



AN EMPIRICAL STUDY ON THE RELATIONSHIP BETWEEN DETERMINANTS OF EMPLOYEE ENGAGEMENT AMONG THE BANKING PROFESSIONALS OF GUNTUR URBAN REGION

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ABSTRACT

A descriptive cross-sectional study was carried out in different private and public sector banks in Guntur Urban area. A simple random sample of 60 employees was analyzed. The aim of the study is to check effect of determinants of employee engagement on employee engagement. Four determinants, supervisory support, training and development, reward and work environment were considered. Correlation and regression tests were applied for analysis. The study provides thought provoking managerial ideas in order to improve the employee engagement among employees focussing on certain factors like supervisory support, training and development and work environment.

Keywords: Banking Industry, Employee Engagement, Reward, Supervisory Support, Work Environment,

1. INTRODUCTION

Employee engagement has become a widely used and popular term (Robinson et al., 2004) with most of what has been written about employee engagement can be found on the basis of practice rather than theory and empirical research. A minimal research has been carried out on the constructs of employee engagement projecting the determinants like, Training and Development (T&D), reward (R), supervisory support (SS), work environment (WE).

1.1. Contextual Dimensions

Industry selected for the purpose is banking sector. India's Rs 77 trillion (US\$ 1.30 trillion)-banking industry is well at par with global standards and norms. Prudent practises and conventional framework adopted by the regulator, Reserve Bank of India (RBI), have insulated Indian banks from the global financial crisis.

The country has 87 scheduled commercial banks with deposits worth Rs.71.6 trillion (US\$ 1.21 trillion) as on 31 May, 2013. Of this, 26 are public sector banks, which control over 70 per cent of India's banking sector, 20 are private banks and 41 are foreign banks. Of the total, 41 banks are listed with a total market capitalisation of Rs.9.35 trillion (US\$ 158.16 billion) as per the recent statistics.

For the purpose of this study, three banks each from both public and private sector were selected for the survey. As the data to be kept confidential as it relates to sensitive factors like reward and employee satisfaction the names of the banks were not disclosed.

1.2. Purpose of Study

The study is aimed to evaluate the relationship of determinants of employee engagement (T&D, R, SS, and WE), and employee engagement itself.

2. LITERATURE REVIEW

Literature review to include definition of factors, earlier works, theories, and relationship of Employee Engagement (EE) with its determinants will be discussed in preceding paragraphs considering each variable one by one.

2.1. Employee Engagement (EE)

Wellins and Concelman (2004) defined as "Employee engagement is the illusive force that motivates employees to higher level of performance. This coveted energy is an amalgam of commitment, loyalty, productivity and ownership"

Robinson (2004) defines "engagement as a positive attitude held by the employee towards the organization and values. An engaged employee is aware of the business context, works with colleagues to improve performance within the job for the benefit of the organization."

It has variously been conceived as a psychological or affective state (e.g commitment, involvement, attachment etc.), a performance construct (e.g role performance, effort, observable behaviour, organisational citizenship behaviour etc) or an attitude (Macey & Schneider, 2008a).

Engagement is all about having a psychological commitment towards the assigned task, which is clearly reflected in his/her dedication towards the work. Employee engagement is the level of commitment and involvement an employee has towards the organization and its values. An engaged employee is aware of the business context, and works with colleagues to improve performance within the job for the benefit of the organization. Finally, engagement may be thought of as an antecedent to job involvement, in that individuals who experience deep engagement in their roles come to identify with their jobs. Engagement is a state where

an individual is, not only intellectually committed, but also has a great emotional attachment with his/her job that goes above and beyond the call of duty, so as to further the interest of the company.

Engaged employees care about and are loyal to the future of the organization. They are willing to put in extra efforts to ensure that the organization is led to growth and development.

2.2. *Training and Development (T&D)*

The word training is used to explain the effort by an organization to promote learning among the employees (Snell, Bohlander & Vohra, 2010). Experts by and large agree that training is more related to immediate and short term performance needs; and development is more inclined towards improving an individual's skills for future assignments, (Snell et al., 2010). Researchers also explained that the phrase, "training and development" is to recognize the combination of activities, organizations put in place to enhance the skills of their employees which in turn creates more affinity towards the job and the organization. Due to technical advancements and realization about the multidimensional advantages of training and development, employers in many developed countries are offering implicit deals to their employees. With these implicit deals, an organization may have to let the employee go due to extreme business constraints, but will help the individuals to develop the marketable skills necessary to find the alternate job (Mathis & Jackson, 2002; Farrell & Rusbult, 1981). Training and development methods contribute to increased motivation, job satisfaction and morale among employees. Methods, if effectively implemented imply that organizations are more employee-centric in order to improve the skills as well as increase their satisfaction in the ongoing jobs, resulting into a win-win situation. Hence a positive relationship between T&D and EE is being considered in this study.

