THE INTERNATIONAL JOURNAL OF HUMANITIES & SOCIAL STUDIES

Impact of Health Insurance on Employees' Performance at Zanzibar Electricity Cooperation in Unguja, Tanzania

Jamila Amour Haji
Masters Student, Department of Public Administration,
Zanzibar University, Tunguu, Zanzibar, Tanzania
Dr. Haji Ali Haji
Lecturer, Department of Arts and Social Sciences,
Zanzibar University, Tunguu, Zanzibar, Tanzania

Abstract:
The study aimed to assess the impact of health insurance on employees' performance at Zanzibar Electricity Cooperation in Unguja. The specific objectives of the study were:

- *To examine the effects of health insurance on financial protection on employees' performance, and*
- *To examine the influence of the Insurance Premium on employees' performance at Zanzibar Electricity Cooperation in Unguja*

Quantitative methods were used in this study. The closed-ended questionnaires were also used to capture the information. The study used multiple linear regressions to analyze the collected data. The study found out that the two predictor variables (financial protection and insurance premium) had a significant contribution to the outcome variable (employees' performance). The study recommended that ZECO and the government of Zanzibar, in particular, should increase the insurance premium by companies offering health insurance in Unguja. These would raise the financial protection of employees and increase their performance.

Keywords: *Health insurance, employees' performance*

1. Introduction

Health Insurance within Cooperation is not a new phenomenon and plays a vital role in achieving employees' performance. Gruber (2010) describes that at the core of the US health system is the role of employers as the main source of insurance for the working population. This role generates a peculiar interaction between health care and labor markets. Therefore, employers distinguish themselves by offering health insurance coverage to their employees and obtain a hiring edge over firms that do not offer insurance.

On the other hand, as health costs have increased, employers have become a primary source of support to employees. The increase in healthcare costs during the last decade was followed by a reduction in the fraction of workers covered by their employers. Therefore, a better understanding of the impact of employer-based health insurance on labor market outcomes seems fundamental. In 1993, the World Bank introduced the concept of 'minimum health package' into the international discourse with their 1993 report arguing that inefficient and poorly allocated funding in health care excluded poor people from access to services and inflated health expenditure. Healthcare financing in developing countries, particularly in Africa, remains low in relation to the internationally set targets. Although both developed and developing countries face budget limitations in their health systems, spending on health remains relatively higher in the developed world (World Health Organization (WHO, 2010). The global spending on health is about 10 percent of the global Gross Domestic Product (US$3.2 trillion). While developing countries account for about 84 percent of the global population and bear the largest burden of illness (90 percent), only 12 percent (US$ 350 billion) of total global spending occurs in these countries. Health insurance services in poorer countries face the challenges of low contributive capacities and relatively few people being in formal employment. These people are, however, the most vulnerable to high out - of pocket payments, which typically constitute the biggest share of health expenditures in poor countries (Arhin, 2000).

Despite employers' role in the health insurance, very little attention has been paid to employers' motivations for providing health insurance to workers (Cutler, 2003). Even though many employers believe that health insurance services and health affect employees' productivity and performance, health economists typically overlook and rarely measure firms' returns on health-related investments (Lerner, 2013). Health may contribute to productivity by reducing the costs of absenteeism and turnover and by increasing workers' performance (Wolfe, 2014). Bratton and Gold (2009) argue that health insurance, as part of the total reward package, is provided to employees in addition to remuneration to continue maintaining the quality of life for employees and providing a level of protection and financial security for workers. In Tanzania, health insurance related to legislation is technically sound. The various enactments and their respective regulations adequately cover the different forms of health insurance and health service delivery in the country (MoHSW,

2003). In Zanzibar Electricity Cooperation, Health Insurance was introduced in 2018. The Cooperation advocated Health Insurance benefits in performing various functions such as accessibility of health insurance services, Insurance premium, and financial protection (ZECO, 2022). Since in Zanzibar, Health Insurance is still a new paradigm in conducting health care, it is not clear how Health Insurance affects the performance of employees at ZECO.

1.1. Statement of the Problem

The Zanzibar Electricity Cooperation gives employees health insurance as per the Public Services Act No (2) 2011 and Zanzibar Public Service Regulations 2014 in Section (60) on protecting employees during health problems. Each employee pays 6% of the basic salary for the monthly premium expenditure of Health Insurance (ZECO, 2022). Even though Zanzibar Electricity Cooperation established health insurance for its employees in 2018, it has not been clear how this affects workers' performance. Therefore, this study examined the impact of health insurance on employee performance at Zanzibar Electricity Cooperation in Unguja.

