



A STUDY ON IMPACT OF LEADERSHIP ON ENGAGEMENT LEVEL OF EMPLOYEES IN MSMEs IN TRICHY REGION

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Abstract: *The present study attempts to study about the level of influence of leaders towards employee engagement and also changing employee demographics variables. This study emphasizes the employee relationship with leaders and their influence towards employee engagement. The study is conducted among 441 employees from micro, small and medium enterprises (MSMEs) in Trichy region of Tamilnadu, India. The study found that there is a significant impact of leadership on engagement level of the employees in MSMEs.*

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I. INTRODUCTION

The success of business enterprises will be achieved by means of employee engagement and the employee engagement achieved by means of leadership influence. The main source of innovation and development in an organization is by employee engagement. Organization nurtures the employee involvement by means of mutual relationship from employee and employer. The employee engagement is the positive attitude of employees towards organization and its values.

Engaged employees are those who are having passion towards their work, great sense towards their organization and drive innovation to further forward in organization. Commitment and employee involvement towards their work in an organization is employee engagement. To achieve healthy work place leadership plays a key role in employee engagement. Employee's morale, retention, commitment, satisfaction and perception on stress are influenced by leaders.

The concept of employee involvement is interest of employees towards their tasks and assigned job. Employees involved in their task and assigned jobs will get feeling of psychological ownership and this led them to take their own interest in the decision making of a company. Employees feel by themselves that by means of raising their voice they can influence the organization and it is a job enrichment theory. Employees feel by themselves that they are accountable for the risk associated with the task they have to perform. Employee level of commitment will increase if they are provided the decision authority. The psychological ownership feelings towards their actions and consequences will develop a sense of belongingness. This further enables them to perform their tasks effectively. Involvement of the employees towards their task will increase because of their decision authority. The job satisfaction refers to the fulfillment of job needs with respect to the employee's mindset.

II. LEADERSHIP AND EMPLOYEE ENGAGEMENT

Leadership and employee engagement is associated in such a way. Past literature review reveals that the employee engagement is based on attention and absorption of two psychological components. The amount of time allocated by an individual to think about his/her job and role is attention while individual focus towards his performance and role is absorption. To improve their own performance individuals put their effort of energy called



engagement. Psychological empowerment is the employee's perception which accomplishes work tasks as well as important decision making regarding work tasks by means of adjusting their work environment. Energy level and the decision making that employee take on account to solve work related issues is termed as engagement. Saks proposed engagement as an individual phenomenon and it has own impact towards performance as well as success of organization by delivering positive individual level outcomes. The result of engagement is reduced burnout, increased satisfaction, commitment and higher performance. Employees feel the organization as their own with less intention to leave.

III. OBJECTIVES OF THE STUDY

The study is intended to observe and analyze impact of leadership on engagement level of employees in MSMEs, Trichy, Tamilnadu, India.

IV. METHOD OF RESEARCH

Survey method through structured questionnaire was adopted for the study.

Sampling frame and data collection procedure

Primary data required for the study was collected through questionnaires distributed to 500 employees, who included top management, middle management and employees in the MSMEs. They represented workforce employed in MSMEs in Trichy region working in different functional areas like production, sales, marketing, finance accounts and administration departments. A total of 28 units were covered in the study – 12 micro units, 10 small units and 6 medium units.

Convenience sampling was adopted taking into account availability and approachability of employees for the purpose of data collection.

A total of 500 questionnaires were distributed after translating the questions in the native language for the convenience of the employees after obtaining the consent of the owners/HR department officials. Completed questionnaires received were 445, which represents 89% response rate and only 441 questionnaires were used and the remaining were discarded as they were incomplete and could not be used for statistical purposes.

V. RESEARCH INSTRUMENT

The research instrument used for this study is questionnaire. It was designed to measure engagement, team work and leadership, relation with owner/top management, work culture and compensation of the workforce. The questionnaire comprises of three sections



measuring the level of engagement of the employees and determining the important factor determining satisfaction and performance at work. In addition to questionnaire, practical discussions were held with the respondents.

