

Effect of Employee Engagement on Employee Performance of Indian Cement Industry

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ABSTRACT

The purpose of this paper is to know the effect of employee engagement on employee performance of Indian cement industry. The paper studies the level of employee fulfillment to employee engagement and employee performance in cement companies of Rayalaseema region. Employee engagement has become a burning topic in current centuries; there is broader possibility of employee engagement which can significantly enhance the performance of the employee as well as the business performance relating to number of key areas such as effectiveness, efficiency, client satisfaction, innovation, health and safety, sickness and absence, income and well-being, advancement and removals, job safety etc. Employee engagement is a more solid analyst of positive organizational performance and employee performance clearly showing the two-way relationship between employer and employee. All the findings are tested at Significant at 0.01 and 0.05 level of significance. The results conclude that there is a strong positive correlation between Gallup employee engagement items and employee performance variables such as job content, working conditions, skill variety, autonomy and employee behavior. The findings also reveal that Challenging work, Role perception is having weak positive and a negative correlation with employee engagement items. The paper identifies the five affecting factors (Employee Recognition, Strategic Alignment, Employee Empowerment, Interesting and Challenging work and work conditions) of employee engagement on employee performance. To analyze the data various statistical tools were used such as reliability test, frequency distribution, correlation coefficient and factor analysis tools.

Keywords: Correlation, employee engagement, Disengagement, Employee Empowerment.

INTRODUCTION

Globalization of the Indian economy and the competitive environment demands new work culture, high levels of commitment to job and organizational goals amid employees. Quality of work life plays a significant role in the development of jobs and working conditions that are excellent for employees as well as economic health of organisation QWL designate “The quality of association between the employees and the total working environment”. QWL is bothered with the overall climate of work and the impact on work and people as well as on organization. Nadler and Lawler (1983) describe QWL as a “way of thinking” for examining the effect of work on employees and organization effectiveness. Furthermore, they identified key variables of QWL, such as individual task, organizational factors, environment, tools and technology, and assessed their complex interrelationships. The quality of work life is related to the relationship between a worker and his environment, adding the human dimension to the technical and economic dimensions within which work is normally viewed and outlined.

LITERATURE REVIEW

Alan M.Saks (2006), the purpose of this study was to test a model of the antecedents and consequences of job and organization engagements based on social exchange theory. A survey was completed by 102 employees working in a variety of jobs and organizations. The average age was 34 and 60 percent were female. Participants had been in their current job for an average of four years, in their organization an average of five years, and had on average 12 years of work experience. Results indicate that there is a meaningful difference between job and organization engagements and that perceived organizational support predicts both job and organization engagement; job characteristics predict job engagement and procedural justice predicts organization engagement. In addition, job and organization engagement mediated the relationships between the antecedents and job satisfaction, organizational commitment, intentions to quit, and organizational citizenship behavior.

Zhang Yingying (2012), the aim of this master thesis is to define performance management system, employee performance, and employee performance measurement, and also analyzes the relationship between a performance management system with employee performance. The Kruskal-Wallis test and ordered logit regression were used to test the relationship and the results show the activities: continuous communication within the organization and

personnel development significantly and positively impact on employee performance. However, the results show that the performance management system has a positive, but an insignificant relationship with employee performance. Employee engagement is emerging as a critical organizational issue, especially as businesses are recovering from the trauma of the global recession. The findings of this study showed a significant difference between job engagement and organization; with co-employee support as a major individual factor that influences both measures of engagement and the work outcomes.

Bilal and Naintara (2011) investigated that rewards are providing respectable direct and indirect compensation to persons working in the organization have a soothing effect on both employee and organizational performance. Compensation is a major entity which affects EP. People do not only work for satisfying their needs, but also desire that management should recognize and weigh their efforts properly. It is proved that the promotion practices were found to be significantly associated with employee individual performance in both private and public organizations. Employee performance is directly proportional to organizational performance, which in turn leads to economic growth. It is an ethical and legal duty of the employers to compensate employee's maximally to practically evaluate performance and promote the suitable and deserving candidates.

Significance of the Study

The research reveals the pitfalls in the area of employee engagement and employee performance strategies adopted by cement companies in the cement industry and suggest suitable findings and ensuring the factors impacting of employee engagement for a long period of time, which is critical for company's advancement.

