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Employee Engagement among Service Sector: An Indian Perspective

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Abstract

Employee engagement has swiftly become new paradigm in organisational studies over past few years. Employee engagement is a measurable degree of an employee's positive or negative emotional attachment to their job, associates and organization that profoundly influences their willingness to learn and perform at work. Having engaged employees has become crucial in present business scenario where organisations look to their employees to take initiatives, bring innovations and optimum solutions to their current needs. This study investigates both job and organisational engagement of employees from two different sectors in Kerala namely, banking and IT (Information Technology). The purpose of the study is to define various concepts of employee engagement in modern organisations. The current cross sectional survey reinforces previous literature followed by discussions, limitations and conclusions.

Keywords: Employee Engagement, Organizational Citizenship Behaviour, Organisational Commitment

Introduction

Indian IT/ITES (Information Technology Enabled Services) industry has been witnessing mammoth changes and unparalleled growth since its inception. Job hopping, attrition and retention are the major challenges faced by HR professionals in this industry (Lolitha & Johnson 2015). Having engaged employees has become crucial in present business scenario where organisations look to their employees to take initiatives, bring innovations and optimum solutions to their current needs. Employee engagement is an embryonic topic being studied with differing conceptualizations and has become an important issue as employee turnover rises (Andrew & Sofian 2012). Banking plays a very important role in the nation's economy. The banking industry has witnessed a lot of changes since the era of economic liberalization (Upadhyay & Mishra 2016). In the context of changing work environment human resources has been considered as an important asset in service organizations. Therefore a shift from the scientific and technological revolution, human resource revolution is the key ingredient to the well-being and growth (Rotich 2015). There will be a high-energy positive working environment in the banks through engaging employees which will boost business growth and provide them with a competitive edge. This is primarily attributed to changing and ever increasing needs of customers as well as immense competition in the banking sector. This study is an attempt made to examine the relationship of employee engagement with organisational commitment of banking and IT (Information & Technology) sector employees in select organisations in Kerala.

Objectives of the Study

1. To ascertain the extent to which employee engagement (both job and organisational) relates to organizational commitment among selected IT companies and banks in Kerala.
2. To establish the extent to which employee engagement (both job and organisational) relates to organisational citizenship behavior (towards individual and organisation) among selected IT companies and banks in Kerala.
3. To determine the level of employee engagement by demographic variables (age, gender, work experience and educational qualification).

Statement of the Problem

Employee engagement is the energy, passion or fire that employees have towards their work and the employer. The challenges today is not just retaining talented people but fully engaged them, capturing their minds and hearts at each stage of their work performance (Kaye & Jordan-Evans 2003). It is not surprising that organizations of all sizes and types have invested substantially in policies and practices that foster engagement and commitment in their workforces. Employees who are engaged in their work and committed to their organizations give companies crucial competitive advantages including higher productivity and lower employee turnover. Understanding the challenges of employee engagement enables the organisations to strategize on how to solve engagement and commitment problems to guarantee continued existence in this competitive environment.

Literature Review

For identifying the general antecedents of employee engagement, literatures as well as models developed by consulting organisations were reviewed. Since the employee engagement construct is still relative recent, both literature and consulting models are examined so as to gain insights and obtain contributions from practice, in addition to the theoretical data.

Kahn (1990) was the first researcher to suggest that engagement means the psychological presence of an employee while executing his organizational task. According to Kahn (1990) in employee engagement people expressed and engaged emotionally, cognitively and physically. The cognitive part of employee engagement is concerned with the thinking of employees about their organization, leaders and working conditions and the emotional part of engagement of employee is related to the feeling of employees about various engagement factors and employees' attitude towards their leaders and organizations (Kahn 1990). Kahn (1992) proposed that engagement leads to both individual outcomes (i.e. quality of people's work and their own experiences of doing that work), as well as organizational-level outcomes (i.e. the growth and productivity of organizations).

