

Predictors and Outcomes of Employee Engagement: Empirical Study of Bank Employees

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ABSTRACT

The study is based on employee engagement in banks Bhubaneswar city. The objectives of the study are: to recognize the relationship between employee engagement and its variables undertaken by public and private sector banks, to find out the factors really contributing to employee engagement in banking sector. Employee engagement is a strong optimistic outlook amongst people towards their works. It is an assortment of factors like organizational commitment, belongingness, job satisfaction; employee involvement and many more. The main philosophy ideally lying behind is to develop the involvement and passion for the employees towards their job, commitment towards organization by putting discretionary effort into their work. With this backdrop there is a basic necessity to understand the above said objectives. The scope of the study is limited to public and private sector banks functioning in Bhubaneswar. The questionnaire consists of variables of employee engagement like autonomy, work environment, communication, loyalty, self-evaluation at workplace, job satisfaction, job involvement, job performance, employee morale, work culture, and job stress. The relationship between employee engagement and its variables has also been measured. The exploratory design has been adopted in this study with the sample size of 304 respondents from both public and private sector banks in Bhubaneswar. The purposive sampling method was used to select the respondents and Multiple Linear Regression was used for analysis. It is observed that, the study also predicted that in public sector banks, loyalty, self-evaluation at workplace, and job involvement are the significant drivers to the employee engagement and factors like work environment, self-evaluation at workplace, job performance, job involvement, job stress, are found to be highly contributing to employee engagement in private sector banks.

KEY WORDS: *Employee Engagement, Employee Morale, Work environment, Job involvement*

INTRODUCTION

The achievements of organizations have been transcribed on contributions made by engaged employees. Engaged employees means employees' involvement tangibly, mentally and passionately in performance of their roles in the organization. These employees become the financial drivers of an organization. The employees, who are involved in their work, give superior performances by extending themselves and continuously striving to outperform. Augmenting employee engagement has grown in organizations through the sphere. Organization's healthy work culture and communication practices make employees cultivate and advance their potential to become engaged. Now-a-days competitors can copy the performance of the services and products provided but they cannot imitate the vigour, dedication and absorption of the employees at the workplace. It is because employees create sustainable competitive advantage resulting in long-term return on investment. If employees are properly engaged, they will try to stretch themselves beyond what is expected from them for an outstanding contribution. Employee engagement is more an inner convention than a physical one. Employees choose how they perform and the extent to which they are engaged. Engaged employees feel inspired by their effort, they absorb customers by their tactics and they preserve attention about the upcoming challenges of the organization. This is only possible when the employees are psychologically and enthusiastically attached to their work.

EMPLOYEE ENGAGEMENT – BANKING PERSPECTIVE

K. Mustafa et al.(2006) examined the potential antecedents and significance of work engagement in a large sample of managerial and professional women working in a single major Turkish bank. Women working in this sector faced hurdles in developing careers having opportunities for advancement. They also emphasized in their study that the Turkish bank needed to unleash the untouched potential of all their employees in order to compete successfully in an increasingly demanding global marketplace. They also found that personal demographic variables are unconnected to the level of employee engagement. Finally, they concluded that engagement at work is connected with positive work and individual happiness to contribute to the organization is a major influence on the level of employee engagement.

Saima et al. (2011) observed the employee engagement in the banking perspective in Pakistan. They stressed that the employees working in various banks have a positive approach towards employee engagement. They found that, "most of the employees viewed that employee engagement will increase the profit and service improvement in respective banks". Further they stressed that "employee engagement differs from department to department and from employee to employee". This difference in opinion is due to the different viewpoints of employees towards the engagement. Finally they concluded that "employees will be motivated towards engagement if they are given proper rewards, more responsibilities and the chance to participate in decision-making rather than performance appraisal and training and development".

Sarangi and Srivastav (2012), identified the two key dimensions of employee engagement as organizational culture and communication in Indian private banks. They established the concept of organizational culture and communication: the two important determinants of employee engagement which need to be considered more by Indian private banks. Further they revealed that private banks are determined to increase engagement levels of employees, and are keen on strengthening different dimensions of organization culture and communication.

RATIONALIZATION OF CONSTRUCTS

Preliminary work on participation undertaken by Vroom and Mann (1960) found that "participation in organizational decision-making satisfies important psychological needs for responsibility and autonomy at work". They pointed that, "the worst thing that can happen is that leaders leave employees to make decisions and learn without information or support, and expect employees to internalize 'engagement' without encouragement".

