

To Study the Impact of Covid- 19 on Employee Engagement in Indian SMEs

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Abstract

The purpose of the study is to monitor and analyze the change in level of employee engagement of SMEs in India due to Covid-19 pandemic against the two components - employee engagement towards organization and engagement of employee towards manager and later justify the significance of the outcome by carrying out hypothesis testing. To have a theoretical background to the study, theoretical framework consisting of Employee Engagement driven on two components- engagement towards organization and engagement towards manager was used. Quantitative research method was used for the study based on primary data collected by conventional sampling method. Finally, after thorough analysis of data and carrying out hypothesis testing, it was concluded that there has been real and significant decrease in the engagement of employees towards both the component of employee engagement namely, engagement towards organization and engagement towards manager and thus, it can be said that there is significant and real decrease in the employee engagement in SMEs due to Covid-19 pandemic. The (Subrahmanya et al., 2010) discusses the problem which is addressed in the paper followed by the purpose of the study.

Keywords

Small Medium Enterprise, Employee Engagement, Engagement towards Organization, Engagement towards Manager, Covid-19

1. Background

This paper throws light on the background of the study and later discusses the problem which is addressed in the paper followed by the purpose of

the study. Small medium enterprises according to section 7 of the Micro, Small and Medium Enterprise Development are the enterprises that have thresholds for the turnover and investment. Small enterprises have a threshold for investment which is not more than INR 10 crore and threshold for turnover which is not more than INR 50 crore annually. Whereas, medium enterprises have a threshold for investment which is not more than INR 50 crore annually and threshold for turnover which is not more than INR 250 crore annually. SMEs are the major contributors of the Indian economy and contribute to about 45% of employees. Hence, employees are integral for the success of the SMEs and thus employee productivity which is enhanced by employee engagement is very crucial.

2. Research Problem Discussion

Small medium enterprises (SMEs) are one of the major contributors to the economic development and employment growth of the country (Subrahmanya et al., 2010). SMEs in India account for about 40% of the exports, about 45% of industrial production and about 7.09% of GDP. Further, it is seen that SMEs contribute to about 45% of total employment of the India and hence employee management and employee productivity play a very vital role in success of the SMEs.

The measure to which the employee working in the organization sense motivated, devoted towards the work and put a lot of dedication and efforts towards their role and work is called

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employee engagement (Macey, 2008). According (Little and Little, 2006) report to about 22% increase in productivity. Employees who are more engaged are seen to be more productive, they have a feeling of commitment towards the job and they outperform the competitors (Jose, 2012) Further, the positive emotion and strong job commitment of employees towards the organization helps the organization to quickly recover from the financial crisis (What is Employee Engagement? Surveys Improve Performance, Hence, employee engagement is very important for better productivity of SMEs and thus, it is necessary for SMEs to implement various strategies to enhance employee engagement and to continuously monitor the level of employee engagement (Yousif Ali and Hasaballah, 2020). Monitoring the level and change in the employee engagement helps organizations to adapt their employee engagement strategy depending upon the change so as to enhance the engagement (Schaufeli, 2011).

Employee engagement is seen to even more crucial for Organizations during the Covid 19 pandemic (Sangeeta, 2020). In the pre-pandemic period, the world economy was on rise and most of the businesses were seen to be growing but due to the Covid pandemic the growth was seen to be halted (Bartik *et al.*, 2020). Pandemic has seemed to hit almost all the industries and SMEs were no exception. An enormous decrease in the revenue was seen and SMEs had to go through huge losses and were in the position of financial crisis (Bartik *et al.*, 2020). Employees were forced to work from home and that obviously had an effect on employee engagement (Chanana, 2020). Hence, it was the need of the time to monitor and analyze the extent to which the employee engagement had been affected due to the ongoing pandemic. Thus, this research tries to study the change in level of employee engagement before and after Covid – 19 pandemic (Ojo and Fawehimmi, 2021).

