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**"IMPACT OF EMPLOYEE ENGAGEMENT ON EMPLOYEE ATTRITION  
AND JOB SATISFACTION"**

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**ABSTRACT**

This study focuses on the employees working in the public sector insurance companies and examines the overall level of employees' engagement, and its effect on their job satisfaction and attrition. The population selected are employees working within the public sector insurance companies across Kerala. Primary data was collected from the respondents through an online questionnaire and their responses are to be taken into account with anonymity of their identity. The study has a sample size of 150 employees. There is a direct negative relationship between employee engagement and employee attrition and there is a direct positive relationship between employee engagement and job satisfaction.

**1. INTRODUCTION**

Employee engagement is the extent to which employees feel passionate about their jobs, are committed to the organization, and put discretionary effort into their work. An engaged employee has a positive attitude towards the organization and its values.

In public sector insurance companies different biographical, personality characteristics and seniority may influence levels of engagement. When younger workers first enter the organization, they can be enthusiastic, but they may easily become disengaged. It is easier for individuals who are extrovert to be more engaged. Individual engagement is a choice; because it is based on what the employee believes is worthwhile spending their time in. Seniority, role, and duration of service in the organization all affect engagement levels, in the insurance industry. The higher a person's position, the more likely they are to be engaged. Employee engagement benefits employees at individual level in performing their

jobs better and reduces their intentions to leave.

Job satisfaction or employee satisfaction is a measure of workers' contentedness with their job. Job satisfaction is composed of two components: affective and cognitive. Affective portion is the level of feeling toward job in positive and negative direction, while cognitive portion comprises thoughts and beliefs of an employee about his job.

Employee attrition refers to the loss of employees through a natural process, such as retirement, resignation, elimination of a position, personal health, or other similar reasons.

In insurance industry, employee attrition rate has started to increase in early 2017 due to high demand and huge opportunities that exists in the market. With the increase trend of attrition and its impact, it has been monitored seriously by the senior management, human resources and industrial psychologists in the industry due to major impacts to the organization's survival.

According to IRDA (Insurance Regulatory Development Authority) Annual Report 2017-18, there has been a 10.63 per cent decrease in the number of individual agents. Attrition is one of the most serious challenges that HR practitioners in the Indian insurance industry face.

This study focuses on the employees working in the public sector insurance companies and examines the overall level of employees' engagement, and its effect on their job satisfaction and attrition.

## **2. REVIEW OF LITERATURE**

### **Employee engagement (EE)**

Employee engagement (EE) results in a person being satisfied with their job at the same time it helps the employee's reduce their intention to quit. Any organizations goal would be to reap the benefits of employees being more engaged with their work with a positive vision and future goal. Therefore in order to attain such goal, organizations should focus more on way and methods that can lead to such results of job satisfaction and employee attrition (Jaiswal, Pathak and Kumari, 2017).

This three-factor engagement model (job satisfaction and employee attrition) should be used to gauge the levels of employee engagement so that their levels of happiness can be enhanced (Othman, Mahmud, Noranee and Noordin, 2018).

Employee engagement can be achieved through the creation of an organisational environment where positive emotions such as involvement and pride are encouraged, resulting in improved organisational performance, lower employee turnover and better health. Employee engagement is the attachment of an employee to his work role; it is the physical, cognitive, and emotional attachment to the performance—physical dimension refers to physical involvement in the task at hand, cognitive dimension refers alertness and absorbed at work, and emotional dimension means connection with job while working with dedication and commitment.

It is found from a study that in insurance industry engaged employees have physical, cognitive, and emotional involvement in their work and have a strong and effective connection with their work. Employee engagement is a persistent and pervasive motivational psychological state (Gupta & Shaheen, 2017).

Studies provide acumens into the critical process of individual's work engagement,

by obtaining the literature on employee engagement in terms of intrinsic motivation and task purpose. Even though there is enough and more research work conducted in emphasizing the role of engagement in predicting organization desirable outcomes, there is a need for understanding the psychological process that involves while employee engages with the work. There are four key engagement initiatives such as decision making authority, empowering to share ideas and opportunities to develop and utilize employee talent and leadership in driving engagement through a process of motivation. (Maha Ahmed and Zaki Dajani, 2020).

### **Job Satisfaction:**

Job satisfaction refers to the positive feelings of employees on their achievement, capability to perform the assigned tasks, the flexibility of time allocated to perform the tasks, the work environment and the allocation of tasks. Job satisfaction will also contribute to employee engagement and happiness. Job satisfaction is associated with the non-monetary compensation and monetary compensation (pay, promotion, and bonus) is one of the most important explanatory variables in both the sectors. Variations in rewards and recognition can bring a positive change in work motivation and job satisfaction of the employee. A very strong influence of job satisfaction is on organizational commitment whereas role ambiguity and job stress indirectly affects the willingness of employees to leave their jobs. (Tejaswi Bhuvanaiah and R. P. Raya, 2018).

### **Employee attrition**

Employee attrition is one of the biggest challenges faced by public sector insurance companies and employee job satisfaction has become a foremost task for human resource managers (Gupta, 2017). In India, with the increase in employment generation, difficulties are faced by employers in controlling employee turnover (Gupta & Shaheen, 2017).