If managers share control, they demonstrate trust in and respect for their employees, then the concept of engagement will be justified. "Employees feel valued when involved in decision-making, because it affirms their worth in the organization" as found by Tyler and Lind (1992). Kahn (1990) revealed in his study "that psychological conditions are meaningfulness, safety and availability. Meaningfulness defines how relevant is the work to the employee. The working environment accounts for safety and finally the availability stated earlier on indicated logistics needed to accomplish tasks". Alexander and John (2013) revealed that, "there was a significant correlation between employee loyalty and performance. Their findings supported the hypotheses which they have taken for the fact that employee loyalty and engagement play a vital role in employee performance at the workplace. It is significantly added by the above researchers that engagement and loyalty are not exhaustive elements that encourage or lead to good employee performance.

Sinckas (2005) has mentioned the "essentials of confirming the existence of suitable communication channels in organizations to facilitate employee engagement". He has also mentioned that "communication channels are linked to satisfaction levels of employees". Parsley (2006) has mentioned that "if desirable communication channels are absent or inappropriate, employee engagement suffers". He emphasized that "managers who do not see communication as part of their daily job; they have not developed their communication skills". Further he established the opinion that "connecting organizational communication to financial performance leads to significant improvement in effectiveness of communication". Further Stumpp et al. (2009) stated that a person who has a positive self-appraisal, trusts in his own performance ability and has a positive view of the world.

Weiss et al. (1967), found job satisfaction is similar to engagement measures. Because both job satisfaction and employee engagement are related on the basis of factors like supervision, pay, promotional opportunities, co-worker relations, etc. But both concepts are different from each other in case of the factors related to behavioural engagement such as discretionary effort, and organization support. Bruce (2002) found in his study that "employees need to feel esteemed with the timely feedback from the functional heads". Further he said that keeping employees happy for their contribution is related to employee engagement. Bates (2004) stated in his study on employee engagement and its role in the workplace that "engagement was essentially defined as an innate human desire to contribute something of value in the workplace." Schein (1970 and 1987) found in his study that "socio-cultural factors like the community to which one belongs and satisfaction with the organization mediates one's level of engagement". "Essentially, job involvement focuses on the relationship between employees and their job; how they feel about their work and the level of significance they place on their performance in terms of their own self-worth" (Robbins et al. 1994). Rollinson (2005) defines "workplace stress as the conditions arising from the interaction of people and their jobs, which is characterized by changes within people." Further he said that "stressors in the workplace are those conditions that have the potential to result in a person's experiencing a

situation as stressful”. Given this background, this study improves upon several aspects of previous studies. (1) prior research in the Indian context concerted on relationship of employees’ only on passion towards work with employee engagement ;

This study find out other variables like employee autonomy, employee morale, are also have relationship with employee engagement. (2) the study uses factors that contribute to employee engagement in the banking industry with special reference to Odisha by using a model derived from the rationalization of construct.

