

## Factors affecting Employee engagement in NBFCs

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### ABSTRACT

Non-Banking Finance Companies are really significant and play a crucial role in the Indian economy. They also play a major role in nation building. They have emerged as an adjunct to the banking segment in India by proffering credit facility to the unbanked segment. NBFC really take care of employee engagement by providing ample job satisfaction to the employees. In-depth research and understanding of employee psychological insights is a difficult task for the personnel department of each NBFC organization. The high rate of loss is an NBFC organization's concern. So they prioritize employee engagement for obvious reasons. This study is based on several surveys to identify the factors affecting employee engagement in the NBFC segment. For survey stratified random sampling methodology has been used. Research hypothesis was constructed on the basis of correlation analysis. The result suggests that employee engagement is correlated with job satisfaction. It is advised to practice and focus employee engagement as a priority basis in NBFC sector.

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### Introduction

Non-bank finance businesses have a significant part to play in the Indian economy. Their national building aspect is really remarkable. In recent years NBFC segment is witnessing some extraordinary growth. Playing the role of financial intermediaries they are raising a platform where saving meets the investment community. NBFCs' role can be well justified and accompanied by the banking segments. NBFC also targets the niche and specific business segments within the construct of the financial system and they provide customized products like second hand vehicle financing and many other, which made them really popular to the consumers. As these all customized products are very convenient for customers.

Likewise any other industry NBFC also considers their employees valuable and backbone of success and are very prompt to deliver employee satisfaction. Which in result helps employees to deliver the best output. Some other organizations also provide a great work environment coupled with better knowledge and learning space, which allow employees to excel in their career. Nowadays companies' workforce is a global mix of employees. That makes a challenging task for HR resources to understand the employee's psychology and perception. For better understanding of the employee's perception insights the drivers of the employee engagement is essentially crucial to understand.

The research results deny the fact that cognitive participation factors, behavioral participation factors, and emotional participation factors affect employee participation. The results also show that IT employee engagement has a significant impact on organizational efficiency. This research shows that when employees are engaged, it will promote the improvement of personal work performance and ultimately bring positive results to the organization. In the current changes, it is not enough to obtain qualified labor. Employee engagement is an important factor in the success of individuals and

organizations. Generally, people think that there is a link between employee engagement and personal performance.

Management conducts self-assessments every day to maintain its ability to interact with employees while executing defined strategies. As employees continue to change jobs, resulting in high turnover rates, employee turnover rates have spread across all areas of the industry. Therefore, in these unstable economic times, employee retention and engagement has become a difficult task. Various human resource professionals are conducting a large number of surveys and studies on a global scale to draw conclusions about the factors that affect engagement.

This essay introduces a philosophical structure for employee engagement, which explains the connexion between corporate philosophy, leadership, team spirit, and employee satisfaction facilitated point of sale. Employee engagement is important to the organization's sustainability and economic growth. However, study literature on employee involvement among administrators and leaders is missing in the UAE.

### NBFCs in India:

Non-banking financial firms (NBFCs) play a significant role in sustainable economic growth in the region. They are the ones who expand their hands to the unbanked areas with different their customized products. In many of the functional areas, business community considers them as a bank because their customer centric customized products are financial friendly in nature. They are bridging up the major gaps in lending to the financially excluded people in remote corners of the country. This is the reason RBI has a strong support towards them and not only that, RBI is strategizing to rejuvenate their financial structure. RBI already has formed several committees to enrich the financial base of NBFC.

Type of NBFC	Activity
Asset Finance Company (AFC)	Financing of physical assets including automobiles, tractors and generators.
Loan Company	Provision of Loan Finance
Investment Company	Acquisition of securities for purpose of selling
NBFC-Infrastructure Finance Company (NBFC-IFC)	Provision of infrastructure loans.
Infrastructure Debt Fund-NBFC (IDF-NBFC)	Facilitation of flow of long-term debt into infrastructure projects
NBFC-Micro Finance Institution (NBFC-MFI)	Credit to economically dis-advantaged groups
NBFC-Systemically Important Core Investment Company (CIC-ND-SI)	Makes investments and loans to group companies.
NBFC-Factor	Acquisition of receivables of an assignor or extending loans against the security interest of the receivables at a discount.

Several stats show that the total number of registered NBFCs with RBI has declined from 11,402 at the end of September 2018, to 10,190 as at the end of March 2019. This is surely a major decline.