Employees are seen to have their activities driven towards their immediate superior who is the manager and the organization as a whole (Little

and Little, 2006). Hence employee engagement can be said to have two primary components which are - engagement towards the organization (Hess *et al.*, 1986) and towards the manager (Chandani *et al.*, 2016). The measure to which an employee sense devoted, feel confidence, respect and trust towards the organization is described as employee engagement towards organization (Hess *et al.*, 1986). Whereas, the measure to which an employee sense feeling of well-being, comfort, trust, fairness and value towards the immediate superior is described as employee engagement towards the manager (Chandani *et al.*, 2016).

Thus, this study uses the two primary components of employee engagement (employee engagement (Yousif Ali and Hasaballah, 2020) towards manager) to monitor and analyze the change in employee engagement pre and post Covid -19 pandemic based on the primary data collected from the various employees working in the different SMEs in India. Further, to justify that the result of the data collected was real and significant and not just by fluke or random chance, hypothesis testing was carried for both the components of employee engagement against the significance of 5%.

3. Importance of the Study

Employee Engagement is seen to be very crucial for employee productivity. Due to the ongoing pandemic, the regular organizational activities have changed drastically (Bartik *et al.*, 2020) and hence, it becomes all the more imperative for organizations to monitor the effect of this change on the employee engagement and in turn adapt the employee engagement strategy accordingly (Schaufeli, 2011). Hence, the findings of this study will help the strategy makers and HR managers of SMEs to make the necessary modifications in employee engagement strategy.

4. Purpose of the Study

The purpose of the study is to monitor and analyze level of employee engagement due to Covid-19 pandemic against the two components of employee engagement i.e. towards organization

and towards manager based on the primary data collected from the various employees working in the different SMEs in India. Further, to justify that the result of the data collected was real and significant and not just by fluke or random chance, hypothesis testing was carried for both components of employee engagement against the significance of 5%.

5. Research Objectives

1. To investigate if there is a real and significant change in the level of employee engagement towards the organization due to Covid-19 in the SMEs in India.

2. To investigate if there is a real and significant change in the level of employee engagement towards the manager due to Covid-19 in the SMEs in India.

6. Theoretical Framework

6.1 Employee Engagement

The measure to which the employee working in the organization sense motivated, devoted towards the work and put a lot of dedication and efforts towards their role and work is called employee engagement (Macey et al., 2008). Employees are seen to have their activities driven towards their just superior who is the manager and the organization as a whole (Little, P., & Little, 2006). Hence employee engagement can be said to have two primary components : engagement towards the organization (Hess et al., 1986). and towards the manager (Chandani et al., 2016)

6.2 Engagement Towards Organization

The measure to which an employee sense devoted, feel confidence, respect and trust towards the organization is described as employee engagement towards organization (Hess et al., 1986). This measures the relation of feeling of attachment of an employee to the organization as a whole and not a particular person or a manager (Sundaray, 2011). This studies the wholesome engagement of an employee towards the organization as a whole (Hess et al., 1986).

6.3 Engagement Towards Manager

The measure to which an employee sense feeling of well-being, comfort, trust, fairness and value towards the immediate superior is described as employee engagement towards the manager (Chandani et al., 2016). It measures the relation of the employee with the immediate superior to whom the employee has to report and get orders from (Sundaray, 2011). This is limited to the manager under whom the employee. The engagement is in particular (Chandani et al., 2016).

7. Research Methodology

Quantitative research method was chosen for research methodology. Quantitative research method is an objective measurement and the statistical interpretation of the numerical data collected using different techniques such as surveys, questionnaires, polls, etc. It mainly focuses on gathering numerical data (Babbie and Earl, 2010). The ultimate goal of quantitative research method is to collect numerical data from a group of people and then generalize those results to a larger group of people (Babbie, 2010). The quantitative method chosen for this study was an online questionnaire as it gives simple and crisp data. Online questionnaire used had simple, close ended questions which clearly defined the purpose of the survey.