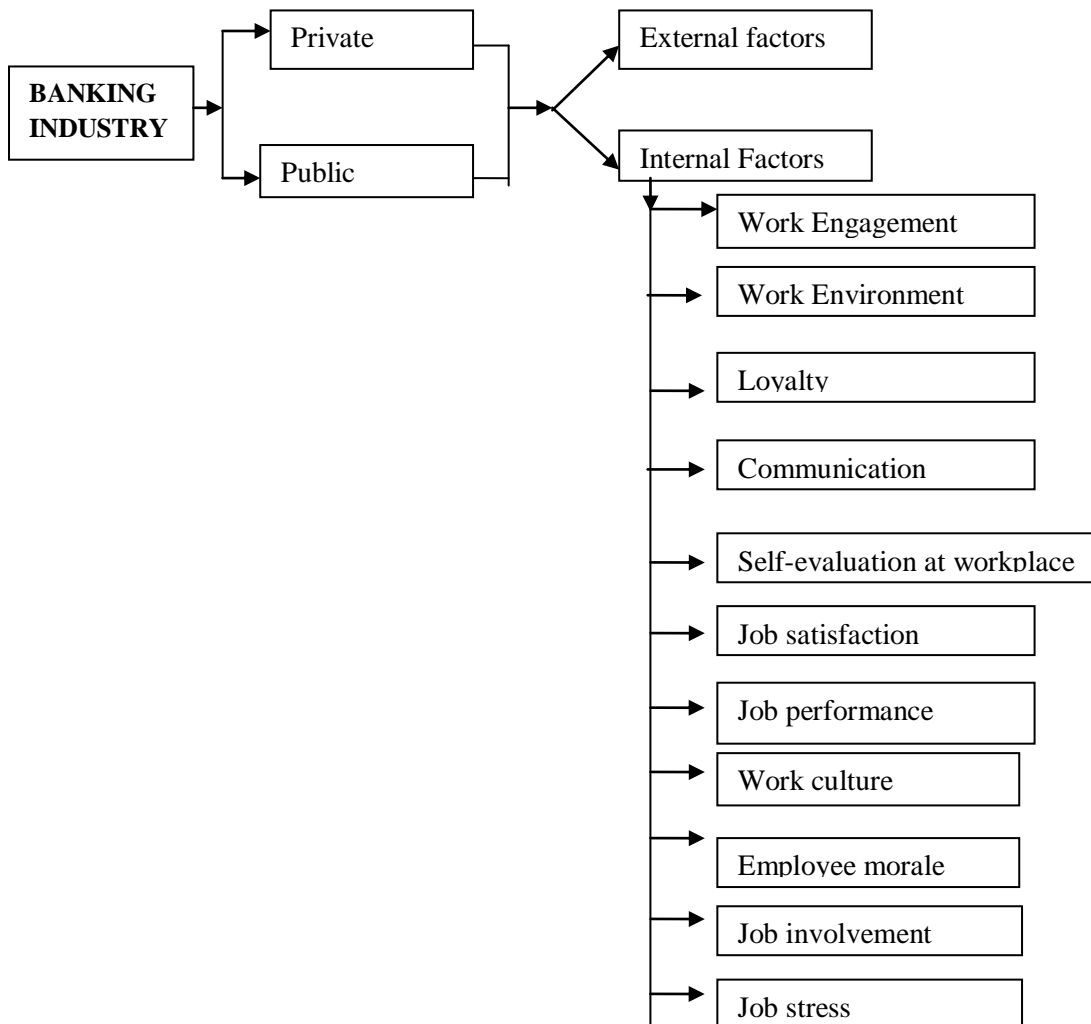


Fig 1.1 Conceptual Model drawn from Literature Review

OBJECTIVES OF THE STUDY

- To study the factors that contribute to employee engagement in the private and public sector banks with special reference to Odisha;
- To study the relationship between employee engagement and its variables.

HYPOTHESES

H1: Employee engagement depends on work engagement, work environment, loyalty, and communication, self-evaluation at work, job satisfaction, job performance, work culture, employee morale, job involvement, and job stress in private banks

H2: Employee engagement depends on work engagement, work environment, loyalty, and communication, self-evaluation at work, job satisfaction, job performance, work culture, employee morale, job involvement, and job stress in public sector banks

H3: The relationship exist between employee engagement and its variable.

METHODOLOGY

The research methodology is the description of the method of acquiring the information needed to structure or solve the problem. The primary data have been collected from the employees across the four hierarchical levels in the bank, i.e. non-management, lower management, middle management and top management through administration of questionnaires. The present study is an exploratory design. The study was carried out among the employees of private and public sector banks in Bhubaneswar. There are 35 private and public sector banks presently operating in the said location. The sample is drawn from private and public banks in Bhubaneswar. The study enquires and brings forward the results of the specified objectives, as perceived by the opinions of both non-executives and executives. The questionnaire consists of 66 statements based on the above said variables. All the statements are close ended where suitable opinions were given to the respondents. The first section was aimed at collecting the demographic data of the respondents. The second section of the questionnaire was aimed at measuring the perceptions on employee engagement. A 5- point Likert type of scale “strongly agree” (5) to “strongly disagree” (1) was used. The study used a conceptual model drawn from the literature review and tested that model through statistical tool. Multiple linear regression method is used to examine the factors that contribute to employee engagement in both private and public sector banks. Pearson inter-item Correlation Coefficients are also applied among the various factors of employee engagement to find the strength of relationship between them.