The total liabilities of the NBFC sector is Rs. 26.01 lakh crores out of which Rs. 22.22 lakh crores are accumulated by NBFCND-SI while Rs. 3.79 lakh crores are of the NBFC-D.

#### Aims for research:

- ❖ Research different influences in the engagement of workers
- ❖ To identify and study the factors affecting the employee satisfaction
- ❖ The present research article's aim is to evaluate whether the various Engagement factors significantly impact the Employee engagement practices in Non-Banking Financial Companies of India.

#### Research Methodology

The study is emphasized on to evaluate the employee engagement practices in Indian NBFCs. The study is focused on data of primary and secondary type. Initial data were obtained from different NBFC employee accounts in different cities around India. The questions constructed in the questionnaire were related to employee engagement policies. The secondary data was collected from the existing data, company database, and the Internet.

The primary data are collected through surveys. A survey was conducted using a self-structured Questionnaire. 300 Questionnaires having 19 items were distributed to the employees in Non-Banking financial companies across the country. Out of 300 questionnaires, 297 filled responses are collected from the employees. The research used a stratified random sampling method for our current research to minimize the bias and maximize the variance. The study used structural equation modelling to analysis the major factors in particular demography.

#### Reviews of literature

[1] **Ramani et al. (2019)**, a study on factors affecting employee engagement in it industry. This study aims to examine the impact of cognitive engagement factors, behavioral engagement factors and emotional engagement factors on employee engagement in the IT industry in Bangalore. The research results condemned the fact that cognitive engagement factors, behavioral engagement factors, and emotional engagement factors affect employee engagement. The results also show that IT employee engagement has a significant impact on organizational efficiency. This research shows that, in terms of employee engagement, it help improve their personal job performance and ultimately bring positive results to the organization.

[2] **Chandani et al. (2016)**, Employee Engagement: A Review Paper on Factors Affecting Employee Engagement. The aim of this article is to explain the nature and significance of employee engagement (especially its effects on employee efficiency and retention), and to evaluate the factors critical to its successful implementation. The results of this study for any organization, regardless of its type of business, have a comprehensive impact on employee engagement, and all of these factors develop a robust employee engagement policy. Managers should change their job and policy to please their workers, depending on the reasons listed in this article. This essay is useful for those searching for a deeper explanation of employee motivation to enhance the efficiency of the organizations.

[3] **Mehrzi et al. (2016)**, wrote an essay on competitiveness through involving employees: a proposed structure. The aim of this article is to provide us with a context for interpreting, forecasting and managing factors influencing the function of UAE public sector employees. This article provides a comprehensive framework that helps conceptualize employee engagement and help professionals and academics understand the root causes of lack of engagement in organizations.

[4] **Jogi et al. (2015)**, a investigation on employee motivation determinants in the banking sector: a multivariate analysis at Central Chhattisgarh. The aim of this paper is to define the determinants of employee participation and to consider their effect on employee participation. For the evaluation of private banks in central Chhattisgarh, multivariate regression was used. In recent years, employee engagement has become a major challenge for organizations. Almost all industries provide enough space for employee engagement, but the banking sector pays more attention to this aspect because the employee turnover rate in this sector is relatively high.

[5] **Panda et al. (2019)**, write an article on Customer Acquisition and Retention in Non-Banking Finance Companies (NBFC). The study attempts to determine the relationship between the above factors and how to increase customer base and retention rates afterwards. Non-bank financial firms (NBFCs) play a significant role in offering insecure and stable financial assistance to others. The overall goal of the document is to study how NBFC can increase customer base and retention. The data collected is of primary and secondary nature. The variables investigated include interest rates, customer satisfaction with various

parameters, such as services provided, interest rates, employee behavior, and documentation process.

**[6] Latha et al. (2017)**, Research the aspects of employee involvement and its effect on corporate democratic behavior. The research is based on main data collected from employees of Coimbatore NBFC. Data is collected through structured questionnaires. The sampling technique used in this study is probability sampling technique. Use statistical tools for data analysis, and use regression and bivariate correlation to test hypotheses. The research results clearly show that the dimensions of employee engagement have an impact on OCB, and there is a strong connection between them.