The behaviour of the managers affects the employees the most in case of attrition. The promotion and transfer policies, working hours, work environment, employee disputes, family problems, better job opportunity available also play important role in attrition in the insurance industry. Excessive employee attrition often engenders far reaching consequences and at the extreme may jeopardize efforts to attain the organizational objectives. Training, size, length of operation and the nature of the industry are significantly related to attrition. Job satisfaction and organizational commitment had a negative effect on turnover intentions, whereas perceived alternative job opportunities had a significant positive correlation with turnover intentions and is the major factor associated with turnover intention among its professionals (Maaz Lorgat, Vaishali Pillai, 2020).

Most insurance workers are working under tension and due to stress no one can perform their optimum work according to their ability. Occupational stress totally disturbs the life of subjects at workplace as well as at their home. Stress affects the interactions and dealing with the friends, relatives, family members and the customers. Job satisfaction is an individual employee's feeling and emotions about his or her work and attitude toward various realities of work. Job satisfaction is a key factor for service industry employees' motivation, because it is presumed that if the employees are satisfied with their job, work culture, and environment in the service industry, then only customers can be satisfied better. (Garg, Ahmad and Mishra, 2017).

There is a positive relationship between employee engagement and employee satisfaction. When the employee engagement practices are conducted more carefully then the employees will be more satisfied and it will lead to higher job satisfaction. There is a negative relationship between employee engagement and employee attrition. When more employee engagement practices are provided from the side of the organization then the attrition rate comes down. Employees will feel less stressed and they will decide to continue in the organization (Dr. V. Tulasi Das, Vijayalakshmi, 2018).

**H1:** Employee engagement is positively associated with Job Satisfaction.

**H2:** Employee engagement is negatively associated with Employee Attrition.

**3. RESEARCH METHODOLOGY**

For this study the independent variable is employee engagement and the dependent variables are job satisfaction and employee attrition .

**Measures:**

*Employee Engagement* The scale was adopted from Utrecht Work Engagement Preliminary Manual by Schaufeli and Bakker (2004). 9 items were divided into 3 subscales of vigour, dedication and absorption. Items were measured on a 6-point Likert scale where responses ranged from never (1) to always (6).

*Employee Attrition*

The questionnaire was adopted from DeConinck and Johnson (2009). Under this the scale was measured with 4 items on a 5-point Likert scale that gave responses ranging from strongly disagree (1) to strongly agree (5). The items used in this scale help to find out whether the employees plan to leave the organization in the future and the possible reasons which lead to such decisions.

*Job Satisfaction*

The satisfaction level of the employees is measured using the scale adopted from Judge et al. (2006). Three items are measured on a 5-point Likert scale where the responses ranged from strongly disagree (1) to strongly agree (5).

**4. Research Design**

The population selected are employees working within the public sector insurance companies across Kerala. Primary data was collected from the respondents through an online questionnaire and their responses are to be taken into account with anonymity of their identity. The study has a sample size of 150 employees . The sampling technique used is convenience sampling method. Responses will be analysed through SPSS. Structural equation modelling is the analysis method that is opted for this study.

**5. ANALYSIS AND INTERPRETATION**

**Descriptive Statistics**

**Table 1: Descriptive statistics, Inter co-relations and Discriminant Validity of Constructs**

Constructs	M	SD	1	2	3
<b>Employee Engagement (EE)</b>	4.99	0.80	<b>0.745</b>		

<b>Employee Attrition (EA)</b>	1.72	0.74	-0.568**	<b>0.753</b>	
<b>Job Satisfaction (JS)</b>	3.80	0.44	0.746**	-0.511**	<b>0.762</b>

\*\*Correlation is significant at 0.01 level (2 tailed)

The scale items are well discriminated. The employee engagement is high and Employee attrition is low. High employee engagement is leading to high job satisfaction ( table 1).

**Table 2 Results of path analysis**

<b>Path</b>	<b>B</b>	<b>Unstandardized β</b>	<b>Standard Error</b>	<b>Critical Ratio</b>	<b>p value</b>	<b>Decision</b>
EE→ EA	-0.568	-0.526	0.044	-11.933	***	H1 supported
EE→JS	0.746	0.414	0.021	19.345	***	H2 supported

\*\*\* p value < 0.01 significance

Employee engagement is negatively (-0.526) related to employee attrition. This is because the the employee engagement is high among the respondents. Employee engagement being high the job satisfaction is also high, with a high correlation (0.414) (Table 1 and 2).

**6. DISCUSSION**

There is a direct negative relationship between employee engagement and employee attrition and there is a direct positive relationship between employee engagement and job satisfaction. This is a natural discourse. The more the employees are engaged within the organization, the better will be the job satisfaction and the employee attrition. The respondents being from the insurance industry, indicates a positive policy shift that has been taken care by the insurance companies to continuously engage their employees to make them more satisfied and reduce the attrition.

**7. SCOPE FOR FUTURE STUDIES**

The limitation of this study is the population taken is limited to Kerala and the sample taken is only 150. Further research can include variables like leadership, organization commitment, supervisor support, and perceived organization support

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