2.3. *Reward (R)*

Reward is defined as intrinsic or extrinsic compensation on completion of a project or meeting performance objectives. Intrinsic reward often includes praise, while extrinsic reward is tangible and can be in the shape of direct or indirect compensation. Former includes base pay and variable pay; and later can comprise of life insurance, medical insurance, and retirement pension. For quite some time, employee's thinking of reward and its equity was considered as one of the key factors influencing degree of job involvement. This supports the work by lot many researchers who established a positive relationship between reward and EE, (Judge & Welbourne, 1994; Lawler, 1971). In line with these studies of the renowned scholars, reward is hypothesized to have positive and direct relationship with EE.

2.4. *Supervisory Support (SS)*

Jawarski & Kohli, (1991), the nature of supervisory support influences the perception of employee about the work place and engagement at work place. With the increased monitoring tools and supervisor's influence on the reward, employee is more concerned about the relationship with the supervisor. Different aspects like fair treatment by the supervisor, feedback on performance and trust in the manager/supervisor have positive correlation of organizational loyalty and employee engagement. On the basis of these studies, it has been hypothesized that, SS has positive impact on EE of the employees.

2.5. *Work Environment (WE)*

Taiwo (2010) asserted that the ability of employees of an organization to share knowledge throughout the system depends on the conditions of their work environment. However, the survey revealed that many organizations do not fully leverage their physical work environment to enable increase collaboration, innovation and improve work effectiveness. It is also observed that employees tend to be more productive in a well-facilitated work environment. The quality of comfort derivable from work environment determines the level of satisfaction and productivity of workers. Whereas, workers productivity cannot be optimal, if the conditions of work environment are not favourable. Hence, improved work environment will enhance employee productivity and involvement towards the job entitled.

2.6. *Objectives*

- a) To understand the impact of determinants of employee engagement on employee engagement
- b) To deduce empirical evidence on the influence of determinants on employee engagement.

2.7. *Hypotheses*

- H1: Training and Development (T&D) has positive relationship with Employee Engagement (EE).
- H2: Reward (R) has positive relationship with Employee Engagement (EE).
- H3: Supervisory Support (SS) has positive relationship with Employee Engagement (EE).
- H4: Work Environment (WE) has positive relationship with Employee Engagement (EE).

3. RESEARCH METHODOLOGY

3.1. *Sample Size*

A sample size of 80 from six different banks was taken for the study. Whereas 68 respondents given their responses out of which 8 questionnaires were not completely filled in. After rejecting the unfilled questionnaires, finally the filled in questionnaires stood at 60.

3.2. *Sampling Technique*

Convenience sampling technique has been used as only six banks have been surveyed for limitation

of time and resources

3.3. Instrument Development

The variables Training & Development (TD), Reward(R), Work Environment (WE) and Supervisor Support (SS) on Employee Engagement (EE) have been tested by 39-item questionnaire including 7 demographic items. Items relating to these four variables have been adapted after changes to suit the requirements of study in hand and the local environments.

The survey questionnaire has three parts. First part is on demographics with questions about gender, age, education level, tenure with the company, department and position. Second part has questions about the model on a Likert Scale of one to seven, with never as one and always as rating seven for Employee Engagement. Whereas the third part of questionnaire consists of the four independent variables comprising of 15 items on a Likert Scale of one to five, with strongly disagree as one, and strongly agree rated as five.

3.4. Data Collection Procedure

Data was collected through the above mentioned 39-item survey questionnaire, which was explained to the nominated representatives of the companies and got the questionnaires filled. Confidentiality of the companies and respondents is being maintained.

3.5. Data Analysis Technique

For the analysis of data, software of SSPS (window version 21) has been used. Correlation and regression tests were applied for evaluation of data.

3.6. Reliability of Scale

3.6.1. Reliability Testing

A survey of 60 respondents from six commercial banks was conducted for confirming the reliability of scale.

Cronbach's Alpha	N of Items
.841	39

The minimum value of Cronbach's alpha came out to be 0.841, against minimum acceptable limit of 0.6. Hence the scale was found reliable and fit for use.

4. RESULTS, ANALYSIS AND DISCUSSION

A total of 75 questionnaires were floated in six banks and 60 fully filled-in responses were received, with response rate of 80%. For analysing demographic variables, descriptive statistics used, correlation and regression techniques were applied to find out the required results for analysis.

4.1. Demographic Analysis

As give in Table 2, male are 76.7% and female only 23.3% of the total respondents. Employees in age group 25-35 are in majority with 61.6% and those over 45 years are just 18.3%. In level of education, post graduates are leading with 48.3%, graduates with 40% and professionals are just 11.7%. Whereas, the service with the current organization leads to very less as 45% of the total respondents have less than 5 years of service with the current organization. Subsequently 20% of the respondents have more affinity towards the organization in terms of their tenure.

