and consequences (i.e. job satisfaction). A random sample comprising 250 from academic institutions in Jordan was used for the study.An inter-correlation matrix was intended to evaluate associations between variables and multiple regression analysis was used to test the hypothesis that employee engagement mediates the effect of the antecedents of employee engagement on job satisfaction.

Preeti Thakur (2014) conducted research to find out the Effect of Employee Engagement on Job Satisfaction in IT Sector. Primary, as well as secondary data, has been used to carry out the research. The study has been conducted among officers as well as the clerks of IT sector. The study concludes that there is a positive relationship between employee engagement and job satisfaction in IT sector or employee engagement effect positively on job satisfaction. Further, it states that work motivation could be improved through increasing job authority and accountability among the officers and at the clerical level, rewards and sanctions are significantly associated with job involvement.

### **Analysis:**

Table 1: Demographic Profile of Respondents

<b>Description</b>	<b>Group</b>	<b>No of Respondents</b>	<b>Percentage</b>
Gender	Male	130	65.0
	Female	70	35.0
Marital Status	Single	124	62.0
	Married	76	38.0

Age	Below 25	47	23.5
	26-30	103	51.5
	31-35	40	20.0
	36-40	10	5.0
Designation	Operational level	69	34.5
	Executive level	113	56.5
	Managerial level	18	9.0
Income	Rs10001-20000	58	29.0
	Rs.20001-30000	126	63.0
	Rs.30001-40000	10	5.0
	Rs. Above 40000	6	3.0
Education Level	Degree	186	93.0
	PG	14	7.0
No of Dependents	None	5	2.5
	One	37	18.5
	Two	142	71.0
	3 & above	16	8.0
Experience in the present Company	1 Year	27	13.5
	2 Years	61	30.5
	3Years	93	46.5
	4 years	5	2.5
	5 Years & above	14	7.0
Total years of Experience	1-3 Years	43	21.5
	4-6 Years	52	26.0
	7-9 Years	88	44.0
	10 years & above	17	8.5
No of days leave taken in a year	9-10 days	45	22.5
	11-12 days	47	23.5
	Above 12 days	108	54.0
Hours worked in a day	8-9 hours	85	42.5
	9-10 hours	87	43.5
	10-11 hours	10	5.0
	Above 11 hours	18	9.0
Total		200	100

The further analysis of demographic variables shows the following results

- ✓ The experience of the employees in the present company varied between a minimum of 1 year to the maximum of 12 years. The average experience of an employee in the current company is 2.74 years.
- ✓ To total experience of the employees in BPO industry varies between a minimum of 1 year to the maximum of 15 years. The average experience of employees in total is 6.07 years.
- ✓ The number of days leave taken during a year varies between a minimum of 9 to the maximum of 15. The average number of days leave taken by an employee is 12.2 days.
- ✓ The number of hours worked per day varies between a minimum of 8.50 to the maximum of 13. The average hours worked per day is 9.925 hours.

Table 2: The mean scores of Attitude of employees towards job by demographic variables

Variables	Group	Mean	S.D	n	t	F	Significance
Gender	Male	38.12	17.48	130	5.323		**
	Female	52.29	18.79	70			
Marital Status	Single	41.88	21.40	124	1.134		Ns
	Married	45.04	14.64	76			

Age	Below 25	53.85	21.47	47	9.225	**
	26-30	36.55	17.39	103		
	31-35	44.20	14.95	40		
	36-40	52.75	8.73	8		
	41-45	65.00	.00	2		
Designation	Operational level	44.49	24.71	69	1.739	Ns
	Executive level	41.20	15.62	113		
	Managerial level	49.44	12.80	18		
Monthly Income	Rs10001-20000	54.36	18.49	58	14.302	**
	Rs.20001-30000	37.12	17.48	126		
	Rs.30001-40000	44.20	12.56	10		
	Above Rs 40000	57.33	11.88	6		

NS: Not Significant, \*- Significant difference at 5% level, \*\*-Significant difference at 1% level.