7.1 Data Collection

The collection of data for this study was done using "Google Forms" which is a well-known and easy to use survey tool. In order to better understand the targeted respondents and to reach the maximum number of them, convenience sampling method was chosen for the survey. Convenience sampling method is a method where research data is collected from a conveniently available pool of respondents. The survey questionnaire was sent to the respondents using emails and social media links. The respondents were people working at different levels in various SMEs. A total 72 responses were collected. The respondents were based in different cities and towns from different states of India which would be representative of the whole potential

population. In order to collect the most relevant and real time data, the questionnaire was sent to different categories and criteria of social groups (age, gender, income, activity, organization etc.). However, it is still very difficult to have a precise analysis of the population with such a small number of respondents compared to the size of population. Hence, to justify that the observed results are real and significant enough and not just due to fluke or random chance, hypothesis testing was carried out on the collected data.

7.2 Operationalization Table

The operationalization was articulated with concepts in accordance with theoretical framework conducted with specific questions that provided precise data about the theories used. The following table shows the operationalization used for the study.

Table 1: Definition

Concept	Component	Indicator	Survey Question
Employee Engagement	Employee engagement towards organization	Positive/Negative	1. Rate your engagement towards the organization out of 10 (Where 1 was considered to be least positive (negative) and 10 the most positive feeling) Before Covid 19 pandemic 2. Rate your engagement towards the organization out of 10 (Where 1 was considered to be least positive (negative) and 10 the most positive feeling) After Covid 19
	Employee engagement towards Manager	Positive/Negative	1. Rate your engagement towards the manager out of 10 (Where 1 was considered to be least positive (negative) and 10 the most positive feeling) before Covid19 pandemic 2. Rate your engagement towards the manager out of 10 (Where 1 was considered to be least positive (negative) and 10 the most positive feeling) After Covid 19 pandemic.

8. Data Analysis And Interpretation

8.1 Engagement towards Organization

8.1.1 Respondents were asked to rate their engagement towards the organization out of 10 (Where 1 was considered to be least positive (negative) and 10 the most positive feeling) Before Covid 19 pandemic.

8.1.2 Respondents were asked to rate their engagement towards the organization out of 10 (Where 1 was considered to be least positive (Negative) and 10 the most positive feeling) After Covid 19 pandemic.

The data collected is as follows:

Table 2: Ratings of the employee's engagement towards the organization before and after Covid-19.

Rating	No. of respondents before Covid-19 pandemic	No. of respondents after Covid-19 pandemic
1	0	0
2	1	4
3	4	5
4	7	9
5	10	14
6	13	13
7	15	12
8	11	8
9	7	5
10	4	1

After analyzing above data below interpretation was formulated:

Scenario	Mean \bar{x}	Standard Deviation	Sample Population
Before Covid-19	6.47 (\bar{x}_1)	6.47 ($1S_1$)	72 (n_1)
After Covid-19	5.77 (\bar{x}_2)	5.77 ($1S_2$)	72 (n_2)

The above table shows that there is negative change in the engagement of respondents towards the organization after Covid-19. But this change is noted for a small population of 72 respondents as compared to the workforce size and thus the observed result may be due to fluke or by random chance and hence, it is necessary to justify that the observed results are real and significant enough. Thus, hypothesis testing was carried out on the collected data against the significance of 5% which is considered to be a standard value.

$$Z = \frac{x_1 - x_2}{\sqrt{\frac{s_1^2}{n_1} + \frac{s_2^2}{n_2}}}$$

$$Z = 0.7 / 0.319$$

$$Z = 2.19 \text{ and } P\text{-value} = 0.014$$

$$\text{Level of significance} = \alpha = 0.05$$

Thus as $P\text{-value} < \alpha$

The Null hypothesis is rejected and Alternate hypothesis is accepted.

Thus it can be said that the mean of the ratings before Covid-19 pandemic is significantly greater than the mean rating after the Covid-19.

