

## A STUDY ON CHALLENGES OF EMPLOYEE ENGAGEMENT IN INDIAN BANKING SECTOR

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### ABSTRACT

*In today's rapid changing business scenario, one of the toughest challenges that business leaders face is sustaining a high level of performance over the long term and obtaining superior business results. The answer to scale up performance in the short term, and more importantly, sustain it over the long term, lies in 'Employee Engagement'. The present study attempts to study challenges of employee engagement in Indian banking sector.*

**KEYWORDS:** *Employee Engagement, Changing Business Scenario, Indian Banking Sector.*

### Introduction

Employee engagement has become a widely used and popular term (Robinson et al., 2004). However, most of what has been written about employee engagement can be found in practitioner journals where it has its basis in practice rather than theory and empirical research. As noted by Robinson et al. (2004), there has been surprisingly little academic and empirical research on a topic that has become so popular. As a result, employee engagement has the appearance of being somewhat faddish or what some might call, "old wine in a new bottle."

Employees are the key chattels of any organization in today's highly competitive scenario. The resolute commitment of the human capital towards their job can lead to a commendable level of performance and competitive advantage to any business. Businesses have now revolutionized their Human Resources practices to make a perfect blend of work and fun for optimum performance and constructive business outcomes. The instigation of economic reforms has created a new window of opportunities in a range of sectors. 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.

Employee engagement has emerged as a dynamic concept through increased scientific interest in positive psychological states and value of human capital. There is a limited scope of academic literature in the area of employee engagement as most of the studies are performed by the industrial consultancies. As defined differently by each researcher, till date there is not any universal definition of engagement. The study intended to exhibit the construct of employee engagement in synergy with the existing literature and its consequences. It has a clear insinuation that committed employees create customer stories which make the brand creditable. When considered from management's viewpoint, engagement is the practice of leading human capital in appropriate conditions to ensure incessant performance and accomplishment of business goals. While, from the employees' viewpoint, it is their perception and psychological status instigated from experiences formed by the management.

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### Literature Review

According to Ghosh, P., Rai, A., & Sinha, A. (2014), a key issue before banks is how to promote the engagement level of their employees. Engagement has been receiving increased attention from researchers as an important determinant of employee performance. Not only does employee engagement have the potential to significantly affect employee retention, productivity and loyalty, but it is also a key link to customer satisfaction, company reputation and overall stakeholder value (Lockwood, 2007). Hence a key issue before banks is how to promote the engagement level of their employees. Keeping in perspective the benefits of an engaged workforce, the present research has significant implications for organizations, and in particular, organizational procedures deciding employee perception towards distributive, procedural and interactional justice. If employees have a better perception of organizational justice, and they feel they are treated justly, they are likely to reciprocate by increasing their engagement levels (Saks, 2006). Towards this end, Indian public sector banks should foster a work environment focusing on organizational justice; this would encourage social exchange attitudes among employees (Bettencourt et al., 2005). In addition, based on the norm of reciprocity, employees expect their organization to recognize and reward their efforts. Therefore, banks should be committed to recognizing employees' efforts and offer financial and non-financial rewards (e.g. work-life benefits) to their employees based on the organizational standards.

Employee engagement was greatly influenced by performance management, personal development and growth, workplace recreation and remuneration package. However, among the determinants, remuneration is the highest contributor of employee engagement with workplace recreation having the least influence. Low engagement and job satisfaction can contribute to multiple organizational problems and have been associated with increased levels of turnover and absenteeism, adding potential costs to the organization in terms of low performance and decreased productivity. It is important for bank management to be aware of the needs and make up of their workforce, as well as the impact of environmental factors, when developing their programmes and policies that have implications on engagement (Mokaya et al., 2014).

### Research Methodology

- **Sources of Information**

This research work is in the form of exploratory and its nature is also descriptive research Study. For conducting this research the information will be gathered from the Primary sources. The first hand primary data will collected through questionnaires.

- **Sample design**

**Sample Units:** Current study depends upon bank employees.

**Sampling Technique:** Convenience Sampling.

**Sample Size:** 300

- **Scaling**

To meet the research objective of research Questionnaire was used as an instrument for collecting primary data. Looking to the nature of study the questionnaire will structured and mainly contained questions, which are closed ended. The response will be recorded and measured by using Nominal Scale and Likert Scale.