**[7] Gajenderan et al. (2020)**, focused on to assess the employee engagement practices in NBFCs in Chennai city. The study is focused on to assess the employee engagement practices in NBFCs in Chennai city. It is observed from the study; the employees are positively agreed on employee engagement factors, i.e., Workplace Wellbeing. The NBFCs create an extraordinary working life, imposing quality and safety of the physical environment, a good working environment, the climate at work and work organization. The other important aspect of employee engagement factor is leadership. The employees are satisfied with managing the leadership in the NBFCs. It motivates the employees to participate in the engagement practices positively.

**[8] Renjith et al. (2018)**, Non-bank finance firms' human resource strategies, and their effect on employee satisfaction. We performed this analysis with 450 interviewees. The aim was to recognize and explain NBFC's HR practices, and to discover essential relationships between various HR practices and job satisfaction. A questionnaire survey was performed using the stratified random sampling approach to gather data for the meta-study from 450 employees of Kerala Gold Loan's largest NBFC. To propose and validate study theories, utilizing the correlation framework. The findings indicate that assessment of success, inspiration, employee participation, recruiting and selection, training and growth was positively associated with work satisfaction. Finally, considering such human resource activities as a functional feature of the company is advised.

### Employees Analysis:

As it is specified employees are the focus of concern of this research, as employees are the driving factors of any business organization. Employees are the medium between customer and organization. So to get better productivity employees must be satisfied and engage with the organization. Better the employee satisfaction is, the better they are motivated towards work. Without a better employee engagement organizational goal is sacrificed.

By employee engagement, we depict how much an employee is engaging himself/herself in the provided job. It can be understood that the employee engagement and customer satisfaction are positively correlated and these two are the two accounting factors of company's profitability.

There were several factors that were accountable for employee engagement and satisfaction. These factors were; Salary, Working Hours, Incentives, Work Environment, Flexibility with work and Personal Interest. Again, these

factors were constructed on five parameters of satisfaction level i.e. Very Satisfied, Somewhat Satisfied, Neutral, Somewhat Unsatisfied and Very Unsatisfied. The parameters were further weighted and a weighted score out of 100 of each factor was evaluated to observe the areas where improvement is crucial.

### General Discussion, Sampling Method and Research:

Employee engagement is the valuable responsibility and commitment of an employee towards the organizational value. More the employee engrossed and involved the better productivity will be. The employees must be sheer knowledgeable of their roles and responsibility and organizational goal and they should encourage each other to achieve those set of goals. Engagement is all about the nuances of a cohesion of the employee with his organization and its system or else the specific emotional attachment of an employee towards the work. Engaged employees go beyond the call of responsibility to perform extraordinary. The presence of multinational organizations and worldwide tie-ups extend the creative space of innovative development in knowledge technology and communication. Employee engagement is depicted as an essential ingredient of efficiency. It shows the feeling of excitement and attention which completely engages a number of employees to perform better in order to achieve organizational goals. Many organizations have their own rules and boundaries. It is really essential to make out the cultural characteristics, administration, and other aspects that induce employee engagement as an element of HR's pivotal role. The essence of employee engagement is evident when with an engaged workforce organizations outperform other organizations and make a significant mark. The successful organizations implicate the employee engagement policies in the core level which provide a better engaging work environment for the employees, where the employee feels motivated towards performing better. Employees feel a protected connection with the organization when engagement is sensible and realistic. It reforms their move toward both their team and the end customers, which ultimately cause better customer retention.

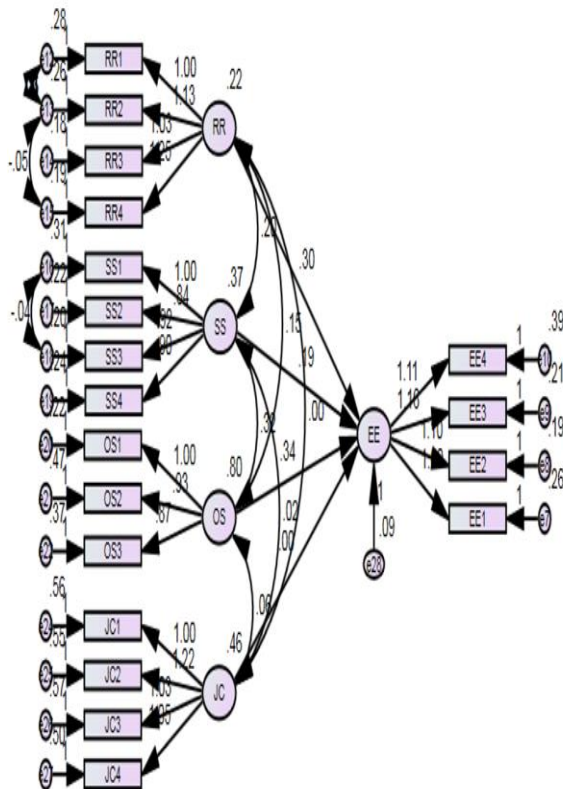
The degree of employee engagement is the degree of commitment, attention, and representation of the employee and can be seen by the job loyalty. In today's competitive scenario organization can achieve their goals only when they successfully manage an engaged workforce.