Need for the Study

Highly engaged employees make a substantive contribution to their agency and may predict organizational success, but the reverse holds true as well. Disengagement can affect the financial harmony of an agency as well. An engaged workforce may provide a buffer against the costly effects of disengagement and burnout and may prove to be a critical element in achieving successful outcomes for agencies as well as for their individual client.

Scope of the Study

The research reveals the pitfalls in the area of employee engagement and employee performance strategies adopted by cement companies in the cement industry and suggest suitable findings and ensuring the factors of employee engagement for a long period of time, which is critical for company's advancement.

Overview of the Organizations:

The "Employee Engagement and its effects on Employee Performance of Indian cement industry survey were conducted in six different companies that are in the Rayalaseema region, both large scale, Medium scale and small scale organizations. These organizations create better brand perception and reputation from the market within a short period of time.

KCP Cement

KCP's Cement has been primarily targeted towards large national infrastructural development projects by supplying large quantities of high quality cement to various large projects like the Nagarjuna Sagar dam, Srisailem dam, Godavari Rail Road bridge and more recently the Polavaram irrigation project and Sri Kanakadurgamma Flyover project in Vijayawada. With its high quality and standards, It is the most preferred brand for building columns, beams, slabs and other concrete construction applications hence KCP Cement is predominantly known as Concrete Cement. KCP's cement is sold under various brands namely KCP Cement - Grade 53 Ordinary Portland Cement (OPC) & Shreshtaa - Portland Pozzolana Cement (PPC). Cement is sold in the states of Andhra Pradesh, Telangana, Karnataka, Tamil Nadu, Kerala, Maharashtra, Madhya Pradesh, Chhattisgarh and Orissa. Cement is also exported to Sri Lanka, Bangladesh & Myanmar.

Bharathi Cement Corporation Private Limited

This is one of the finest producers of Superior Quality cement. The company is a joint venture of Vicat Group, France, which is the global leader in the Cement and Aggregate businesses. Backed by global expertise, this company is driven by a team of young and senior professionals in cement, power, and infrastructure. Bharathi Cement's ultra-modern plant is located at the Nallalingayapalli village in Kadapa district of Andhra Pradesh, India. The plant has a production capacity of 5 million tons per annum with a workforce of 1130 employees.

Panyam Cements Ltd

This is established in the year 1955 in the most backward regions of Rayalaseema (Kurnool District, Andhra Pradesh, India). The Company soon developed into one of the largest cement manufacturing units in Southern India. During the year 2005-06, the Company is taken over by M/s. Nandi Group of Companies. Right from the takeover, the management took the initiative to develop the company with the modernization of Kiln No.1 with the annual capacity of 60 Lac tons and a work force of 1200 employees.

Priya Cements Limited

Rain Cements Limited (“RCL”) is a leading producer of 3.12 million tons per annum of cement in South India since 1986 at two integrated plants at the following locations. RCL markets cement under the brand “**Priya Cement**” in Andhra Pradesh, Karnataka, Tamil Nadu and Maharashtra. RCL is self-sufficient in all critical raw materials consisting of limestone, power, and coal. RCL is also having Fly Ash Handling Unit at BTPS, Bellary, Karnataka Cement Packing Unit in Bellary.

Sagar Cements Ltd:

Sagar Cements Limited (SCL) is a Company of over 3 decades, engaged in the manufacture of Cement at its Plant in Gudipadu village, Yadiki Mandalam, 25 km from Tadipatri, in the Anantapur district in the southern Indian state of Andhra Pradesh. The shareholders of BMM Cements Limited (BCL) have entered into an agreement in November 2014 to transfer the ownership of BCL to Sagar Cements Limited. The cement plant was commissioned in 2012 and currently, produces Ordinary Portland Cement grades 53 and 43 and Portland Pozzolana Cement. SCL’s turnaround plan for BCL includes (i) improving the operational efficiency of the plant through investing in (a) refurbishment of the plant, (b) in insuring the spares and (c) in working capital; and (ii) restructuring the balance sheet by injecting long-term capital including refinancing debt to extend maturities.

Zuari Cements Ltd:

Zuari Cement is part of the worldwide Italcementi Group, the fifth largest cement producer in the world. Zuari Cement has a total cement manufacturing capacity of 6 million tons in India, which includes two manufacturing units at Sitapuram and Yerraguntla, along with a grinding center at Chennai. Zuari cement is developing a project of 3 million tons per year cement plant in North Karnataka and a large grinding unit is also being erected at Sholapur in Maharashtra. A cement terminal is being developed in Kochi, Kerala.