### Results

**Table 1: Sample Demographic**

Dimension	Categories	Percentage
Age	20-30	30%
	30-40	34%
	40-50	24%
	50-above	12%
Experience	0-5 yr	28%
	5-10 yrs	37%
	>10 yrs	35%
Gender	Male	60%
	Female	40%
Designation	Manager	16%
	Officer	32%
	Clerk	52%

Majority of respondent are from 30-40 years of age. 30 percent of employees are between 20-30 years of age. 24 percent of respondents belong to 40-50 years of age bracket and only 12 percent of employees are more than 50 years of age. A small proportion belongs to higher age group. Out of the total respondents, about 60 percent of respondents were male and 40 percent were female. Since the survey was conducted, this distribution shows an appropriate proportion of males and female are engaged in banking. About 84 percent belong to middle level of management and only 16 percent are working in managerial function and related to higher level of management in banking. Following scale items are used to measure employee perception on challenges in employee engagement.

**Table2: Scale items used for Challenges**

Factors	Variable Name
Poor communication in the workplace	Comm
Lack of trust in workplace and working relationship	Trust
Lack of growth opportunities	Growth
No employee feedback mechanism	Feedback
Lack of top management support	Top Mgmt
No inspiring leadership	Leader

**Table3: One Sample 't' Test**

One-Sample Statistics						
	N	Mean	Std. Deviation	Std. Error Mean		
Comm	300	3.8767	.60774	.03509		
Trust	300	3.7833	.71514	.04129		
Growth	300	3.6567	.78795	.04549		
Feedback	300	3.9767	.75145	.04338		
TopMgmt	300	4.0567	.87331	.05042		
Leader	300	3.6567	.76643	.04425		
One-Sample Test						
	Test Value = 3					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Comm	24.985	299	.000	.87667	.8076	.9457
Trust	18.972	299	.000	.78333	.7021	.8646
Growth	14.435	299	.000	.65667	.5671	.7462
Feedback	22.512	299	.000	.97667	.8913	1.0620
TopMgmt	20.957	299	.000	1.05667	.9574	1.1559
Leader	14.840	299	.000	.65667	.5696	.7437

The  $p$  value for majority of dimensions are  $< .05$ , therefore, it can be concluded that the population means and sample means are significantly different. From the mean value analysis reveals that employees are not satisfied management efforts for engagement. Employees perceive that poor communication in the workplace, lack of trust in workplace and working relationship, lack of growth opportunities, lack of employee feedback mechanism, lack of top management support and insufficient inspiring leadership are major challenges in employee engagement.

### Conclusion

Low engagement can be detrimental to the long term success of any company. When organizations are spending a substantial amount on the engagement activities of its employees, its paramount they understand what the key challenges are and how to overcome them. By ensuring employees have a clear road to career advancement; companies can enjoy lower rates of employee turnover. Having the communication channels open and as transparent as possible, creates an environment in which the employee feels heard and appreciated.

Poor communication in the workplace can cost your company time and money. Employees are always going to need to communicate various issues to their managers, but chances are, those issues may not even attract the manager's concentration. Employers need to ensure their messages are clear, consistent and are being received. With a rise in remote workers, location can be a challenge.

Communication channels need to be accessible by everyone. Trust is a two way street, every working relationship should be built on trust and if it isn't this can cause employees to be disengaged. Trust is gained when even the newest starters, part-timers or juniors feel important and part of the organization. Managers need to focus more directly on the aspirations of each employee. By taking on board these critiques, you can ensure that employees see your workplace as the ideal place for their personal development. Employees lack this opportunity it contributes to low engagement and high employee turnover. People want to improve their skills and broaden their knowledge, and the recognition of professional development is a huge motivational factor. When managers appreciate employee growth, it motivates them to achieve more. Creating an environment where employees are inspired, encourages them to succeed, and complements the overall business success.

Companies need to look further than the bottom line and engage with employees to get the most out of their productivity. Success today requires a bit more than just focusing on making a profit. When employees are not actively engaged, it has detrimental effects on the organization. A superior approach would be to understand what motivates and drives employees in the workplace. By broadly understanding the factors that increase productivity, that motivate employees to perform, and that increase the efficiencies in the workforce, managers enjoy better levels of engagement.

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