

## Employee Engagement practices of the banking sector: A Study on Private Commercial Banks

\*P.Suresh, Research scholar, Department of Management studies, Jawaharlal Nehru Technological University, Anantapuramu, Andhra Pradesh.

\*\* Dr.T.Narayana Reddy, \*\*Associate Professor, Department of Management studies, Jawaharlal Nehru Technological University, Anantapuramu, Andhra Pradesh.

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### Abstract

*To study Employee engagement Practices in banking sector of Andhra Pradesh. Sources: Primary & Secondary data. The study used both primary and secondary data. The primary data source from private bank employees. The secondary data gathered from the research articles, magazines, and textbooks related to Employee engagement. The responses are collected from the employees working select private banks in Chittoor district. Sampling Method & Design: The study used a Convenience sampling method. The study selected three prominent private banks, i.e., ICICI Bank, Axis Bank and Kotak Mahindra Bank. Each bank 85 questionnaires circulated, and overall, 255 questionnaires distributed. Out of which 240 valid filled responses gathered from the respondents. The sample size of the study is 255. Findings: This paper focuses on the assessment of four factors namely 'Training and Development', 'Commitment', 'Salary and benefits' and 'Job satisfaction' which ultimately decide employee engagement in private sector banks. The study variables significantly influencing employee engagement in private banks in the study region.*

**Key words:** Employee engagement practices, Commitment, job satisfaction, banking sector.

### Introduction

Employee engagement is rightly viewed as a key aspect of productivity. It makes sense that the enthusiasm and interest which fully engaged employees bring to their work each day would be directly tied to both a more unified workplace culture and the extra efforts, better ideas and innovations that make organizations thrive. Many organizations have limited their hiring in recent years due to a slow economic recovery and uncertain economic conditions, making employee engagement even more important as staff try to do more. Keeping this in mind it is essential to understand the cultural aspect, management and other factors that influence employee engagement as a part of HR's strategic role. The importance of employee engagement is clear when looking at the differences in performance between work teams with high and low levels of employee engagement. Macey and Schneider, 2008; May et al., (2004) in today's

competitive marketplace employee engagement has emerged as a critical driver of business success. Further, in organizational success employee engagement can be a deciding factor not only for retaining employees, productivity and loyalty but also effect customer satisfaction, company reputation and overall stakeholder value. Engaged workers have extraordinary intensities of vitality, are excited about their exertion and are a lot completely absorbed in their profession. **Gallup (2013)** finds that employee engagement program is powerful evidence of the impact of employee engagement on the bottom line. The State of the American Workplace: Employee Engagement Insights for U.S. Business Leaders report finds that “engaged workers are the lifeblood of their organizations.” This is more evident in the case of banking industry.

### **Review of literature**

The Employee Engagement term first introduced by William Kahn in 1990. This condition based on Kahn's observations that people have a choice as to how much of themselves they're willing to invest in their jobs. Explored work conditions in which the employees always remained either personally engaged or individually disengaged (**Kahn, 1990**). An engaged employee is emotionally and psychologically invested in the success of the organization and brings about a certain level of passion and commitment to the job and looks for meaning in work and strives for a legacy of achievement and to achieve fruitful results (**Scott, 2012**). **According to Ferdous and Razzak (2012)**, most of the prominent banks already had training needs assessment in place, and that companies kept a positive approach towards on the job training, as it was vital to compete and cope with the competition. **According to Anitha (2014)**, when an employee in undergoes training and developmental programmes, their confidence improves which reflects in their performance as they are more motivated and engaged in their jobs. The research shows how the career path ladder through training and development is an important factor in employee engagement. Job Satisfaction refers to the attributes and emotions or feelings of people which they have regarding their work. This attitude divided in two attitudes positive and adverse, positive attitude considered as favorable because it indicates job satisfaction on the other hand negative attitude considered as unfavorable because it indicates job dissatisfaction. In organization when employees feel a higher degree of achievement then they intensely involved in their tasks, and they somewhat compensated by recognition on time than the level of satisfaction regarding job will be enhanced. A satisfied employee might be perfectly content to punch in and out, performing his assigned job and nothing more (**Scott, 2012**). Social exchange

theory (SET) proposes that when two parties fulfill the rules of exchange, a social relationship built on mutual trust and commitment will be created (Cropanzano and Mitchell, 2005).

### Objectives of the study

To determine the influential factors that define the overall employee engagement practices in private commercial banks.

### Hypotheses of the study

H1: Training and Development has positive relationship with Employee Engagement (EE).

H2: Salary and benefits has positive relationship with Employee Engagement (EE).

H3: Job satisfaction has positive relationship with Employee Engagement (EE).

H4: Commitment has positive relationship with Employee Engagement (EE).