A set of 13 statements was constructed to describe the attitude of the job on a five-point rating scale. The rating assigned by the respondents was Strongly Agree, Agree, Neutral, Disagree, and Strongly Disagree. The opinion score on the attitude of the job is calculated by adding the rating given for all the 13 statements. Higher the score more will be the level of agreement, and their perception is more positive towards the job.

Gender wise the mean score for attitude towards the job is 52.29 for females which are higher than the mean score found out for males(38.12). The t-test conducted between male and female employees showed a significant difference in their mean scores( $t=5.323$ , Significant at 1% level).

The mean score for attitude towards job on marital status shows 45.04 for married employees which is higher than the mean score of unmarried(41.88). The t-test conducted between unmarried and married showed there is no significant difference in their mean scores( $t=1.134$ , No significant difference)

The mean scores for attitude towards job by Age show that 36.55 for the age group 26 -30 years, 44.20 for 31-35 years, 52.75 for 36-40, and the highest of 65.0 for 41-45 yrs. This shows that as age increases their perception towards the job is more positive. The ANOVA test conducted between the mean scores of age groups showed a significant difference in their mean scores ( $F=9.225$ , Significant at 1% level).

The mean score for attitude towards job by Designation shows 49.44 for the managerial level which is higher than operational level 44.49, and Executive level 41.20. The ANOVA test conducted between the mean scores of designation levels showed no significance in their mean scores( $F=1.739$ , No significance).

The mean score of monthly income towards job shows 57.33 for the income level above Rs.40, 000, followed by 54.36 for Rs.10, 0001-20,000, 44.20 for the income level Rs.30, 000-40,000 and the lowest mean score of 37.12 for the income level Rs.20, 000-30,000. This shows the employees on the income level above Rs.40, 000 has more positive attitude towards job followed by 10,000-20, 000, 30,000-40,000 and 10,000-20,000. The ANOVA test conducted between their mean scores showed significance difference in their mean scores( $F=14.302$ , Significant at 1% level of significance)

**Table 3: The mean scores of demographic variables on employee engagement**

Variables	Group	Mean	S.D	n	t	F	Significance
Gender	Male	25.15	5.01	130	11.640		**
	Female	35.50	7.51	70			
Marital Status	Single	29.15	8.60	124	0.872		Ns
	Married	28.16	6.19	76			
Age	Below 25	37.13	8.02	47		36.861	**
	26-30	25.39	4.94	103			
	31-35	26.68	4.81	40			
	36-40	29.63	8.37	8			
	41-45	45.00	.00	2			
Designation	Operational level	33.23	9.48	69		23.373	**
	Executive level	25.92	4.73	113			
	Managerial level	29.56	8.02	18			
Monthly Income	Rs10001-20000	37.09	7.21	58		89.289	**
	Rs.20001-30000	24.79	3.94	126			
	Rs.30001-40000	24.20	2.25	10			
	Above Rs 40000	39.67	4.93	6			

NS: Not Significant, \*- Significant difference at 5% level, \*\*-Significant difference at 1% level.

A set of 9 statements which describes the employee's engagement on a five-point rating scale is constructed. The rating assigned by the respondents was Strongly Agree, Agree, Neutral, Disagree, and Strongly Disagree. The opinion score on employee engagement is calculated by adding the rating given for all the nine statements. Higher the score more will be the level of engagement.

Gender wise the mean score on employees engagement is 35.50 for females which are greater than the mean score found out for males(25.15).The t-test conducted between male and female employees showed a significant difference in their mean scores( $t=11.640$ , Significant at 1% level).

The average score for employees engagement on marital status shows 29.15 for unmarried employees which is higher than the mean score of married(28.16).The t-test conducted between unmarried and married showed there is no significant difference in their mean scores( $t=0.872$ , No significant difference)

The mean scores of employee's engagement by Age show that 45.00 for the age group 41 -45 years, 29.68 for 31-35 years, 29.63 for employees between 36-40 years and the lowest of 25.39 for 26-30 years. This shows that as age increases their engagement level is also high. The ANOVA test conducted between the mean scores of age groups showed a significant difference in their mean scores ( $F=36.861$ , Significant at 1% level of significance).