Hence, there is a real and significant negative change in the engagement of employee towards the Organization component.

8.2 Engagement Towards Manager

8.2.1 Respondents were asked to rate their engagement towards the manager out of 10 (Where 1 was considered to be least positive (Negative) and 10 the most positive feeling) Before Covid 19 pandemic

8.2.2 Respondents were asked to rate their engagement towards the manager out of 10 (Where 1 was considered to be least positive (Negative) and 10 the most positive feeling) After Covid 19 pandemic.

The data collected is as follows:

Table 3: Ratings of the employee's engagement towards the manager before and after Covid-19.

Rating	No. of respondents before Covid-19 pandemic	No. of respondents after Covid-19 pandemic
1	1	0
2	1	1
3	1	4
4	1	0
5	1	1
6	1	4
7	5	12
8	12	15
9	13	13
10	22	16
11	9	7
12	4	3
13	4	1

After analyzing above data below interpretation was formulated

Scenario	Mean \bar{x}	Standard Deviation	Sample Population
Before Covid-19	6.47 (\bar{x}_1)	1.77 ($1S_1$)	72 (n_1)
After Covid-19	5.83 (\bar{x}_2)	1.68 ($1S_2$)	72 (n_2)

The above table shows that there is negative change in the engagement of respondents towards the manager after Covid-19. But this change is noted for a small population of 72 respondents as compared to the workforce size and thus the observed result may be due to fluke or by random chance and

Z Test for two means was carried out as below

To carry out the Z Test Null and alternate hypothesis were as below -

H0: Mean of rating before Covid-19 and after Covid-19 are the same and the observed difference in the mean of rating is just by fluke. hence, it is necessary to justify that the observed results are real and significant enough. Thus, hypothesis testing was carried out on the collected data against the significance of 5% which is considered to be a standard value. Thus, H0 : $\bar{x}_1 = \bar{x}_2$

H1: Mean of ratings before Covid-19 is greater than the mean of ratings after Covid-19 and thus the difference is significant. Thus, H1 : $\bar{x}_1 > \bar{x}_2$

Level of significance = $\alpha = 0.05$

$$Z = \frac{\bar{x}_1 - \bar{x}_2}{\sqrt{\frac{S_1^2}{n_1} + \frac{S_2^2}{n_2}}}$$

$$\sqrt{Z} = -0.64 / 0.288$$

$$\sqrt{Z} = 2.22 \text{ and P-value} = 0.013$$

Level of significance = $\alpha = 0.05$

Thus as P-value < α

The Null hypothesis is rejected and Alternate hypothesis is accepted.

Thus it can be said that the mean of the ratings before Covid-19 pandemic is significantly greater than the mean rating after the Covid-19.

Hence, there is a real and significant negative change in the engagement of employee towards the Manager.

9. Findings of The Study

9.1.1 There has been real and significant decrease in the engagement of employee towards the organization.

9.1.2 There has been real and significant decrease in the engagement of employee towards the Manager.

10. Conclusion

After the analysis of the data, it was seen that the engagement of the employees towards both the components of employee engagement i.e. towards the manager and organization before Covid-19 pandemic was more than after Covid-19 pandemic in SMEs in India. Further, to prove that the observations were significant and real and not due to fluke, hypothesis testing was carried out to a significant value of 5%. Later, after carrying out hypothesis testing it can be concluded that there has been a real and significant decrease in the engagement of employees towards both the components of employee engagement namely, engagement towards organization and engagement towards manager in SMEs due to Covid- 19. Thus, it can be said that there is significant and real decrease in the employee engagement due to Covid-19 pandemic in Indian small and medium enterprises.

11. Further Research

The study merely concludes that there is decrease in the employee engagement of SMEs due to Covid-19 and does not put light on the reasons for the evident decrease in the engagement. Thus, a further research is needed to be carried out with the objective to find out the reasons leading to decrease in the employee engagement due to Covid-19.

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