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## **AN ANALYSIS OF EMPLOYEE ENGAGEMENT IN BANKING SECTOR -AN EMPIRICAL STUDY**

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### **Abstract**

*Banking being one of the key service sectors in India has witnessed an explosive growth and expansion. Rising incomes enhanced the need for banking services which resulted in great boom in terms of advanced technology, prompt communication system and conception of various banks to cope up with multinational led environment. Committed employees create the customer stories which make the brand creditable. The research paper endeavors to identify gaps in employee engagement models in Indian banking sector. Based on study; a conceptual model is proposed to make an endearing approach towards Employee Engagement.*

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### **1. INTRODUCTION**

India has grown up to top ten economies in the world. The emergence of economic reforms has created a new window of opportunities for employment in various sectors. Employees give the brand a face and voice; they are the one who create the customer stories which makes the brand creditable. A positive, enthusiastic and committed human capital is the foremost requirement of any trade that can put forth the best epitome and representation of his brand. Employees often get engaged differently at work place depending upon their experiences of emotional meaningfulness, safety and availability in specific situations.

The implications are that, engaged employees bring innovation and creativity, as they directly or indirectly project a positive image of their organization. Their commitment portrays an impression of a responsible organization and, including “reputation for integrity, good internal communication and a culture of innovation” as accounted by Corporate Leadership Council, 2004.

Organizations always look for people who are generally enthusiastic to come to work every day and are highly passionate about their work. Organizations with genuinely engaged employees have higher retention, productivity, customer satisfaction, innovation, and quality. They also require less training time, believe in teamwork and are committed to their job and lead to customer satisfaction and long term relationship management with the brand.

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## **2. Indian Banking Sector**

Indian banking system consists of 26 public sector banks, 20 private sector banks, 43 foreign banks, 56 regional rural banks, 1,589 urban cooperative banks and 93,550 rural cooperative banks, in addition to cooperative credit institutions. The commercial banking industry provides employment to around 13 lakh people and out of them more than 3 lakh are female employees. Banking is the process of financial intermediation and trust based relationship. Rising incomes enhanced the need for banking services which resulted in a great boom in sector and higher demand for transactional banking services. Due to the convincing demographics in today's scenario, the patrons are more affluent in terms of comfy lifestyle and financial planning; they are not only well-informed but are also very selective in terms of investments and cash outflow.

The face of Indian banking has now changed as banks are reaching out to the masses with advanced technology, prompt communication system and services which are not restricted to public sector banks. They have recorded a rapid rise of the new private sector banks to cope up with multinational led environment.

The evolution has led to major changes and innovative practices in the banking sector, from traditional services to virtual expansion. In the exceptionally competitive scenario; banks need to distinguish themselves from their counterpart. The major challenges for the banks are:

- To act as a trust centre with an extended proposition to work out on rapidly evolving customer needs.
- To ensure customers trust and engagement through efficiency, easy access and customer relevance.
- To provide enhanced services to improve customer's overall experience.
- To make advancement in the technology infrastructure and optimization of resources.
- To ensure prompt services through engaged and skilled workforce.

The trends in the Indian banking sector are highly favorable as it gives equal prospect of employment to both genders. Banks started to bring about changes in HR practices in order to retain and develop its employee base which outline a major operative expense. As a career, it offers the employees an opportunity to uphold a balance between the family and profession in a better way by building diversity much earlier than other sectors.



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### **3. Literature review**

Dr. Susan Abraham (2012): This study discussing the employee fulfillment is input to employee engagement. Engaged workers perform remarkably well in their profession. The revision highlighted the for the most part influencing factors of worker fulfillment in the organization. A design for a worker engagement has been proposed to the management to improve employee commitment.

William H. Macey, Benjamin Schneider (2008): This study discussing the meaning of employee engagement is confusing between both intellectual researchers and among practitioners who use it in conversations with clients. Its show that the term is used at dissimilar times to refer to emotional states, personality, and behaviors as well as their past history and outcomes. These conditions right will have consummate incredible that competitors will find very intricate to reproduce. It is simple to modify value and creation; it is one more item to create a state and behaviorally engaged workforce.