VI. DATA ANALYSIS AND INTERPRETATION

VI.1. ANALYSES OF DEMOGRAPHIC CHARACTERISTICS OF THE EMPLOYEES:

TABLE – 1: DEMOGRAPHIC VARIABLES OF THE EMPLOYEES

No.	Particulars	No. of respondents	Percentages
1.	GENDER		
	Male	331	75.1
	Female	110	24.9
	Total	441	100
2.	TOTAL WORK EXPERIENCE		
	Up to 5 years	175	39.7
	6 – 10 years	103	23.3
	More than 10 years	163	37.0
	Total	441	100
3.	EXPERIENCE IN THE PRESENT ORGANISATION		
	Up to 5 years	233	52.8
	6 to 10 years	094	21.3
	More than 10 years	114	25.9
	Total	441	100
4.	POSITION IN THE PRESENT ORGANISATION		
	Top management	020	4.5
	Middle management	100	22.7
	Employees	321	72.8
	Total	441	100
5.	AGE		
	Up to 25 years	136	30.8
	26 years to 40 years	234	53.1
	41 years to 50 years	060	13.6
	More than 50 years	011	2.5
	Total	441	100

Source: Primary data

Important demographic characteristics based on the sample survey of employees as shown in the above table are presented below.



1. Sample population reveals that 75.1% of the employees are male and 24.9% are female. It indicates that there are more male employees than female employees working in MSMEs.
2. 63% of the employees possess less than ten years of total work experience and 37% of the employees possess more than ten years of experience.
3. 74.1% of the employees have less than ten years of service in the present organisation and 25.9% of the employees have more than 10 years of service in the present organisation.
4. Top management employees who include General manger, Vice President and President of the organisation represent 4.5% of the sample; middle management who include managers and team leaders constitute 22.7% of the sample and 72.8% of the sample are employees.
5. 83.9% of the respondents belong to the age group of below 40 years, 13.6% of the respondents belong to the age group of 40 years to 50 years and 2.5% of the respondents belong to the age group of more than 50 years.

VI.2. ANALYSIS OF IMPACT OF LEADERSHIP ON EMPLOYEE ENGAGEMENT

Multiple regression analysis is a statistical technique that can be used to analyze the impact of several independent (Predictor) variables on a single dependent (Criterion) variable. The objective of multiple regression analysis is to use the independent variables whose values are known to predict the single dependent value selected.

Hypothesis:

H₀: There is no significant impact of leadership on engagement level of employees in MSMEs in Trichy region of Tamilnadu, India.

H₁: There is a significant impact of leadership on engagement level of employees in MSMEs in Trichy region of Tamilnadu, India.

TABLE – 2

IMPACT OF LEADERSHIP ON EMPLOYEE ENGAGEMENT

MODEL SUMMARY				
Model	R	R squared	Adjusted R Square	Std. Error of the Estimate
1	.647 (a)	.418	.417	7.16765

a. Predictors: (Constant), Leadership



The above table shows the model summary for the R, R², adjusted R² and standard error of estimate. The R² value indicates the percentage variance in the dependent variable that is influenced by the linear combination of the independent variable. The value of R² for model 1 is 0.418 and it indicates the variance accounted for by leadership on engagement level.

TABLE - 3
ANALYSIS OF VARIANCE
IMPACT OF LEADERSHIP ON EMPLOYEE ENGAGEMENT

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	16201.287	1	16201.287	315.352	.000(a)
	Residual	22553.732	439	51.375		
	Total	38755.019	440			

- a. Predictors: (Constant), Leadership
b. Dependent variable: Engagement

TABLE - 4
IMPACT OF LEADERSHIP ON EMPLOYEE ENGAGEMENT
Coefficients (a)

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	45.988	2.311		19.903	.000
	Leadership	.505	.028	.647	17.758	.000

a) Dependent variable: Engagement.

Source: Primary data

The above table shows that the model - 1 is significant. The F value for the model - 1 is also statistically significant (Table – 3). Hence, the null hypothesis is rejected and it can be concluded that there is significant impact of leadership on engagement level of employees in MSMEs in Trichy region of Tamilnadu, India.

VII. CONCLUSION

The empirical study concludes that there is significant impact of leadership on engagement level of employees in MSMEs in Trichy region of Tamilnadu, India. Employees perform efficiently when they are supported and guided by proper leadership. A sense of belongingness and the accountability among the employees is achieved by employee engagement through leadership. Leaders can directly influence on employee morale,



retention, commitment, satisfaction and perception on stress. The organizations' success is depends upon the employee engagement and that can be directly influenced by the leadership. It can be concluded that effective tool can be used for designing an employee engagement programme in an organization.

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