1.2. Objectives of the Study

- To determine the influence of Insurance Premium on employees' performance at Zanzibar Electricity Cooperation in Unguja
- To examine the effects of health insurance financial protection on employee performance at Zanzibar Electricity Cooperation in Unguja

2. Literature Review

2.1. Theoretical Review

The study was informed by two theories as follows:

2.1.1. Expectancy Theory of Performance (Vroom, 1965)

The theory views the performance of employees as a system that creates a context for continuous monitoring and measuring activities of individual employees in a firm. Similarly, it also measures the performance of the entire employee so that organizational goals are met effectively. Therefore, if the employee is not healthy, then the performance of the employee goes down. The theory was used in the study to gauge how employees' performance is affected by health issues, as the theory expects the performance of employees to be healthy all the time.

2.1.2. The Demand for Health Insurance Theory (Nyman, 2001)

This theory of health insurance has held that becoming insured acts like a reduction in the price of health care, just as if the price reduction had occurred exogenously in the market. Employees actually prefer uncertain losses to actuarially equivalent certain ones. For the purpose of studying the relationship between health insurance and performance, the critical point is that insurance is like a subsidy to purchase medical care; that is, it lowers the per-unit price of care. However, there is an income effect caused by premiums or taxes paid to finance the insurance benefits. This theory is used when employees have the desire to complete goals that can only be accomplished when insurance purchased is motivated by a demand for service quality and timely access, as well as reductions in Out-Of-Pocket expenditures, cost, and insurance coverage associated with measurable gains in health and performance. The theory was used to explain the demand for health insurance by employees of ZECO and how the insurance affected their performance.

2.2. Empirical Review

Dutta (2020) conducted a study on the impact of Health Insurance sector on employees' benefits. The methodology used for the study is regression analysis to establish the relationship between health insurance and employee profit. The finding of the study indicates that there is a significant relationship between health insurance and employee profit due to the premiums earned. Bodhisane & Pongpanich (2019) investigated the health system scheme. A structured questionnaire was used to retrieve all required information from 342 households; the information comprised the socio-economics of the household, accessibility to health services, and financial payment for both outpatient and inpatient department services. The study found that a large number of employees were satisfied with their income level significantly increased the probability of accessibility to health service utilization. Most importantly, NHI significantly improved accessibility for the poorest income quintile.

Hafeez et al. (2019) assessed the impact of health insurance on employees' productivity, using Nigerian Bottling Company Plc as the case study. The study concluded that there is a significant relationship between health insurance and employee's productivity. Webber (2015) examined Health Insurance Benefits in large firms. The study used 1996–2010 data from the Quarterly Census of Employment and Wages and a novel instrumental variables strategy. The study shows that there is limited evidence that mandates reduce employment. This distortion in firm size may lead to reduced dynamism and productivity growth. Kurgat (2014) conducted research on the effectiveness of medical schemes on employee satisfaction. The study concluded that the medical scheme has been successful in ensuring employee satisfaction in that it has managed to cover their healthcare requirements. Sean et al. (2011) examine the impact of health insurance on employees' jobs and performance. The study found that health insurance coverage did have a significant, positive impact on individual employees' task performance.

3. Methodology

The study was conducted at the Zanzibar electricity corporation in Zanzibar ugunja (zeco). This study employed descriptive research design, which is basically concerned with describing the characteristics of a particular individual or group, events, or situation (Kitula et al., 2012). The design was adopted because of its viability and flexibility in terms of data collection and methods of analysis. A quantitative research approach was used to quantify the variables being investigated (Kothari, 2004). The study population was 631 employees of zeco. This included:

- Human resource officers,
- Training officers,
- Cashiers,
- Secretaries,
- Technicians,
- Planning officers,
- Finance officers, and
- Cooperate officer

The sample size was determined by Yamane formula of 1967, and therefore, the sample was 244. The sample size was selected from the population using simple random sampling techniques. This ensured the validity of findings by minimizing the potential for selection bias and controlling the potential influence by giving equal chances for everyone to participate in the study (Banard, 2002). The data were collected using questionnaires. The study used regression to analyse the data. The regression model used was:

$$ep = \beta_0 + \beta_1 ip + \beta_2 fp + e$$

Where:

- EP: Represented the dependent variable which is Employee Performance (EP)
- β_0: Represented a constant factor or the intercept
- β_1 and β_2 Coefficients of independent variables
- IP: Represented an independent variable, Insurance Premium
- FP: Represented an independent variable, Financial Protection
- e: Represented an error term

