

Driving Employee Engagement in Nationalized Banks in India

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Abstract. Today Indian nationalized banks are operating in a highly competitive scenario. They need to have employees who are passionate about their work and strive to take their organization to greater heights. This paper investigates the role and impact of organizational culture and communication on driving employee engagement. This study undertook the design of descriptive, analytical and predictive research. The sample of the study consisted of 195 employees at executive level drawn from selected nationalized banks in India. The findings of the study have practical implications for the banking sector. It has unraveled the dimensions of organizational culture and communication which need to be focused for enhancing vigor, dedication and absorption of employees in the banking sector. The holistic model will help banks and other service organizations in India and across the globe for enhancing engagement of their employees.

Keywords: Organizational Culture, Organizational Communication, Employee Engagement

1. Introduction

Flourishing business organizations have engaged employees profoundly express themselves physically, cognitively and emotionally during performances in various roles in the organization. They act as drivers of financial and market success. Engaged employees are more profitable, productive, focused, have fun and less likely to leave the company because they are engaged (Gallup Organization, USA, 1999). Employee engagement is closely linked to employee turnover, customer satisfaction, loyalty, productivity, safety and profitability criteria (Harter, Schmidt and Hayes, 2002). They are assets who will guarantee organizational success. (Johnson, 2011)

1.1. Review of Literature

Ever since its evolution and conceptualization by Kahn (1990), numerous definitions can be derived from practice and research. Maslach and Leiter (1997) initially defined the engagement construct as the opposite of burnout. Schaufeli et al. (2002) define as “a positive fulfilling, work related state of mind that is characterized by vigor, dedication and absorption”. Wellins and Concelman (2004) suggest that , “feelings and attitudes employees have towards their jobs and their organization is employee engagement .” Robinson, Perryman and Hayday (2004), define “engagement as a positive attitude held by the employee towards the organization and its values.” Development Dimensions International (DDI), (2005), defines Employee Engagement as “the extent to which people value, enjoy and believe in what they do. Macey and Schneider (2008) distinguished three broad conceptualizations of employee engagement, namely state, trait, and behavioral engagement. Sarkar (2011) opined that employee engagement is a barometer that determines the association of a person with the organization

Common to all these definitions is the idea that employee engagement is a desirable state, having an organizational purpose. It connotes involvement, commitment, passion, dedication and enthusiasm at work.

Employee engagement is an outcome of interplay of several individual and organizational factors at work. Although there is little empirical research on the factors that predict employee engagement, it is possible to identify a number of potential antecedents from Kahn’s (1990) and Maslach et al.’s (2001) model.

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Studies undertaken by Towers Perrin (2003) reflect that communicational climate and culture impact employee engagement. Lyndsey Havill (2010) also cites communication as one of the drivers of engagement for accounting firms.

There is dearth of studies in exhaustively investigating the antecedents of employee engagement.

1.2. Opportunities and Challenges of the Indian Banking Sector

Though governed by the Reserve Bank of India, nationalized banks in India have been facing a dynamic business environment that is technologically driven, globally unbounded, and customer oriented. These challenges, among many others, called for extensive search for suitable strategies to be adopted by organizations for growth and survival in the changing and turbulent market place.

1.3. Research Objectives

- To develop a conceptual model encompassing the impact of drivers of organizational culture and communication on the central construct of employee engagement in nationalized banks of India
- To suggest ways in which banks can enhance employee engagement to tide over challenges and optimize opportunities

2. Development of Research Model

The research model developed in the study aims at establishing relationship between the antecedents of organizational culture and communication on employee engagement.

Hypothesis H1 and H2 proposed the influence of organizational culture and communication on employee engagement.

2.1. Employee Engagement

Schaufeli and Bakker (2002) scale was used to measure employee engagement. These dimensions have been operationalized as follows:

- Vigor - It refers to high levels of energy and mental resilience while working, and the willingness to invest effort in one's work.
- Dedication- It refers to deriving a sense of significance from one's work, by feeling enthusiastic and proud about one's job, and by feeling inspired and challenged by it.
- Absorption - It is characterized by being totally and happily immersed in one's work and having difficulty detaching oneself from it.