According to Scarlett Surveys (2001) employee engagement is a measurable degree of an employee's positive or negative emotional attachment to their job, co-workers and organization that profoundly influences their willingness to learn and perform is at work. Schaufeli et al. (2002) define engagement "as a positive, fulfilling, work-related state of mind

that is characterized by vigor, dedication, and absorption”. Previous investigation has focused primarily on employee’s engagement in the work itself. However, Rothbard (2001) found that one’s degree of engagement varies by the role in question. Drawing upon this premise, Saks (2006) considered the work role separate from the role as a member of the organization and conducted the first study to examine work engagement and organizational engagement independently.

Saks (2006) defines organizational engagement as the sense of personal attachment to the company itself, independent of the individual’s professional role within the organization. Saks (2006) argues that organizational engagement is explained through Social Exchange Theory (SET). Saks (2006) asserts that employees repay the organization with their level of engagement, devoting their mental, physical, and emotional resources based on their assessment of what the employer has offered them. When workers notice that the employer has not responded appropriately to their contributions, they will be more likely to become depressed and disengaged.

According to the Gallup Survey (2006), the consulting organizations there are three types of people in the organization.

1. Engaged Employees work with passion and they feel a profound connection to their company. They initiate innovation and move the organization forward”. They are builders of the organization.
2. Not-Engaged Employees are essentially ‘checked out’. They are sleepwalking through their day, putting time- but not energy and passion into - their work.” They tend to focus on task rather than goal and outcomes they are expected to accomplish.
3. Actively Disengaged Employees are the cave dwellers. They are consistently against practically everything. They are just not unhappy at work; they are busy acting out their unhappiness. They sow seeds of negativity of every at every opportunity.

Saks (2006) argues that “Commitment is a state of being in which an individual becomes bound by his actions and beliefs that sustain his activities and his own involvement. Robinson et al. (2004) states “engagement contains many of the elements of both commitment and OCB, but is by no means a perfect match with either”. Besides, neither commitment nor OCB reflect sufficiently two aspects of engagement – its two-way nature, and the degree to which engaged employees are expected to have an element of business awareness. Organizations comprise individuals whose behavior range from the least possible contribution just to maintain an affiliation with the organization to others who go the extra mile discretionarily involving in extra role behavior for the benefit of the self and the organization. Discretionary behaviour at workplace is the organizational citizenship behavior (OCB) as indicated by Robinson and Heyday (2004). Some of these behaviors include voluntarily helping peers, taking personal initiatives for the development of the team, volunteering innovation; not wasting time and performing extra duties without complaint. These behaviors are believed to be instrumental for the effective functioning of the organization (Organ 1983).

Research Methodology

The data for this study was collected from employees of two different sectors in Kerala namely, banking and IT (Information Technology). Research participants (N=132) was selected based on a convenient sampling process. Data was collected through online questionnaire from 66 employees each from both commercial banks and IT sector organisations in Kerala irrespective of their current position. The study analysed the 132 responses out of 150 responses collected, which were useful and complete and the rest 18 unfilled were left out. A three section online questionnaire was used for data collection. The first section of the questionnaire consisted of 5 items inquiring about demographic characteristics of respondents such as employees' gender, age, educational qualification, and work experience. The second section consisted of questions related to measure employee engagement (job and organisational). The third section consisted of questions related to measure organisational commitment and organisational citizenship behaviour towards individual and organisation.

Measures

Both job engagement and organization engagement was measured by two six-item scales used by Saks (2006). Items were written to assess participant's psychological presence in their job and organization. A sample item for job engagement is, "I really "throw" myself into my job" and for organization engagement". "Being a member of this organization is very captivating". The scale verified an internal consistency (alpha) reliability of 0.713 for organisational engagement and 0.696 for job engagement in the current study. Organisational commitment of the respondents was measured using the six-item affective commitment scale by Rhoades et al. (2001). A sample item for commitment in this study is, "I feel a strong sense of belonging to my organization". The cronbach's alpha value for organisational commitment scale was 0.884, which is highly reliable. Participants indicated their response on a five-point Likert-type scale with anchors (1) strongly disagree to (5) strongly agree. Organizational citizenship behavior directed to the individual (OCBI) and organization (OCBO) was each measured by four-items each from Lee and Allen (2002). Participants responded using a five-point Likert-type scale with anchors (1) never to (5) always. A sample item from the OCBI scale is, "Give up time to help others who have work or non-work problems" and a sample item from the OCBO scale is, "Defend the organization when other employees criticize it". The cronbach's alpha value for OCBI scale was 0.796 and for OCBO scale was 0.790, which were highly reliable.