4. Findings

4.1. Demographic Profile of the Respondents

This section aims at discussing the respondents' profiles to enable the study to establish the extent of judgment one might have in the area of the study. The researched respondents' characteristics include:

- Age,
- Gender,
- Marital status, and
- Educational level

Age	Frequency	Percent
20 -30	26	10.7
31- 40	151	61.9
41 - 50	44	18.0
51 and above	23	9.4
Gender		
Male	148	60.6
Female	96	39.4
Marital status		
Single	21	8.6
Married	187	76.6
Divorced	21	8.6
Separated	15	6.1
Educational Level		
Primary up to F2	8	3.3
Form IV	10	4.1
Form VI	14	5.7
Certificate	18	7.4
Diploma	28	11.5
Post Graduate Diploma	93	38.1

Bachelor degree	45	18.4
Masters and Above	28	11.5

Table 1: Demographic Characteristics
Source: Field Data (2022)

4.1.1. Age

The results in table 1 indicate that:

- 26 (10.7%) respondents range from 20 – 30,
- 151 (61.9%) respondents range from 31 – 40,
- 44 (18%) respondents range from 41 – 50, and
- 23(9.4%) respondents range from 51 – above

Therefore, due to the summary above, the study found that of the total number of respondents involved, about 61.9% were young, ranging from 31-40 age groups. Actually, this is a good age to be involved since they are the main power in every activity in any country.

4.1.2. Gender

The results revealed that 148 respondents (61%) were male, while 96 respondents (39%) were female.

Therefore, this is clearly indicated that most of the respondents who were involved in this study were male. Due to the results obtained above, the study admits that gender variance is a significant factor due to the nature of the complex Cooperation responsibilities, thus the need to employ more male employees.

4.1.3. Marital status

The results in table 1 show that:

- 21 (8.6%) respondents were single,
- 187 (76.6%) respondents were married,
- 21 (8.6%) respondents were divorced and
- 15 (6.1%) respondents were widows

This indicated that most of the respondents who were enrolment in health insurance in this study were married; the overwhelming majority covered more than 70% of the total respondents.

4.1.4. Educational Level

Results in table 1 indicate that of a total of 244 respondents who were involved in this study:

- 8 (3.3%) respondents were having primary education up to F2,
- 10 (4.1%) respondents were having from IV education,
- 14 (5.7%) respondents were having Form VI level,
- 18 (7.4%) respondents were having certificate level,
- 28 (11.5%) respondents were having diploma level,
- 93 (38.1%) respondents were having post graduate diploma,
- 45 (18.1%) respondents were having bachelor's degree, and
- 28 (11.5%) respondents were masters and above

Therefore, the results of the study indicated that most of the respondents involved in this study were at a post-graduate level.

4.1.5. Regression Analysis

Multiple regressions were used to analyze the effect of the independent variables on the dependent variable (Creswell, 2005). The predictor variables were Insurance Premium and Financial Protection.

Model	R	R Square	Adjusted R Square	R Square Change	F Change	Sig. F Change
1	.537[a]	.289	.283	.47849	48.877	0.000

Table 2: Model Summary[b]

a. Predictors: (Constant), Insurance Premium, Financial Protection
b. Dependent Variable: Employee Performance

The results displayed in table 2 above indicated that the independent variables, insurance premium and financial protection accounted for 29% of the variability in employees' performance in Zanzibar ($R^2 = 0.289$). The adjusted R square value was 0.283. Therefore, this finding substantiates that only 29% of the variability in employee performance could be explained by factors like insurance premium and financial protection. The remaining 71% of variability depends on other unexplained factors and, therefore, health insurance improving employee's performance at ZECO.

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.830	.119		6.967	.000
	Financial Protection	.153	.056	.159	2.732	.007
	Insurance Premium	.382	.048	.459	7.885	.000

Table 3: Coefficients.
Source: Research Field (2022)

The results displayed in table 3 above show that at the 0.05 level of confidence, the study has revealed that two predictors (financial protection and insurance premium) had a significant contribution to the outcome variable (employee performance). In other words, the results of predictor variables, as seen in table 3, are as follow:

- Financial protection ($\beta = 0.159$, $t = 2.732$, $p < 0.05$),
- Insurance premium ($\beta = 0.459$, $t = 7.885$, $p < 0.05$).