### Methodology

The present study is of explanatory type of research i.e. it study the influential factors that overall employee engagement practices in private commercial banks. Both primary and secondary data are used for the study. A sample size of 255 respondents of different banks in chittoor districts were selected using convenience sampling method. The study used selected three prominent private banks, i.e., ICICI Bank, Axis bank and Kotak Mahindra Bank. Each bank 85 questionnaires circulated, and overall, 255 questionnaires distributed. Out of which 240 valid filled responses gathered from the respondents—these 240 questionnaires used for the final study. The employee engagement factors, i.e., Training and development, commitment, salary& benefits and Job satisfaction (Amirtha Gowri and M. Mariammal, 2012 and IES model). Cronbach's Alpha and correlation are the statistical tools used for analyzing the data with the support of SPSS 21.0 version.

### Results and discussion

**Table 1: Demographic profile**

	Frequency	Percent
<b>Gender</b>		
Male	152	63.3
Female	88	36.7
<b>Total</b>	<b>240</b>	<b>100</b>

<b>Age (years)</b>		
Up to 30	95	39.5
30-40	102	42.5
Above 40	43	19.0
<b>Total</b>	<b>240</b>	<b>100</b>
<b>Marital status</b>		
Single	86	35.8
Married	154	64.2
<b>Total</b>	<b>240</b>	<b>100</b>
<b>Working Place</b>		
Axis Bank	83	34.5
ICICI Bank	92	38.3
Kotak Mahindra Bank	65	27.2
<b>Total</b>	<b>240</b>	<b>100</b>

Table 1 shows the demographic profile of private bank employees in the study region. Out of 240, the majority 63.3% are male category, and 36.7% are female category. Regarding the age group of the bank employees are the majority 42.5% are in the age group of 30-40 years. It is followed by 39.5% of the bank employees are in the age of 30 years, and 19% of the employees are in the age group of up to 40 years. Regarding the marital status, the majority of 64.2% of the employees are married, and 35.8% of the employees are single category.

**Table2: Reliability Analysis**

<b>S.NO</b>	<b>Component</b>	<b>No. Items</b>	<b>Cronbach's Alpha</b>
1	Training and development	6	0.865
2	Commitment	4	0.712
3	Salary and Benefits	5	0.792
4	Job satisfaction	6	0.865
5	Employee engagement	6	0.758

(Sources: primary data)

(Output: from the SPSS)

Reliability analysis was conducted for the data collected using Cronbach's Alpha. Table-2 presents the select Practices ,No. of items in each component and alpha values .All the Cronbach's Alpha are greater than 0.6, a cut off that was suggested by **Gefen, D., Straub, D. W., & Boudreau, M. C.** Therefore, Cronbach's Alpha for employee engagement practices has highly acceptable range.

**Table 3: Descriptive statistics and correlation coefficients of select variables with EE**

Variable name	Mean	S.D.	1	2	3	4
Training and development	2.24	0.769				
Commitment	2.69	0.798	0.69**			
Salary and Benefits	2.13	0.630		0.82**		
Job satisfaction	2.79	0.795			0.86**	
Employee engagement	2.35	0.652				0.72**

Notes: \*\*  $p < 0.01$  (two-tailed test). N= 260, EE (Employee engagement)

(Sources: primary data)

(Output: from the SPSS)

Table 3 shows the descriptive statistics and correlation coefficients of the current study between the independent variables with the Employee engagement as dependent variable. Among the select practices having the positive values, so it is having positive correlation. In table 3, it observed that the correlation between Training & Development and Employee engagement is 0.76 which is having positive correlation. Therefore the H1 is accepted that means there exist positive relation. Another variable observed that the correlation between commitment and employee engagement is 0.82 which is having positive correlation. Therefore the H2 is accepted that means there exist positive relation. Another variable observed that the correlation between salary and benefits and employee engagement is 0.86 which is high degree of positive correlation. Therefore the H3 is accepted that means there exist positive relation. Another variable observed that the correlation between job satisfaction and employee engagement is 0.72 which is having positive correlation. Therefore the H4 is accepted that means there exist positive relation.

## Conclusion

In this study, four major dimensions of select variables are taken into consideration to measure the effect on the employee engagement in the context of the private banking sector. The study emphasizes the importance of employee engagement in private banks in Andhra Pradesh. The study results exhibit that the select variables, i.e., Training and Development, Commitment, salary & benefits and Job satisfaction significantly influencing on employee engagement in private banks in the study region. Employee engagement is most important factor in an organization success therefore, there is needed to adopt effective strategies that aim to improve employee engagement and creates the culture of high performance in any organization based on

different practices. On overall all the select variables are creating positive influencing on engagement of employees that result in improvement in the work.

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