Jonathon R.B. Halbeslebena and Anthony R. Wheeler (2008): This study discussing the work engagement can be defined as a optimistic, satisfying state of intelligence, for the most part regularly characterized by vigour, enthusiasm, and amalgamation. Engagement and embeddedness each shared inimitable variation with in-role performance and intention to depart. In this paper also discuss the implications of these results comparative to employment on motivation and attachment and build uppractical implications from our results as well as guidelines for future research.

Amy L. Richmana, Janet T. Civiana, Laurie L. Shannona, E. Jeffrey Hillb, and Robert T. Brennan: This study discussing the employee engagement entirely mediated the association between apparent flexibility and anticipated retention and moderately mediated the association between supportive worklife policies and expected retention. Equally formal and occasional uses of flexibility were positively related with perceived flexibility, employee engagement, and expected retention. These analyses provide verification that place of work flexibility may develop employee engagement, which may in twist lead to longer job residence.

James K. Harter, Ph.D., Gallup, Frank L. Schmidt, Ph.D., University of Iowa, Emily A. Killham,



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M.A., Gallup, Sangeeta Agrawal, M.S., Gallup (2009): This paper discussing that the association between engagement and performance at the business/work unit level is considerable and extremely generalizable diagonally organizations. Employee engagement is related to each of nine different performance outcomes. This means that practitioners can apply the Q12 assess in a diversity of situations with assurance that the determine captures significant performance-related information.

James K. Harter, Frank L. Schmidt, Theodore L. Hayes (2002): This paper explores that the possible for longitudinal research in the area of employee engagement and fulfillment rests on the effectiveness of instruments for managers and employees. Useful instruments are those that give information that managers can act on to develop their management practices. Future research should highlight longitudinal designs that study changes in employee fulfillment–engagement, the causes of such changes, and the ensuing helpfulness to the business. The most excellent opportunity for such research within businesses may rest on the purpose of well-organized and naturally actionable measures of the constructs of interest.

Greg Bartlomiejczuk (2015): This result of study suggest that credit programs are becoming powerful avenues for exerting optimistic revolutionize in the place of work. What was once a nice-to-have performs is becoming a driver for improving employee engagement and a host of further factors that impact the base line, when correctly executed. By creation the programs intentional, leveraging peer-toper acknowledgment, and garnering top executive buy-in, companies can maximize their come back on investment on these programs.

Brad Shuck and Karen Wollard (2010): This study exposing employee engagement suggests that work can be a place of inspiration, commitment, accomplishment, and even self-actualization (Maslow,1970). If organizations can appreciate the latent of a fully engaged workforce, and HRD scholars and practitioners can demonstrate the strategies, utensils, and resources to shift in the direction of that ambition, work in the 21st century may be a very different experience from what today’s disconnected workforce.

#### **4. OBJECTIVE**

1. To identify the association between drivers of engagement and demographic factors, if existing.



## 5. RESEARCH METHODOLOGY

The study seeks to investigate the links between Employee Engagement in the banking sector and personal background characteristics such as age, gender, experience, marital status, bank type, and degree of employment. Leadership, High Performance Work Practices, Organizational Culture, and Internal Communication were chosen as independent factors for the study. It was considered that the most appropriate approach would be a descriptive research design. Banking personnel and responders have been used interchangeably. The information applies to workers of India's public and private sector banks.

For this design to be effective, the scores on the self-governing and dependent variables should be given in a descriptive way. To delve deeper into the connections between independent and dependent variables, statistical techniques including factor analysis, correlation, and regression are used.

## 6. RESPONDENTS IN THE STUDY:

Participants in the survey included staff members from two public sector banks, State Bank of India and Canara Banks, as well as two private sector banks, ICICI and Kotak Banks.

## 7. SOURCES OF DATA:

For the study's objectives, both primary and secondary sources of information were used.

## DATA ANALYSIS AND INTERPRETATION

Table-1

One-way Anova-Level of employment across Employee engagement constructs

Level of employment		Total Squares	Df	Mean Square	F	Sig.
Vigour and Dedication	Among Groups	.648	2	.324	0.549	0.578
	Within Groups	300.914	510	.590		
	Total	301.562	512			
Absorption	Between Groups	6.740	2	3.370	3.227	0.040
	Within Groups	532.600	510	1.044		
	Total	539.340	512			

The table presents the results of one-way ANOVA that tests the effect of Level of employment on Employee engagement constructs factor 1 and factor 2. Level of employment is measured in terms of top level, middle level and lower level. Results indicate that Level of employment has no significant effect on factor 1 [ $F(2, 510) = 0.324, p = 0.578$ ] and has significant effect on factor 2 [ $F(2, 510) = 3.227, p = 0.040$ ] at 5 % level of significance.