Table 2: Demographics

Age			Marital Status		
	Frequency	Percent			
< 25 yrs	12	20.0	Single	20	33.3
26-30 yrs	14	23.3	Married	40	66.7
31-35 yrs	11	18.3	Total	60	100.0
36-40 yrs	3	5.0	Gender		
41-45 yrs	9	15.0		Frequency	Percent
> 46 yrs	11	18.3	Male	46	76.7
Total	60	100.0	Female	14	23.3
Tenure			Total	60	100.0
< 5 yrs	27	45.0	Education		
6-10 yrs	10	16.7	Graduation	24	40.0
11-15 yrs	2	3.3	Post Graduation	29	48.3
16-20 yrs	3	5.0	Professional	7	11.7
21-25 yrs	6	10.0	Total	60	100.0
>26 yrs	12	20.0			
Total	60	100.0			

4.2. Descriptive Analysis

Table3: Descriptive Statistics

	N	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
EE	60	5.4392	.88055	-.688	.309	.013	.608
WE	60	3.9083	.60710	-.355	.309	.297	.608
SS	60	4.0167	.62522	-.858	.309	1.768	.608
TnD	60	4.0083	.69953	-.319	.309	-.236	.608
R	60	3.6083	1.11268	-.473	.309	-.577	.608

As shown in Table 3, mean is 3.9 or more for all variables except reward, which shows 3.6 on Likert Scale of 1-5. It shows that most of the respondents are in agreement to the questions asked in the instrument. For data to be normal and free of negative or positive skewness, value of skewness should be between +2 to -2. In the said table all values are within range, hence no skewness is found in the data. Similarly, for data to be normal, value of kurtosis should be positive. As values of 4 variables, less T&D and reward are positive; hence data is mostly in the range of normality.

4.3. Correlation

To find out the correlation of variables, Pearson correlation test was run as the data was found to be normal from, skewness, and kurtosis. The strongest correlation is between R and SS at 0.536 and weakest between EE and T&D at -0.012. All correlations are significant with $p < .01$ (two tailed).

From the table 4 it is evident that there exists positive correlation between Employee Engagement and Work Environment at 0.118. Also similar strength of correlation between Employee Engagement and Supervisory Support at 0.184. A correlation of 0.030 between Employee engagement and reward.

Table 4: Correlation Analysis

		EE	WE	SS	T&D	R
EE	Pearson Correlation	1	.118	.184	-.012	.030
	Sig. (2-tailed)		.369	.160	.927	.820
	N	60	60	60	60	60
WE	Pearson Correlation	.118	1	.435**	.426**	.225
	Sig. (2-tailed)	.369		.001	.001	.084
	N	60	60	60	60	60
SS	Pearson Correlation	.184	.435**	1	.409**	.536**
	Sig. (2-tailed)	.160	.001		.001	.000
	N	60	60	60	60	60
T&D	Pearson Correlation	-.012	.426**	.409**	1	.453**
	Sig. (2-tailed)	.927	.001	.001		.000
	N	60	60	60	60	60
R	Pearson Correlation	.030	.225	.536**	.453**	1
	Sig. (2-tailed)	.820	.084	.000	.000	
	N	60	60	60	60	60

** . Correlation is significant at the 0.01 level (2-tailed).

4.4. Regression

Table 5: Regression Analysis (Model Summary^b)

Model	R	R ²	Adjusted R ²	Std. Error of the Estimate	Change Statistics				
					R ² Change	F Change	df1	df2	Sig. F Change
1	.225 ^a	.051	-.019	.88868	.051	.732	4	55	.574

a. Predictors: (Constant), R, WE, T&D, SS
b. Dependent Variable: EE

To test the hypothesis, linear regression was applied. From the table 5, value of R is 22.5%, which means that model is 22.5% fit and considered as not good being less than 50% mark. R square reflects the effect of Independent Variables on the Dependent Variable and is 5.1%. It means that all four Independent Variables combined (T&D, R, SS and WE) have only 5.1% effect on the Dependent Variable (EE). Adjusted R square is for total population, for which effect of all Independent Variables combined reduces to 1.9%.

4.5. Hypotheses Testing

4.5.1. Testing of Hypothesis 1

H1 is about positive relationship of T&D and EE. From the Table 6, it is evident that the value of p

is 0.484; hence the relationship is not significant at $p < .05$. Value of t is -0.704. As $t < 2$, relationship is indicated as weak and negative, and shows that relationship between TD and EE is negative.