Hypotheses

- H1: Job engagement will be positively related to organisational commitment among employees in banks
- H2: Job engagement will be positively related to organisational commitment among employees in IT companies.
- H3: Organisational engagement is positively related to organisational commitment and Organisational citizenship behaviour among employees in banks and IT companies.
- H4: Job engagement will be positively related to organisational engagement among employees in banks.

H5: Job engagement will be positively related to organisational engagement among employees in IT companies.

H6: There will be a significant positive relationship between demographic variables of the respondents and employee engagement among employees in banks and IT companies.

H7: Job engagement will be positively related to organisational citizenship behavior (towards individual and organisation) among employees in banks

H8: Job engagement will be positively related to organisational citizenship behavior (towards individual and organisation) among employees in IT companies

Analysis and Results

Descriptive statistics are given in Table 1 which consists of the mean and standard deviation values of job engagement, organizational engagement, organisational commitment and organisational citizenship behavior (towards individual and organisation) in two important industries in Kerala.

Table 1: Descriptive Statistics

INDUSTRY		N	Mean	Std. Deviation
Banks	Organisation Engagement	66	3.5051	.43063
	Job Engagement	66	3.2970	.63754
	Org Commitment	66	3.7879	.65669
	OCB Individual	66	3.8788	.68814
	OCB Organisation	66	3.7576	.61389
	Valid N (listwise)	66		
IT Company	Organisation Engagement	66	3.4293	.76240
	Job Engagement	66	3.2242	.73045
	Org Commitment	66	3.2904	.91348
	OCB Individual	66	4.0126	
	OCB Organisation	66	3.3876	.88729
	Valid N (listwise)	66		

Table 1 shows the mean and standard deviations for the four variables under study which are organisation engagement, job engagement and organisational commitment. The table indicates that organisational engagement is the highest among employees working in banks (mean= 3.5051, std. deviation= 0.43063) than in IT companies. Also job engagement is more among bank employees (mean= 3.2970, std. deviation= 0.63754). The organizational commitment among the employees in banks is comparatively higher (mean= 3.7879, std. deviation= 0.65669) than employees in IT companies. It can be identified from the table that even though OCB towards organisation (mean= 3.7576, std. deviation=.61389) is greater among banking sector employees, OCB towards individual is quite alarmingly high among IT sector employees (mean= 4.0126, std. deviation= 0.70820).

Hypotheses Testing

The hypothesis sought to investigate the extent to which job and organisational engagement is related with organisational commitment. The hypothesis was investigated using Pearson correlation coefficient. Summary of the results are presented in Table 2 below.

Table 2: Correlation between Employee Engagement and Organisation Commitment

Name of the Industry			Organisation Engagement	Job Engagement	Org Commitment
Banks	Organisation Engagement	Pearson Correlation	1	.032	.370**
		Sig. (2-tailed)		.800	.002
		N	66	66	66
	Job Engagement	Pearson Correlation	.032	1	.314*
		Sig. (2-tailed)	.800		.010
		N	66	66	66
	Org Commitment	Pearson Correlation	.370**	.314*	1
		Sig. (2-tailed)	.002	.010	
		N	66	66	66
IT Company	Organisation Engagement	Pearson Correlation	1	.460**	.737**
		Sig. (2-tailed)		.000	.000
		N	66	66	66
	Job Engagement	Pearson Correlation	.460**	1	.194
		Sig. (2-tailed)	.000		.119
		N	66	66	66
	Org Commitment	Pearson Correlation	.737**	.194	1
		Sig. (2-tailed)	.000	.119	
		N	66	66	66

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

* . Correlation is significant at the 0.05 level (2-tailed).