**Table-2**  
**Homogeneous Subset**

Factor 2			
Level of Employment	N	1	2
Top level	66	3.21	
Lower level	170	3.45	3.45
Middle level	277		3.56
Sig.		.146	.700

The Post-Hoc test displays the results of the comparison between all possible pairs. Four groups top, middle, lower, and below are used to categories employment levels. Three rows of these results are displayed. The p-value for the comparison of the top-level and middle-level employment groups is 0.033, but it is insignificant for the other two groups. This indicates that while the average opinion on employee engagement Factor 2 is not significantly different between the other two groups, it is significantly different between top level and middle level.

The same result is also shown in another form in the table labeled Homogeneous Subsets. In this table, the order of the groupings is determined by the mean value. Top level having the smallest mean value of opinion on employee engagement is listed first followed by other groups and it is grouped separate with other two groups of experience. This suggests that lower and intermediate level employment groups are homogeneous and do not differ considerably from one another, but top-level employment groups are distinct.

**Table-3**  
**Sector and employee engagement constructs**

Construct	Sector	N	Mean	Std. Deviation	T test
Vigour and Dedication	Public.	258	3.54	.842	T= - 1.203 df = 511 p=0.133
	Private.	255	3.36	.673	
Absorption	Public.	258	3.46	1.197	T = - 2.536 d=511 p= 0.192
	Private.	255	3.50	.821	

The findings of an independent t-test are shown in the table above, and they indicate that for component 1, Public (M = 3.54, SD= 0.842), and Private (M = 3.36, SD= 0.673), there was no significant influence (difference) of sector on the degree of employee engagement. The data shown in the table also show that gender (M = 3.46, SD= 1.197) and marital status (M = 3.50, SD= 0.821) had no discernible differences in the level of employee involvement for component 2 (Public);  $t(511) = -2.536, p = 0.192$ .



The results indicate that, there exists correlation between perceived level of sustainable development and legitimate motive ( $r = .588, n = 390, p < 0.01$ ); The association is moderate and statistically significant; the null hypothesis is therefore rejected.

**Table-4**  
**Correlation Analysis**

Variables	EE	Leadership	WP	internal communication	CDM	Organisational culture
EE		.568**	.396**	.516**	.588**	.619**
Leadership			.690**	.756**	.649**	.745**
WP				.635**	.541**	.639**
Internal communication					.665**	.817**
CDM						.666**
Organisational culture						

\*\* Significant correlation exists at the 0.01 level.

Table-5 shows a substantial relationship between the four independent or predictor variables and the dependent variable, employee engagement ( $R = .748$ ). The R-square value represents the proportion of variation explained by the independent variable, which in CDM is approximately 55.9%. This figure indicates that the five factors accounted for 55.9% of the variation in employee engagement. It means that some additional aspects have not been investigated.

**Table-5**  
**One way Anova for CDM and independent variables under Public sector**

ANOVA <sup>a</sup>						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	108.441	5	21.688	125.003	0.000 <sup>b</sup>
	Residual	85.536	493	.174		
	Total	193.978	498			

a. Dependent Variable: CDM\_IV\_4  
b. Predictors: (Constant), EE\_DV, WP\_IV\_2, EC\_IV\_3, Lship\_IV\_1, Organisational culture F1

## 8. CONCLUSIONS

Internal Communication (0.381) and HPWP (0.576) have no effect on employee engagement in public sector banks, however leadership and organizational culture have a significant impact.

Internal communication was found to have no effect on employee engagement in private banks, although leadership, HPWP, and organizational culture did.



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In public sector banks, it was discovered that internal communication and employee engagement had a significant impact on commitment, discrete effort, and meaning of work, although HPWP (0.218), organizational culture (0.308), and leadership (0.846) have little effect.

In private banks, it was discovered that leadership, employee engagement, and organizational culture had an impact on commitment, discretionary effort, and meaning of work, although HPWP and internal communication have no effect on these factors.

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