2.2. Organizational Culture

Organizational culture was measured by the scale developed Wilderom and Van den Berg (2004).t has been operationalized as follows:

- Autonomy - It reflects the extent of freedom and empowerment provided to employees in the organization.
- External Orientation -It signifies the extent and promptness with which an organization responds to changes in the external environment.
- Inter – departmental Co-operation-It refers to the extent to which different departments in the organization.
- Human Resource Orientation- It includes the various human resource policies that exist in the organization.
- Improvement Orientation - It includes the extent to which an organization strives to improve and innovate by giving employees them flexibility and empowerment to think out of the ordinary.

2.3. Organizational Communication

Organizational Communication was measured through the scale developed by Clampitt and Downs. (1977, 1993). It has been operationalized as follows:

- Organizational Integration- It refers to the extent to which employees are able to identify themselves as an integral part of the organization.

- Supervisory Communication- It includes the way in which supervisors reach out and communicate with employees.
- Personal Feedback- It implies the extent to which employees are informed about their progress and performance gaps and career plans.
- Corporate Information- This includes the extent to which employees are adequately and transparently communicated about the organization’s policies, strategies and standing.
- Communication Climate- It includes the trust, fairness and transparency perceived by employees for the tenets of organizational communication.
- Horizontal and Informal Communication - It implies the informal networks and channels of communication which evolve through interactions with members in the organization.
- Media Quality- It refers to the quality of information shared with employees. It also addresses the channels and mediums which are chosen.
- Subordinate Communication- It includes the communication directed by subordinates towards their supervisors.

2.4. Sampling Plan for Data Collection

The study involved drawing responses through convenience sampling from 195 managerial executives drawn from few nationalized banks in India in 2011 like State Bank of India, Bank of India, Andhra Bank and Oriental Bank of Commerce for validating and testing the research model.

The **Kaiser – Meyer Olkin test** was used for measuring **sampling adequacy** (KMO). A value close to 1 indicates that patterns of correlations are relatively compact and so factor analysis should yield distinct and reliable factors. (Malhotra & Dash,2009)

Table 1: Kaiser Meyer Olkin (KMO) Test for Sample Adequacy

Kaiser-Meyer-Olkin Measure of Sampling Adequacy	0.943
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3. Testing of Null Hypothesis H₁₀ and H₂₀ through Multiple Regressions

As shown in table 2, it can be seen that the R square value is .546 which indicates that the proposed model explains **54% of the variance in the dependent variable – employee engagement**.

Table 2: Model Summary of Multiple Regressions for Nationalized Banks

R	R Square	Adjusted R square	Std. Error of the Estimate
.739(a)	.546	.561	.53393

a Predictors: (Constant), Organizational Culture, Organizational Communication

Table 3: Development of Regression Equation through Coefficients in Nationalized Banks

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.608	.227		7.088	.000
Organizational Culture	.217	.072	.210	3.002	.003
Organizational Communication	.452	.086	.369	5.271	.000

a Dependent Variable: Employee Engagement

Employee Engagement for Nationalized Bank = 1.608 + 0.217 Organization culture + 0.452 Organization communication

Organizational Culture ($\beta = 0.217$): This value indicates that as organizational culture increases by one unit, employee engagement increases by 0.217 units.

Organizational Communication ($\beta = 0.452$): This value indicates that as organizational communication increases by one unit, employee engagement increases by 0.452 units.

4. Managerial Implications and Recommendations

The research is relevant to all business organizations specially banking industry as it provides insights and methodology for measuring organizational culture, organizational communication and employee engagement. The study has identified key dimensions of organizational culture and communication which can shape employee engagement in banks.

5. Limitations of the Study

Future studies can include comparison of employee engagement with other categories of banks. Impact of demographic variables on employee engagement can be undertaken in future studies. Differences in employee engagement across different managerial levels may also be investigated to suggest more pertinent recommendations for banks.

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