Table 6: Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.438	.932		4.765	.000
	WE	.117	.223	.081	.526	.601
	SS	.317	.238	.225	1.332	.188
	T&D	-.141	.201	-.112	-.704	.484
	R	-.046	.130	-.058	-.353	.726

a. Dependent Variable: EE

Beta value indicates the effect of T&D on EE, and is -0.141. It means that T&D brings a chance of -14.1% in EE. All combined, the results reflect that relationship of TD with EE is not significant, negative and weak. Hence H1 is rejected. This indicates that in banking industry, there may be less concentration on employee engagement which is a consequence of proper training patterns being followed in the organization.

4.5.2. Testing of Hypothesis 2

This hypothesis also is about positive relationship of R with EE. On the lines explained for testing H1, table above shows that there exist no significant relationship at 0.726 ($p < .05$), negative and weak, can be treated as negligible with value of t as -0.353 ($t > 2$), and R effecting EE at -4.6%. This concludes that relationship of R with EE is not significant ($p < .05$), and weak leading to mere 1% chance of influence on EE. Hence H2 can be rejected with its negligible percentage influence on Employee Engagement.

4.5.3. Testing of Hypothesis 3

This hypothesis like the previous two is about positive relationship of SS and EE. In Table above, we observe that relationship is significant with value of 0.188 ($p < .01$). Value of t at 1.332 shows a strong and positive relationship ($t < 2$) of SS and EE. Effect of SS on EE is 0.317, which confirms the positive relationship with effect of only 31.7%. Hence the hypothesis-3 is accepted. This means employees of banking industry having good relationship with their supervisors shows greater Employee Engagement and vice versa.

4.5.4. Testing of Hypothesis 4

This hypothesis is regarding positive relationship of WE with EE. Again referring to Table 5, relationship is significant at 0.601, ($p < .01$), strong and positive, with value of t as 0.526, ($t < 2$). Value of beta is 0.117. It confirms the positive relationship and effect of 11.7% of WE on EE. With this analysis, H-4 is accepted, meaning that employees with better WE are more engaged at work than those who have lower WE. With highest effect of 11.7%, WE become most significant and important determinant of EE for the employees who have been surveyed.

4.5.5. Regression Equation

$$EE = 4.438 + 0.117 * (WE) + 0.317 * (SS) - 0.141 * (T\&D) - 0.046 * (R)$$

This equation shows that Working environment (WE) influences 11.7%, Supervisory Support influences 3.17%, Training and Development (T&D) influences -14.1% and Reward (R) influences a mere -4.6% on the unit increase in the Employee Engagement (EE).

4.6. Summary of Hypotheses Testing

All Hypotheses except Hypothesis 2 have been accepted, and summary of Hypotheses Testing is as under:-

Table 7: Hypotheses Status

H1:	T&D has positive relationship with JS.	Rejected
H2:	R has positive relationship with JS.	Rejected
H3:	SS has positive relationship with JS.	Confirmed
H4:	WE has positive relation with JS.	Confirmed

4.7. Discussion

Mostly the results of the study have been discussed under relevant table of analysis or with each hypothesis testing. Reliability of scale for all factors and instrument as a whole is 0.841 which is greater than 0.7. It means that the scale is fit for use. Results of correlation showed significant relationship amongst of all the variables at $p < .01$ (two tailed). The strongest correlation is between SS and R at 0.536 and weakest between EE and T&D at -0.012. All correlations are significant with $p < .01$ (two tailed). Later in multiple regressions this weak relationship of R and EE and also EE and T&D at -0.046 and -0.141 respectively failed to be significant with ($p > .05$).

The survey supports that two out of four factors to include SS, and WE have positive and direct relationship with EE in the banking industry and two related hypotheses stand approved. This is in line with the earlier studies on the subject, where positive relationship of supervisor support and work environment with the construct of employee engagement has been established. However R and T&D showed negative influence on EE and hypothesis got rejected.

5. CONCLUSIONS AND RECOMMENDATIONS

5.1. Managerial Implications

Management of banking industry should find out the reasons for negative influence of Reward (R) and Training and Development (T&D) on Employee Engagement (EE). There may be many more reasons behind mere increase in the pay and benefits for employees to give their best and optimum productivity. In addition, to draw maximum advantage of significant relationship of SS and WE with Ee, management should lay enhanced emphasis on these determinants so as to be employee centric. This will lead to more satisfied engaged employees, which increases involvement, commitment and increased productivity.

5.2. Limitations of the Study

Employee Engagement has lot many determinants, but only four of them are included to keep the study manageable. Secondly, the population includes the only six of the available banks only in the urban area of Guntur district.

5.3. Future Research

Hypothesis relating to positive relationship of Reward (R) and Training and Development (T&D) with Employee Engagement (EE) have been rejected, shows contradiction to earlier theories and studies which show positive relation of Reward (R) and Training and Development (T&D). Further research can be carried out with a larger sample to explore the relationship of R and T&D on EE.

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