Interpretation

From Table 2 above, in case of employees from banking sector, there is significant positive relationship between job engagement and organisational commitment [$r=.314^*$, $p<0.05$]. Hence we accept H_1 . There is a significant positive relationship between organisational engagement and organisational commitment [$r=.370^{**}$, $p<0.05$]. Hence we accept H_3 . There is a no significant correlation between job engagement and organizational engagements [$r=0.032$, p is not less than .05]. Hence we reject the hypothesis H_4 .

In case of employees from IT sector, there is highly positive significant relationship between organisational engagement and organisational commitment [$r=.737^{**}$, $p<0.05$]. Hence we accept H_3 . There is no significant relationship between job engagement and organisational commitment [$r=-.194$, $p<0.05$]. Hence we reject H_2 . There is a significant positive correlation between job and organization engagements [$r=.460^{**}$, $p<0.05$]. Hence we accept H_5 .

Table 3: Correlation between Employee Engagement and Organisation Citizenship Behavior

Industry			OCB Individual	OCB Organisation	Organisation Engagement	Job Engagement
Banks	OCB Individual	Pearson Correlation	1	.426**	.366**	-.180
		Sig. (2-tailed)		.000	.003	.149
		N	66	66	66	66
	OCB Organisation	Pearson Correlation	.426**	1	.495**	-.163
		Sig. (2-tailed)	.000		.000	.191
		N	66	66	66	66
	Organisation Engagement	Pearson Correlation	.366**	.495**	1	.032
		Sig. (2-tailed)	.003	.000		.800
		N	66	66	66	66
	Job Engagement	Pearson Correlation	-.180	-.163	.032	1
		Sig. (2-tailed)	.149	.191	.800	
		N	66	66	66	66
IT Company	OCB Individual	Pearson Correlation	1	.348**	.275*	.148
		Sig. (2-tailed)		.004	.026	.235
		N	66	66	66	66
	OCB Organisation	Pearson Correlation	.348**	1	.607**	.402**
		Sig. (2-tailed)	.004		.000	.001
		N	66	66	66	66
	Organisation Engagement	Pearson Correlation	.275*	.607**	1	.460**
		Sig. (2-tailed)	.026	.000		.000
		N	66	66	66	66
	Job Engagement	Pearson Correlation	.148	.402**	.460**	1
		Sig. (2-tailed)	.235	.001	.000	
		N	66	66	66	66

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

* . Correlation is significant at the 0.05 level (2-tailed).

Interpretation

From Table 3 shown below, in case of employees from banking sector, there is no significant relationship between job engagement and OCBI [$r = -.180$, p is not less than .05] and , there is no significant relationship between job engagement and OCBO [$r = -.149$, p is not less than .05]. Hence we reject H_7 . There is a significant positive relationship between organisational engagement and OCBI [$r = .366^{**}$, $p < 0.05$]. Also there is a significant positive relationship between organisational engagement and OCBO [$r = .495^{**}$, $p < 0.05$]. Hence we accept H_3 .

In case of employees from IT sector, there is positive significant relationship between organisational engagement and OCBI [$r = .275^*$, $p < 0.05$] and there is highly positive significant relationship between organisational engagement and OCBO [$r = .607^{**}$, $p < 0.05$]. Hence we accept H_3 . There is positive relationship between job engagement and OCBI [$r = .148$, p is not less than .05] and there is highly significant positive relationship between job engagement and OCBO [$r = .402^{**}$, $p < 0.05$]. Hence we accept H_8 .