In recent times, NBFCs being in an uncertain situation, employee engagement became really essential for greater achievements and sustainability. This present is initiated with the need to maintain the human resources of the NBFCs more efficiently.

### Cronbach Alpha

Reward and Recognition	0.824
Perceived Supervisor Support	0.826
Perceived organizational Support	0.911
Job Characteristics	0.793
Employee Engagement	0.858





Minimum was achieved
Chi-square = 260.426
Degrees of freedom = 139
Probability level = .000

			Estimate	S.E.	C.R.	P
EE	<---	RR	0.301	0.067	4.464	***
EE	<---	SS	0.191	0.062	3.094	0.002
EE	<---	OS	0.337	0.032	10.394	***
EE	<---	JC	-0.001	0.029	-0.031	0.975

The crucial ratio with an absolute value greater than 0.001 may exceed 4.464. In other terms, RR's regression weight is slightly different from zero when it is at 0.001 (two-tailed) stage when forecasting the EE.

The chance of attaining an absolute value of the essential ratio of 3.094 is .002. In other terms, at 0.01 (two-tail) stage the regression weight of SS in the EE forecast is substantially different from zero.

The likelihood from the actual value of having a vital ratio as high as 10.394 is less than 0.001. In other terms, the weight of the OS regression in the EE projection is substantially different from zero (two tails) at 0.001.

The chance of achieving out of the actual value a crucial ratio as high as 0.031 is 975. In other terms, at 0.05 (two-tailed) stage the regression weight of JC in the EE forecast is not substantially different from zero.

The study was conducted in order to find the factors that affect employee engagement in the NBFCs was accomplished by mining several factors across the essence of the information enriched cases. After a deep dive analysis and interpretation, it was evaluated that there are mainly three factors of employee engagement in an Indian NBFCs. These factors are implicit benefits, Reward and Recognition, Perceived Supervisor Support and Perceived organizational Support. Based on the current research we can state that indirect benefits are specified in the job description or in the offer letter. The enhancement of these benefits are dependent on the employee's performance. The better the employee can perform better their scope to get these perks. These additional perks are the driving factor of better motivation to work better. The next factor organizational culture can be depicted as a level of fairness working flexibility, the attitude of the teammates and dirty politics. This is deeply ingrained into the organization and very hard to change. The rules, regulations and process flow are defined by the top management and these are termed as organizational policy. It is purely in the hands of management. Middle or lower level employees have no hands in it. We found out that the better and flexible these policies are towards their employees, the better the employee engagement. The findings of this are surely beneficial for any management of NBFCs to think and implement better policies for better employee engagement.

Future Scope

Product distribution is heavily skewed towards gold loans and MSMEs, which means that other products also require a lot of attention in terms of marketing and development. It involves the necessary approach of cross-selling, and since most single-product customers are gold loan customers and MSME customers, it means you have to understand other products. The second part is looking at customer satisfaction.

In this article we have instigated to find the key factors of employee engagement in Indian NBFC. It was really essential to mine into core to see the driving factors of employee engagement in NBFC as this is really crucial for any sort of organization for constructing a better workforce which ultimately leads to a better productivity. We observed various factors like Salary, Working Hours, Incentives/ Implicit benefits, Work Environment, Organization Culture and policies, Flexibility with work and Personal Interest all contribute to a significant level in employee engagement in NBFCs of India. But unlike others this research has also its own limitations due to its small sample size. So there is an obvious scope of research in the same subject with large sample size so that the confidence interval of our research inference can be precise. Apart from that, the design of the experiment model can be constructed by considering these above mentioned factors to comprehend the granular impact of these factors in an individual level. It will surely help the managerial segment of NBFCs to strategize better ways of employee retention and better productivity. It is also recommended that researchers can further research on various other factors like technology friendly environment, learning scope etc.

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