SAMPLE SIZE AND SAMPLING UNIT

The study has chosen 6 banks (Axis, HDF, ICICI, SBI, Allahabad and UCO) and their branches operating in Bhubaneswar on the basis of accessibility. The total population of the 6 banks is 2638 employees in Bhubaneswar city. During the study, 346 questionnaires were distributed. The study obtained valid responses which turned out to be 304 out of 346. The sample is approximately 12% of the population. The sampling unit for the study is the individual employees of the banks.

RELIABILITY TEST

According to Schuessler (1971), “a scale is considered to have good reliability if it has alpha value greater than 0.60”. The determination was made, therefore, to use an alpha value greater than 0.6 for the reliability estimates in this research.

TABLE 1.1: RELIABILITY STATISTICS (BANK-WISE)

Name of Banks	Reliability Statistics (Cronbach Alpha)
HDFC Bank	.83
ICICI Bank	.84
Axis Bank	.82
SBI Bank	.78
UCO Bank	.85
Allahabad Bank	.86

DATA ANALYSIS

Relationship between Employee Engagement and its Variables

TABLE 1.2: CORRELATIONS MATRIX OF EMPLOYEE ENGAGEMENT AND ITS VARIABLES

	Autonomy	Work environment	Loyalty	Communication	Self-evaluation at workplace	Job satisfaction	Job performance	Work Culture	Employee Morale	Job involvement	Job stress	Employee engagement
Autonomy	1	.483**	.548**	.502**	.403**	.460**	.342**	.428**	.403**	.475**	.340**	.680**
Work Environment	.483**	1	.623**	.601**	.484**	.442**	.506**	.511**	.348**	.249**	.222**	.691**
Loyalty	.548**	.623**	1	.782**	.521**	.656**	.474**	.651**	.362**	.337**	.124*	.762**
Communication	.502**	.601**	.782**	1	.565**	.611**	.491**	.664**	.422**	.298**	.209**	.769**
Self-evaluation at workplace	.403**	.484**	.521**	.565**	1	.496**	.524**	.531**	.458**	.441**	.364**	.730**
Job satisfaction	.460**	.442**	.656**	.611**	.496**	1	.537**	.726**	.487**	.372**	.180**	.761**
Job performance	.342**	.506**	.474**	.491**	.524**	.537**	1	.635**	.486**	.381**	.368**	.746**
Work culture	.428**	.511**	.651**	.664**	.531**	.726**	.635**	1	.506**	.418**	.226**	.803**
Employee morale	.403**	.348**	.362**	.422**	.458**	.487**	.486**	.506**	1	.579**	.590**	.725**
Job involvement	.475**	.249**	.337*	.298**	.441**	.372**	.381**	.418**	.579**	1	.508**	.647**
Job stress	.340**	.222**	.124**	.209**	.364**	.180**	.368**	.226**	.590**	.508**	1	.536**
Employee engagement	.680**	.691**	.762**	.769**	.730**	.761**	.746**	.803**	.725**	.647**	.536**	1

** . Correlation is significant at the 0 .05 level

Correlation is a statistical measure that indicates the extent to which two or more variables varies together. It is observed from Table-1.2, that it presents the correlation matrix containing the correlation coefficients between the dimensions and employee engagements in total. Here the responses of private and public sector bank employees towards these eleven dimensions calculate the linear correlation coefficients. Because the dimensions are treated as independent of each other, so the correlation coefficients between them are not of much importance. On the other hand, the correlation coefficients between employee engagements with its dimensions need to be analysed and discussed. The correlation coefficients between employee engagements and autonomy (0.680), work environment (0.691), loyalty (0.762), communication (0.769), self-evaluation (0.730), job satisfaction (0.761), job performance (0.746), work culture (0.803), employee morale (0.725), job involvement (0.647) and job stress (0.536) are significant at 5% level. Hence, all these dimensions have a significant positive correlation with employee engagements. The strength of correlation or impact of one dimension over the employee engagements is shown by the magnitude of correlation coefficients between two. But looking at the magnitude of the correlation coefficients in descending order, it may be seen that work culture has the highest impact on employee engagement followed by communication, loyalty, job satisfaction, job performance, self-evaluation, employee morale, work environment, work engagement, job involvement and job stress chronologically.

