

# A Study on Employee Engagement: Role of Employee Engagement in Organizational Effectiveness

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**Abstract:** Employee engagement has become a top business priority for senior executives. In this rapid cycle economy, business leaders know that having a high-performing workforce is essential for growth and survival. They recognize that a highly engaged workforce can increase innovation, productivity, and bottom-line performance while reducing costs related to hiring and retention in highly competitive talent markets. 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. Engaged employees create the customer stories which make the brand creditable. The research paper endeavours to identify gaps in employee engagement in Indian banking sector and its impact of organisation effectiveness.

**Keywords:** *Employee Engagement, Senior Executives, Innovation, Productivity, Engaged employees, Organisation Effectiveness*

## I. INTRODUCTION

The level of success of an organization in achieving the goals set in an organization is a measure of the degree of organization Effectiveness. (Koyuncu, Burke and Fiksenbaum, 2006) in (Kataria, Garg and Rastogi, 2013) states that achieving organization Effectiveness is the main focus and goal of any organization, which for that requires great effort by maximizing task efficiency, commitment and maintaining employee motivation to work well. The fact, to make the effectiveness in much organization is not easy. Government as a bureaucratic organization with lot of inflexibility makes them difficult to achieve the effectiveness performance. In Government of Pidie Jaya as an organization, there is still a tendency for employees to carry out in disciplinary actions, one of which is related to the submission of reports or data. There are numbers of employees who cannot complete the tasks given based on the time limit, and they are not being able to achieve the high quality of work determined by their superiors. This happens because the level of ability of employees in carrying out their duties and functions has not been evenly distributed in each work unit (SKPD). Most are in Echelon IV level as a first level of technical managers.

The organization's ability to achieve its objectives is an indicator to see the success of an organization. Employee behavior greatly influences effectiveness in the organization, because employees are the main resource for all organizations. Effectiveness in organizations is an accumulation of effectiveness that exists in individual employees and groups. Individual effectiveness focuses on carrying out the duties and responsibilities of individuals as workers in an organization, while group effectiveness emphasizes on the performance

produced by the work group as a team work. Effectiveness is a basis in seeing or measuring the level of success achieved by the organization for its intended purpose.

An organization is said to be effective if the organization tends to produce more and more, and adaptable in solving problems (Kataria, Garg and Rastogi, 2013). (Daft, 1995) in (Zheng, Yang and McLean, 2010) defines organization Effectiveness as the level that an organization has in realizing its goals. (Mott, 1972) in (Kataria, Garg and Rastogi, 2013), defines organization effectiveness as the ability of organizations to mobilize all abilities for action, production and adaptation.

According to (Lewin and Minton, 1986) in (Eydi, 2015), organization Effectiveness measurements are carried out through competing value approaches, that are:

1. Open System, which is the flexibility and ability to get resources;
2. Rational Goals, namely the existence of certain plans or objectives and high productivity and efficiency;
3. Internal Process, which emphasizes on humans and control and information dissemination and stability and tranquillity in assessing organization effectiveness, and;
4. Human Relations, namely the existence of an integrated / cohesive and skilled workforce.

## II. INDIAN BANKING SECTOR

Indian banking system consists of 26 public sector banks, 25 private sector banks, 43 foreign banks, 56 regional rural banks, 1,589 urban cooperative banks and 93,550 rural cooperative banks, in addition to cooperative credit institutions. The commercial banking industry provides employment to around 13 lakh people and out of them more than 3 lakh are female employees. Banking is the process of financial intermediation and trust based relationship. Rising incomes enhanced the need for banking services which resulted in a great boom in sector and higher demand for transactional banking services. Due to the convincing demographics in today's scenario, the patrons are more affluent in terms of comfy lifestyle and financial planning; they are not only well-informed but are also very selective in terms of investments and cash outflow. The face of Indian banking has now changed as banks are reaching out to the masses with advanced technology, prompt communication system and services which are not restricted to public sector banks. They have recorded a rapid rise of the new private sector banks to cope up with multinational led environment.

The evolution has led to major changes and innovative practices in the banking sector, from traditional services to virtual expansion. In the exceptionally competitive scenario; banks need to distinguish themselves from their counterpart.

The major challenges for the banks are:

1. To act as a trust centre with an extended proposition to work out on rapidly evolving customer needs.
2. To ensure customers trust and engagement through efficiency, easy access and customer relevance.
3. To provide enhanced services to improve customer's overall experience.
4. To make advancement in the technology infrastructure and optimization of resources.
5. To ensure prompt services through engaged and skilled workforce.