Table 4: Influence of Age on Employee Engagement

ANOVA					
Employee Engagement					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	4.519	4	1.130	4.483	.002
Within Groups	32.004	127	.252		
Total	36.523	131			

Table 5: Influence of Work Experience on Employee Engagement

ANOVA					
Employee Engagement					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.879	3	.293	1.052	.372
Within Groups	35.644	128			
Total	36.523	131			

Table 6: Influence of Educational Qualification on Employee Engagement

ANOVA					
Employee Engagement					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	3.165	3	1.055	4.048	.009
Within Groups	33.358	128	.261		
Total	36.523	131			

Interpretation

The one-way ANOVA was carried to find out if there is any influence on employee engagement by age, work experience and educational qualifications of the respondents and it is shown in Table 4, Table 5 and Table 6 respectively. From the tables mentioned above, it can be known that the demographic characteristics of the employees such as age (*since* $p=.002$, $p<0.05$) and educational qualification (*since* $p=.009$, $p<0.05$) has significant influence on the level of employee engagement among both IT and banking sector employees. But it was known that work experience has no influence on the level of employee engagement among employees in IT companies and banks.

Respondents		Total
Gender		132
Male	Female	
80	52	

Discussion

The study adopted a survey method to study employee engagement and organizational commitment. The data analysis was done using SPSS (21Version). The responses to this study were made up 88% of respondents comprising of the senior management, middle management and juniors. 60.6% of the respondents were male with 39.39% the respondents being female. The hypothesis that there will be a positive significant relationship between employee engagement (job and organisation) and organizational commitment was supported by the analysis shown in Table 2. Pearson correlation coefficient was used to analysis the correlation between the study variables such as organisational commitment, job engagement

and organisational engagement. This finding implies that employees who are given the necessary resources by their organizations to perform their tasks effectively tend to respond favourably to the organizations they are committed to. This finding is consistent with results from a study conducted by Saks (2006) when he established that engagement of employees mediated the relationships between the antecedents and job satisfaction, organizational commitment, intentions to quit the job, and organizational citizenship behaviour. Descriptive analysis of employee engagement and organisational commitment in banking and IT sector was indicated in Table 1. The Value of mean and SD describe that majority of the employees are properly engaged in their work and moderately committed. The findings of the study revealed a significant positive relationship between employee engagement and organisational commitment.

The One-way ANOVA analysis is used to determine there exist any significant and insignificant difference among the means of two or more independent groups. Table 4, Table 5 and Table 6 show one – way ANOVA and show analysis results of variance of demographic variables with employee engagement. Independent sample Test was used to find the influence of gender on employee engagement (Shown in Appendix-A). Results described that all demographic variables do show significant variation with employee engagement. Age, gender and educational qualification of the respondents' shows significant influence on the level of employee engagement but work experience have no influence for their level of engagement towards either their job or their organisation.

Conclusion

We can conclude that the importance of employee engagement in the organizational setting is undeniable. Prudent practices of engaging employees should be implemented in the organizations in order to enhance their commitment to the organization. Employees are the assets of any organization and organizations should adopt impeccable measures to engage their key performers to build a committed work force.

Limitations

The research was limited to banking and IT sector employees in Kerala only. The employees of this dynamic industry are ambitious and look out for better opportunities always. For future consideration this study can be extended to larger sample in order to identify other factors which affect performance of IT employees and if data is also collected from the other sector. In this regard, replicating this study in different settings would be worthwhile to establish the validity and generalizing of the present findings across different contexts. The relative contribution of different psychological climate dimensions in determining employee engagement and commitment should also be investigated because this may provide more specific information about employee perceptions of the organizational environment and how that perceptions increase their engagement and commitment.

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Appendix - A

Group Statistics

	Gender	N	Mean	Std. Deviation	Std. Error Mean
Employee Engagement	Female	52	3.3526	.37991	.05268
	Male	80	3.3713	.60745	.06792

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
								Lower	Upper	
Employee Engagement	Equal variances assumed	12.393	.001	-.198	130	.843	-.01869	.09440	-.20545	.16808
	Equal variances not assumed			-.217	129.849	.828	-.01869	.08595	-.18874	.15137



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