Factors that Contribute to Employee Engagement in Private Sector Banks

TABLE 1.3: MODEL SUMMARY OF REGRESSION ANALYSIS ON EMPLOYEE ENGAGEMENT (DEPENDENT VARIABLE) WITH ITS FACTORS (CONSTANT PREDICTORS)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.622	.387	.336	.729
a) Predictors: (Constant), autonomy, work environment, loyalty, communication, self-evaluation at workplace, job satisfaction, job performance, work culture, employee morale, job involvement, job stress				
b) Dependent Variable : Employee Engagement				

Table 1.3 shows that the R- square (.387) is the proportion of variation in the dependent variable(Employee Engagement) that is explained by 11 independent factors of employee engagement, namely autonomy, work environment, loyalty, communication, self-evaluation at workplace, job satisfaction, job performance, work culture, employee morale, job involvement, and job stress. R-value citing the simple co-relation is found to be .622. The above table shows that 38.7% of variation observed in employee engagement is explained by 11 factors in the model.

TABLE 1.4: ANOVA OF REGRESSION ANALYSIS ON EMPLOYEE ENGAGEMENT WITH ITS PREDICTORS

	Sum of Squares	Df	Mean Square	F	Sig.
Regression	44.399	11	4.036	7.585	.000
Residual	70.240	132	.532		
Total	114.639	143			
a) Predictors: (Constant), autonomy, work environment, loyalty, communication, self-evaluation at workplace, job satisfaction, job performance, work culture, employee morale, job involvement, job stress					
b) Dependent Variable: Employee Engagement					

Note: Significant at the 0.05 level

The ANOVA Table 1.4 shows whether the proportion of variance explained is significant. It also states whether the overall effect of the 11 factors on the overall employee engagement is significant. The Sig (or p-value) is 0.000, which is below the 0.05 level. Hence, it concluded that the overall model is statistically significant or that the factors of employee engagement have a significant combined effect on the employee engagement.

TABLE 1.5: COEFFICIENTS OF PREDICTORS OF EMPLOYEE ENGAGEMENT

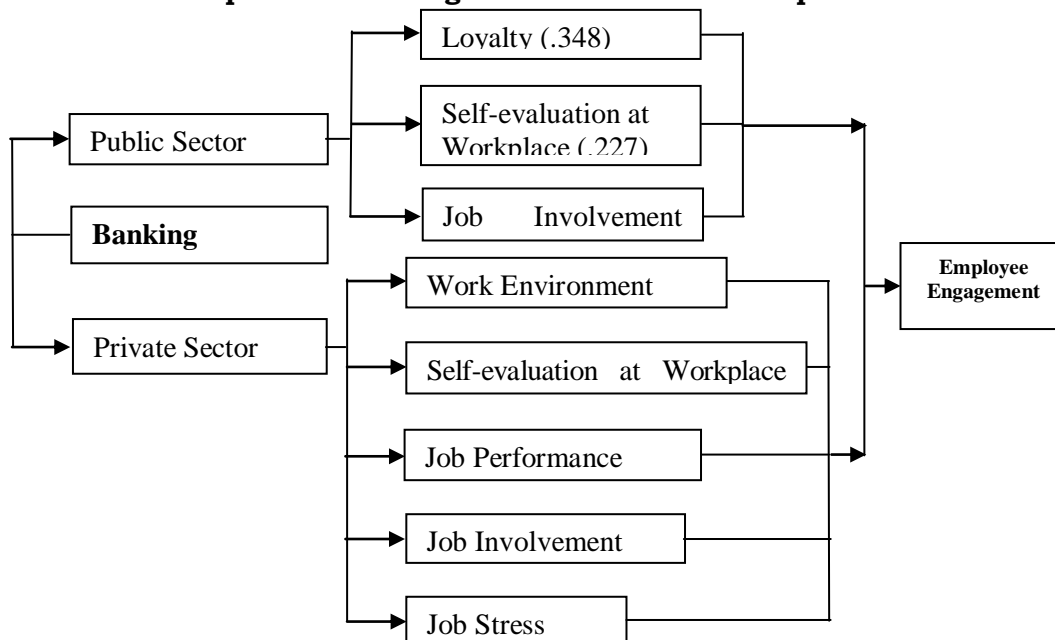
	Unstandardized Coefficients		t-Stat	Sig.
	B	Std. Error		
(Constant)	5.208	.735	7.084	.000
Autonomy	.036	.075	.483	.630
Work Environment	.229	.100	2.289	.024
Loyalty	.190	.120	1.580	.116
Communication	.034	.094	.368	.714
Self-evaluation at Workplace	.129	.034	2.931	.010
Job Satisfaction	.072	.094	.758	.450
Job Performance	.173	.065	2.661	.018
Work Culture	.092	.099	.925	.357
Employee Morale	.135	.220	.612	.542
Job Involvement	.169	.058	2.913	.039
Job Stress	.447	.064	6.980	.000