The trends in the Indian banking sector are highly favourable as it gives equal prospect of employment to both genders. Banks started to bring about changes in HR practices in order to retain and develop its employee base which outline a major operative expense. As a career, it offers the employees an opportunity to uphold a balance between the family and profession in a better way by building diversity much earlier than other sectors.

### III. RESEARCH QUESTION

Do the variables Employee Communication, Employee Development and Co-Employee Support have a significant impact on Employee Engagement in private banks?

### HYPOTHESIS:

- H1 : Employee Communication has a significant impact on Employee Engagement in Banking Sector;
- H2 : Employee Development has a significant impact on Employee Engagement in Banking Sector; and
- H3 : Co-Employee Support has a significant impact on Employee Engagement in Banking Sector

### IV. RESEARCH METHODOLOGY

The study has been organised through multivariate analysis. The data used for the study is of primary source which has been collected through questionnaire. The opinion of the respondents has been collected on 7-points Likert's Scale. The opinion has been taken from the bank employees of almost similar category which suggests the homogeneity of the elements. So, the stratified random sampling method has been used. Since the dependent variable could have been manipulated in terms of categorical data, the Discriminate Analysis Method has been used to evaluate the impact of exogenous variables on the endogenous one. The analysis will help in developing human resource strategies for the banking organisation towards increasing the performance and retention of the employees. All the above tests and analyses have been conducted on 5% level of significance.

### V. DATA ANALYSIS AND INTERPRETATION

Table 1. Demographic profile of the respondents

S.No	Variable	Demographic Factors				
		20-25	26-30	31-35	36-40	Above 41
1.	Age (Yrs)	16	16	10	6	73
	Percentage	12.9	12.9	8.1	7.3	58.9
2.	Gender	Male		Female		
	Percentage	95		29		
3.	Monthly Income (Rs.)	15,000-20,000	20,001-25,000	25,001-30,000	30,001 and above	
	Percentage	8	16	19	81	
4.	Employment Position	High	Middle	Low		
	Percentage	19	97	8		
5.	Experience Level (Yrs)	0-5	6-10	11-15	16-20	20 and above
	Percentage	21	26	3	8	66
6.	Qualification	UG	PG	Diploma	Others	
	Percentage	58	33	15	18	
		46.8	26.6	12.1	14.5	

Table 2. Chi-Square test between demographic factors and Employee Engagement

S.No	Factors	$\chi^2$ Value	Sig.	Decision
1.	Age	10.510	0.231	Reject
2.	Gender	1.493	0.474	Reject
3.	Monthly Income	12.517	0.051	Reject
4.	Employment level	5.484	0.241	Reject
5.	Years of experience	13.102	0.108	Reject

(\* =  $H_0$  accepted at 5% significance level)

**Table 3.** Employee Engagement and the demographic characteristics of the respondents – One way ANOVA

S.No.	Demographic Factors	F	Sig.	Decision
1.	Gender	1.364	0.245	Accept
2.	Age	2.184	0.075	Accept
3.	Income	1.443	0.234	Accept
4.	Position	1.504	0.226	Accept
5.	Experience	2.470	0.048	Reject

(\*H<sub>0</sub> accepted at 5% significance level)

## VI. RESULTS AND DISCUSSION

The results revealed that that 58.9% of respondents were in the age group of 41 years and above. The results also show that 76.6% of respondents were male and the rest of respondents were female. 65% of respondents were in the monthly income group of Rs. 30,001 and above. The researcher found that 43% of respondents were in the middle level of employment position. The majority of the respondents 53.2% have more experience such as 20 and above years. The Chi-square test results revealed that there is association between the demographic factors viz. age, gender, monthly income, employment level and the experience of the respondents with the Employee Engagement. The researcher found that the Employee Engagement do not vary with the demographic factors namely gender, age, position and income of the respondents.

## CONCLUSION

The study has been conducted on selected private banks in Bangalore Three determinants viz. Employee Communication, Employee Development and Co-Employee Support were taken as the exogenous variables of Employee Engagement. The study reveals that these variables have significant positive impact on Employee Engagement in banking sector i.e., Employee Engagement is directly proportionate to these variables. On the other hand, studies reveal that Performance and Retention are the functions of Employee Engagement. So, the Performance and Retention of employees can be enhanced if Employee Communication, Employee Development and Co-Employee Support are given due importance.