UltraTech Cement Limited

UltraTech Cement Limited (BSE: 532538) is India's biggest cement company and India’s largest exporter of cement clinker based in Mumbai, India. The company is part of the Aditya Birla Group and a division of Grasim Industries. It has an annual capacity of 64 million tons. UltraTech cement has been awarded the Superbrand status.

OBJECTIVES

To examine the relationship between Gallup model employee engagement and employee performance;
To identify the factors influences on employee engagement in selected cement companies;
To measure the overall Gallup model employee engagement & employee performance;

HYPOTHESIS

Ha: There is a significant relationship between Gallup Model employee engagement and employee performance.

RESEARCH METHODOLOGY

Sample Design and Size

The convenient Random Judgment sampling method is adopted for analysis. Looking into convenience the sample is divided into three equal parts (100 respondents from each of the six companies), the respondents include employees selected from functional heads, sectional heads and technician level of the cadre. The reliability of the overall scale was 0.798 of 33 items. Every item on the instrument is logically linked with the objectives of the study, backed by the literature review, which ensures it is valid. The instrument consists of three parts. The first part consists of questions related to Demographic variables such as Gender, Age, Salary, Designation, etc. The second part consists of questions related to Gallup employee engagement model 12 standard questionnaire. The third part consists of questions related to self- employed employee performance.

A Statistical tool used: Reliability Analysis, Correlation Analysis, Frequencies and Factor Analysis.

ANALYSIS AND RESULTS

Table1: Frequency analysis of Gallup Employee engagement model and employee performance evaluation

Status	Gallup Model	JC	WC	CW	SV	RP	AU	EB
Neither agree nor disagree	141	50	22	28	89	88	77	69
Agree	227	425	415	295	242	298	265	276
Strongly Agree	232	125	163	279	269	214	258	255
Mean	4.15	4.13	4.24	4.42	4.30	4.21	4.30	4.31
Median	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Mode	5	4	4	4	5	4	4	4
Std. Deviation	.774	.526	.504	.580	.712	.678	.684	.667

Table1 shows that the majority of the respondents were satisfied with the Gallup employee engagement, Job Content, Working conditions, challenging work, skill variety, role Perception, Autonomy and Employee Behavior because Behavioral Engagement refers to employee feel valued, involved in work, goes the extra mile, shows enthusiasm and continues with the organization with discretionary effort to reach its objectives. When they have strong relationships with managers, meaning in their work, effectively downward communication, constructive and regular feedback, employee feel more engaged and committed to the Organizational growth. But a very less number of respondents were neutral about the employee engagement parameters and employee performance parameters because Affective Engagement refers to the employee emotions with respect to the workplace and company. When an employee feels fair treatment, dignity, respect for them, interesting, challenging work environment and opportunities to use their creativity and skills. The employees must be assigned challenging assignments as per their interests and skills so that they work with maximum satisfaction and commitment to the organization, in turn, leads to passion and excitement about the work.

Hypothesis testing using Correlation

Table-2 Relationship between employee engagement and employee performance evaluation

Correlation values of different grouping variables								
Statements	Gallup Employee Engagement (EE)	Job content (JC)	Working Conditions (WC)	Challenging Work (CW)	Skill Variety (SV)	Role Perception (RP)	Autonomy (AU)	Employee Behavior (EB)
EE	1	.191**	.105**	.008	.120**	-.023	.159**	.161**
JC	.191**	1	.021	-.066	.109**	.128**	.155**	.132**
WC	.105**	.021	1	-.026	.068	.075	.099**	.175**
CW	.008	-.066	-.026	1	-.039	.092*	.054	-.100*
SV	.120**	.109**	.068	-.039	1	-.055	.054	.169**
RP	-.023	.128**	.075	.092*	-.055	1	-.044	.026
AU	.159	.155**	.099*	.054	.054	-.044	1	.051
EB	.161**	.132**	.175**	-.100*	.169**	.026	.051	1