The mean score for employee engagement based on Designation shows 33.23 for the operational level which is higher than executive level 25.92, and managerial level of 29.56.The ANOVA test conducted between the mean scores of designation levels showed significance in their mean scores( $F=23.373$ , significance at 1% level).

The mean score of employees engagement on Income level shows 39.67 for the income level above Rs.40, 000 which is followed by 37.09 for Rs.10, 0001-20,000, 24.79

for the income level Rs.20, 001-30,000 and the lowest mean score of 24.20 for the income level Rs.30, 001-30,000. This shows the employees in income level above Rs.40, 000 has high engagement levels followed by 10,001-20, 000, 20,001-30,000 and 30,001-40,000. The ANOVA test conducted between their mean scores showed significance difference in their mean scores ( $F=89.289$ , Significant at 1% level of significance)

**Regression Analysis:**

The regression analysis was used to find the effect of several demographic variables along with attitude towards job on employee engagement. The results of regression Analysis given below

**Regression Analysis:**

Table 4: Dependent Variable: Employee Engagement

	Regression Coefficients (B)	Std. Error	Beta	t	Sig.
(Constant)	17.049	3.448			
Job	.214	.016	.526	13.071	**
Gender	5.069	.855	.312	5.927	**
Marital Status	-1.424	.715	-.089	-1.992	*
Age	-2.796	.699	-.297	-4.001	**
Monthly Income	-3.280	.896	-.277	-3.662	**
Education Level	1.329	1.205	.044	1.102	Ns
No of dependents	3.714	.452	.300	8.223	**
Experience with present company	1.336	.255	.260	5.238	**
Total years of experience	.939	.221	.351	4.255	**
Days of leave taken in a year	-.517	.160	-.128	-3.226	**

R	R Square	F	Sig.
.903	.816	83.545	**

The results show that attitude towards the job, education level, the number of dependents, and experience with the present company and total years of experience have a positive effect on Employee Engagement scores, i.e., any increase in these variables will result in a proportionate increase in the engagement scores.

Age, Monthly Income, Leave taken in a year have an adverse effect on employee engagement scores, i.e., any increase in these value will proportionately decrease in the employee engagement scores.

Gender (a dummy variable coded as 0-male, 1-female) shows that female employees on an average have more employee engagement scores compared to male employees. However, marital status (a dummy variable 0-single, 1-married) indicates that unmarried employees on an average have more engagement scores compared to married employees.

Betas were calculated to find the relative contribution of each variable on employee engagement scores. Since the independent variables are standardized, their beta is comparable. The results show that job with the beta value 0.526 contributes more to employee engagement followed by total years of experience .351, Gender .312, Number of dependents .300, Experience with the present company .260 respectively.

T-Test results show that except the education level, all other variables have significance effect on employee engagement either at 1% level or 5% level of significance.

Multiple correlation coefficients (R) shows that the degree of relationship between the dependent variable and the set of all independent variable. The R value is



found to be 0.903 indicates that there is a high correlation between employee engagement and other variables taken together.

The F ratio value( $F=83.545$ ) shows that the correlation is significant at 1% level. R square value which is otherwise called goodness of fit of the model shows that 81.6% of the variation in employee engagement scores is explained by the set of all the independent variables included in the model.

#### **Conclusion:**

The above study highlights the importance of employee engagement and also analyzed the influence of attitude towards the job and various demographics of employees on engagement. It also shows that there is a strong significant relationship between employee engagement and employee attitude towards the job. Regression analysis predicts that the positive attitude towards the job is the important contributor for employee engagement. It also shows female employees are more positive towards the job, and their engagement levels are comparatively more. Married employees have more positive towards the job. As the age increases their perception towards the job is more positive. Employees in the managerial cadre have a positive attitude towards the job. Higher salary employees are positive towards their job. Among all the independent variables Job is more contributive to employee engagement. From the study, it is evident that job factor is one of the main determinants of employee engagement.

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