Table 1.5 indicates that the coefficient of work environment, self-evaluation at workplace, job performance, job involvement, and job stress shows a strong relationship with employee engagement. The work environment (Beta = .229, p-value = .024), self-evaluation at workplace (Beta = .129, p-value = .010), job performance (Beta = .173, p-value = .018), job involvement (Beta = .169, p-value = .039) and job stress (Beta = .447, p-value = .000) are below 0.05. From the Beta value, it is quite clear that the job stress is found to be highly significant in private banks. Further, it concluded that other predictors like work environment, self-evaluation at workplace, job performance, and job involvement also significantly contribute to employee engagement in private sector banks.

MAJOR OBSERVATION AND FINDING

The strength of correlation on one dimension over the employee engagements is shown by the magnitude of correlation coefficients between two. Finally it is found that work culture is the only variable which is highly correlated with employee engagement

Outcome of Conceptual Model - Fig:- 1.2 Outcome of Conceptual Model



From the above Figure-1.2, the model represents the pictorial form of factors that contribute to employee engagement in the banking industry. It depicts the beta value against each independent driver of employee engagement. It shows how strongly each predictor influences the criterion (dependent variable). The beta values of independent variables indicate that it explained the dependent variables more. Therefore, among the beta values of five variables, job stress (.447) explained more about employee engagement as a dependent variable in private sector banks compared to other said variables. Similarly, in public sector banks, the beta value of loyalty (.348)

among three variables, explained more about employee engagement. If one unit increases, the beta values of the said variables also increases this in turn will explain more employee engagement (dependent variables) then existing.

RESULT OF HYPOTHESES TESTING

Based on the objectives of the study, a number of hypotheses were formulated which have been tested.

The hypotheses formulated taking these variables into consideration are:

	Hypothesized effect	Decision
H1	Employee engagement depends on work engagement, work environment, loyalty, and communication, self-evaluation at work, job satisfaction, job performance, work culture, employee morale, job involvement, and job stress in private banks	Supported
H2	Employee engagement depends on work engagement, work environment, loyalty, and communication, self-evaluation at work, job satisfaction, job performance, work culture, employee morale, job involvement, and job stress in public sector banks	Supported
H3	The relationship exist between employee engagement and its variable.	Supported

CONCLUDING REMARKS

Employee engagement is the degree to which an employee is cognitively and emotionally attached to his work and organization. It reflects the level of empathy and commitment an employee has towards the organization and its values. An engaged employee is conscious about the business context and works as a team member to improve performance on the job for benefit of the organization. Engaged employees are apprehensive about the future of the organization and are willing to capitalize discretionary efforts for the organization. Less commitment towards the organization proves an individual is less engaged or disengaged among others. Employees are committed towards an organization not only for monetary returns but for a few more factors that also inspire them to be more engaged to drive an extra mile. The theoretical framework has proposed a relationship to find the factors that contribute to the employee engagement. Though the private and public sector banks are operating in the same market, still the factors are contributing differently to the engagement level of employees. An employee who is loyal and involved in the work is more likely to be engaged. Therefore, while facilitating employee engagement, banks should focus on building a few more reward programmes. The study revealed that factors like loyalty, self-evaluation at the workplace, job performance, job involvement, job stress and work environment are more significant predictors of employee engagement in both private and public sector banks. There are differences in employee engagement in private and public sector banks too in rest other predictors.

SCOPE FOR FUTURE RESEARCH

1. The scope of the study can be further increased and enriched to include more variables under the theoretical framework in future studies.
2. The study used the questionnaire method for data collection that can further include other methods like focus group interviews for justifiability of the theoretical model.
3. The study has only considered the branch and regional offices of public sector and private sector banks situated in Bhubaneswar city only. It may be broadened by including more samples in different locations of banks like head office, branch office, etc. to ascertain interplay of different factors and their contribution to employee engagement.

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