**Correlation is Significant at the 0.01level *Correlation is Significant at the 0.05level

Table 2 shows that there is a strong positive correlation between Gallup Employees Engagement parameters and employee performance parameters such as Job content, working conditions, skills variety, Autonomy and employee

behavior, those values have been found to be significant at both 0.01 and 0.05 level of significance. The significance level shows that there is a significant relationship between Employees Engagement and Self Employed employee performance in cement companies. And there is an impact of Gallup Employees Engagement on employee performance parameters of Job content, working conditions, skills variety, Autonomy and employee behavior. The results reveal that employees who hold jobs that offer high levels of autonomy, task variety, task significance and feedback are more highly engaged and, in consequence, receive higher performance ratings from their supervisors. The findings confirm that Leaders behavior, timely rewards, and recognition, pay are strong drivers of Employee Engagement. Fair pay and satisfying benefits package also lead to highly engaged employees. But employee engagement parameters those not impact on challenging work and role perception. It is concluded that there is a weak correlation between engagement and employee performance items. Hence Employee Engagement is a positive attitude held by the employees towards the organization and its values. It is rapidly gaining popularity, use, and importance in the workplace and impacts organizations in many ways. The importance of Employee Engagement in the organizational setting is undeniable.

Table3: Influencing factors among employee engagement of cement companies by using Rotated Compounding Factors.

Statements	Components				
	1	2	3	4	5
	Employee Recognition	Strategic alignment	Employee empowerment	Interesting & challenging work	Work conditions
I know what is expected of me at work			.525		
I have the materials and equipment I need to do my work right				.706	
At work, I have the opportunity to do what I do best every day.					.828
In the last seven days, I have received recognition or praise for doing good work	.662				
My supervisor, or someone at work, seems to care about me as a person.			.793		
There is someone at work who encourages my development				.788	
At work, my opinion seems to count.	.587				
The mission/purpose of my company makes me feel my job is important.		.687			
My associates/fellows are committed to doing quality work.		.707			
I have a best friend at work.					.568
In the last six months, someone at work has talked to me about my progress.	.611				
During the last year, I had opportunities at work to learn and grow			.524		

Table3 shows that Employee Recognition, Strategic Alignment, Employee Empowerment, Interesting and Challenging work and work conditions are the various factors that impact on Employee Engagement. Recognizing in a sincere and timely manner employee contribution and incremental improvements and lets employees know that their hard work is valued, that supports the organization's goals and values, and which has clearly been beyond normal expectations. Strategic Alignment is the process and the result of linking an organization's structure and resources with it is a strategy and business environment. It enables higher employee performance by optimizing the contributions of people, processes, and inputs to the realization of measurable objectives. Employee empowerment gives an employee a certain degree of autonomy and responsibility for decisions making regarding their specific organizational tasks. It also involves giving chances to employees to be enterprising, take risks without compromising with the organizational goals, mission, and vision. Interesting and Challenging work is absolutely essential to keeping good employees, not to mention attracting them in the first place. If the work is not interesting or challenging, typically you have to pay a lot to find people willing to do the job. I mean fair compensation for a job that is boring and or so easy a monkey could do it,

usually high wages are required and if you won't pay very well for that boring job, then you will end up with a revolving door of good employees or less than savory people in the role or a combination of both. Working conditions cover a broad range of topics and issues, from working time (hours of work, rest periods, and work schedules) to remuneration as well as the physical conditions and mental demands that exist in the workplace. The working conditions in which an individual or staff work, including but not limited to such things as amenities, physical environment, stress and noise levels, the degree of safety or danger, and the like.

Suggestions

As per the survey conducted, employees need to know how their behavior affects them. For instance, the employees are required to confront with their own behavior patterns and the expectations of the clients. To address this problem, organizations may arrange a workshop on interpersonal communications through tools like Johari Window which would help them to know others and others to know them.

CONCLUSION

As per the survey, most of the employees opine that they are not involved in decision making, so training may be provided to top level employees in servant and distributed leadership so that they focus on employee empowerment and encourage innovation. Employees work through within relationships, rather than individual action. Participative decision making helps to obtain innovative and creative ideas from the employees. As there is no much feedback on the employee's progress/ career growth while the project is continuing, and the managers are not able to assess, communicate and use the same as a motivator. In order to achieve that training may be given to the project leaders in performance evaluation so that their employees' performance may be evaluated periodically. Constructive and regular feedbacks regarding their progress or career growth, enhance Employee Engagement.

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