Thus, from the regression equation: $\boldsymbol{EP = \beta_0 + \beta_1 IP + \beta_2 FP + e}$, *it shows that* if Insurance Premium and Financial Protection all are zero-rated, employee performance prospected 0.830. A unit change of increased insurance premium outcome raises employee performance by 0.459 units. A unit change of increase in financial protection outcome raises employees' performance by 0.159 units. In summary, financial protection and insurance premium positively impacted employees' performance at ZECO. This situation indicates that the increase in scores in the predictor variables results in the increase of scores in the dependent variable (Hair et al., 2010; Creswell, 2005). Also, the finding implies that the more the insurance premium and financial protection, the more employees' performance at ZECO. The findings were similar to the results found in the study done by Dutta (2020) on the health insurance sector and analysis of its performance, and found a positive impact between health insurance and employee performance. Also, the result is consistent with the study of Sean et al. (2011).

5. Conclusion

The study concluded that insurance premium and financial protection had significant effects on employee performance. The insurance premium would affect employee performance by 45.9%, while the financial protection would affect employee performance by 15.9%.

6. Recommendation

The study recommended that ZECO and the government of Zanzibar, in particular, should increase the insurance premium by companies offering health insurance in Unguja. These would raise the financial protection of employees and increase their performance.

7. References

i. Arhin, T., (2000). Mobilizing resources for health: the case for user fees re-visited. Third.
ii. Bernard E. F. (2007). Job Satisfaction: How People Feel About Their Jobs and How it Affects Their Performance, New York: Lexington Books.
iii. Bodhisane, S., & Pongpanich, S. (2019). The impact of National Health Insurance upon accessibility of health services and financial protection from catastrophic health expenditure: a case study of Savannakhet province, the Lao People's Democratic Republic. Health Research Policy and Systems, 17(1), 1-14.
iv. Braton and Gold (2009). Health insurance as a productive factor. Labour Economics, 40, 1-24.
v. Bratton P. & Gold D. (2009). Global Dimensions of Human Resources Management: Managing the Global Workforce, Hoboken, NJ: John Wiley & Sons, Inc.
vi. Creswell, J. W (2005).Research Design: A qualitative, quantitative, and mixed method approaches. London: Sage Publication Inc.
vii. Cutler, D., (2003). 'Employee Cost and the Decline in Health Insurance Coverage,' Working Paper 9036, National Bureau of Economic Research.
viii. Dutta, (2020). On impact of health insurance sector and analysis on its performance.India - Vilakshan – XIMB Journal of Management. Open Access Issue(s) available: 5 – From Volume: 17 Issue: ½, to Volume: 19 Issue: 2.
ix. Gruber (2010). Monitoring financial protection to assess progress towards unive health coverage in Europe. European Observatory on Health Systems and Policies, London School of Economics and Political Science (LSE) Hub, London, United Kingdom.
x. Hafeez, I., Yingjun, Z., Hafeez, S., Mansoor, R., & Rehman, K. U. (2019). Impact of workplace environment on employee performance: mediating role of employee health. Business, Management and Economics Engineering, 17(2), 173-193.
http://apps.who.int/medicinedocs/documents/s18419en/s18419en.pdf. Accessed on Thursday, February 10, 2022.
xi. Kafula, Juma and Colon (2012). The Impact of Reliance on Private Sector Health Services on the Rig to Health. Health and Human Rights, 16(1), 122-134.
xii. Kothar C. (2004). Research Methodology, Methods, and Techniques (2nd ed.). New Delhi, India: New Age International (P) L.T.D.

xiii. Kurgat, P. J. (2014). Effectiveness of medical schemes on employee satisfaction: A case of Police personnel in Eldoret West Sub-county, Kenya (Doctoral dissertation).
xiv. Lerner, D. (2013). Relationship of Employee-Reported Work Limitations to Work Productivity. Medical Care, 41(5), 649-659. Ministry of Health (2003).National Health Policy.
xv. Meeting of the Commission on Macroeconomics and Health (CMC) Paris, France.
xvi. Ministry of Health (2003). National Health Policy.
xvii. Sean et al. (2011). The impact of Health Insurance on Employee Job Anxiety, Withdrawal Behaviors, and Task Performance.The Center for Hospitality Research.Cornell University. Vol. 11, No. 1, January 2011.
xviii. Wolfe, H. & Hanson, K. (2014). Covering the Informal Sector, expanding access to health services, and financial protection for people outside the formal employment sector. LONDON RESYST.
xix. World Bank (1993).Word Development Report 1993. Investing in Health. New York. Oxford University Press.
xx. World Health Organisation. (2010). World Health Statistics 2009. Geneva.
xxi. Yamane T. (1967). Statistics, an introductory analysis, 2nd Ed., New York: Harper and Row. Cited from Israel, G.D. (1992). Determining sample size.