



Review of Literature

EMPLOYEE ENGAGEMENT AND ITS IMPACT ON RETENTION IN PRIVATE BANKING SECTOR- AN EMPIRICAL INVESTIGATION



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ABSTRACT

Employee engagement is a higher-order construct consisting of three components: physical, cognitive and emotional. When engaged, “people become physically involved in tasks, whether alone or with others, cognitively vigilant, and empathetically connected to others in the service of the work they are doing”. In this research paper the authors aimed to find out the impact of engagement in retaining the employee’s in private banking sector. The study is a descriptive in nature. Primary data collected with the help of structured questionnaire which is administrated among the middle level employees of top three private sector banks in Tamilnadu. Data were collected from respective bank’s branch from four main cities namely

Chennai, Coimbatore, Madurai and Tiruchirappalli. A multistage stage sampling technique was adopted to select the samples, where the four top level districts in Tamilnadu are selected at first stage, then three top level bank were selected and finally the sample respondents were middle level employees of the bank were selected.. Sample size 325 respondents from those three banks respectively and it was used for analysis after deletion of biased and non responsive questionnaires. Due to various reasons the banks name was not disclosed in the study. The data collected have been organized, classified and analyzed using a wide range of appropriate statistical tools like Multiple Regression, and Correlation using Statistical Package for Social Sciences (SPSS).

KEYWORDS :Engagement, Retention, Banks etc.

INTRODUCTION

Employee engagement has been a topic of increasing interest to consultants and academics alike. This is not surprising considering the documented beneficial effects of having an engaged workforce. Employee engagement is a higher-order construct consisting of three components: physical, cognitive and emotional. When engaged, “people become physically involved in tasks, whether alone or with others, cognitively vigilant, and empathetically connected to others in the service of the work they are doing”. A notable benefit of employee engagement is employee health and happiness. To illustrate, research evidence suggests that engagement is associated with high psychological and physical well-being. From a practice perspective, empirical research has shown that engagement relates to many beneficial organizational outcomes such as organizational performance, productivity, and profitability (Harter, Schmidt, & Hayes, 2002), making it a valuable construct for organizations. The human resource management aims at developing variety of competencies of employees and develops a work culture in the organization, and utilizes these competencies in the organizational growth. The shift from the scientific and technological revolution, human resources revolution is the key ingredient to the well being and growth. Banking is the central nervous system of an economy. Banking plays a vital role in the modern, social, economic and cultural development of the society. Therefore the service offered by them in quality and quantity by the effective utilization of human resources become all the more important. In this study the researcher is interested to know the impact of employee engagement and involvement practices on organizations performance. In the present technological and global world, the private sector banks face competition at global level. In order to meet the global competition the banking sector has to find out various promotions that are expected by the stake holders. With the changing of environment, human resources is the most important asset in the service organization especially in banks, has to address the people’s need and issues more closely. Employee’s in the private sector banks need to be engaged properly so that it will have an impact on retaining the talented work force in turn it will contribute for banks performance in the long run.

REVIEW OF LITERATURE

Adnan Rasheed et.al., (2013). this study checked the relationship between the antecedents and consequences of employee engagement in the banking sector of Pakistan. A survey was carried out on 303 employees working in the private and public banking sector of Lahore Pakistan. Participants were currently doing job in their organization from at least 2 years and having at least 2 years work experience. In this study correlation among antecedents and consequences of employee engagement is measured. Results of this study indicate that there is a positive relationship among the antecedents and consequences of employee engagement. Alice H. Y. Hon, (2013) this study investigated the positive and negative effects of group conflict and work stress. It uses a multilevel analysis to examine the effects of task-related conflict and relationship conflict on two different types of work stress, namely, challenge-related stress and hindrance-related stress. Furthermore, the study analyzes the effects these types of stress have on hotel employees’ job performance and job satisfaction. The results of hierarchical linear modeling from a survey of 265 employees and their managers in fifty Chinese hotels reveal that (1) team task conflict was positively associated with challenge-related stress, which in turn, was positively associated with job performance and satisfaction; and (2) team relationship conflict was positively associated with hindrance-related stress, which in turn, was negatively associated with job

performance and satisfaction. We also found that work stress mediates the cross-level relationship between group conflict and the individual outcomes relating to performance and satisfaction. The key implication of the findings is that work-related conflict and stress are not always necessarily bad for organizational outcomes. Instead, task-related conflict and the resulting stress may improve employees' sense of accomplishment when the task is complete. Anjali Gummadi and Dr. S Anitha Devi (2013) 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 focusing on certain factors like supervisory support, training and development and work environment. Prof. Deepa Mishra, (2013) Employee Engagement is a buzz word in Human Resource study and the organizations who are successful take pride in implementation of employee engagement strategies. Engaged employees of an organization highly contributes to the performance of the organization and becomes an asset for the organization. Organizations make attempts to keep its employees engaged and thus increase their commitment and contribution to the organization. This paper attempts to study the factors influencing the employee engagement among the banks in Kutch district of Gujarat. Employees of two public sector banks and two private sector banks of this region were studied. The analysis confirms the relevance of the factors for employee engagement & also indicates at the distinguishing stimulus provided by these factors for the public sector and private sectors banks.

RESEARCH QUESTIONS

- 1.To examine the correlation among the factors of engagement in private banking sector
- 2.To estimate the influence of employee engagement in retaining the employees

METHODOLOGY

The study is a descriptive in nature. Primary data collected with the help of structured questionnaire which is administrated among the middle level employees of top three private sector banks in Tamilnadu. Data were collected from respective bank's branch from four main cities namely Chennai, Coimbatore, Madurai and Tiruchirappalli. A multistage stage sampling technique was adopted to select the samples, where the four top level districts in Tamilnadu are selected at first stage, then three top level bank were selected and finally the sample respondents were middle level employees of the bank were selected.. Sample size 325 respondents from those three banks respectively and it was used for analysis after deletion of biased and non responsive questionnaires. Due to various reasons the banks name was not disclosed in the study. The data collected have been organized, classified and analyzed using a wide range of appropriate statistical tools like Multiple Regression, and Correlation using Statistical Package for Social Sciences (SPSS).

Table 1 - Correlation between Dimensions related to employees engagement and its variables

		CD	LS	EMP	EOFT	PA	BSM	IR
CD	PC Value	1						
	Sig.							
	N	460						
LS	PC Value	.880(**)	1					
	Sig.	0.000						
	N	460	460					
EMP	PC Value	.775(**)	.907(**)	1				
	Sig.	0.000	0.000					
	N	460	460	460				
EOFT	PC Value	.620(**)	.811(**)	.826(**)	1			
	Sig.	0.000	0.000	0.000				
	N	460	460	460	460			
PA	PC Value	.848(**)	.926(**)	.884(**)	.734(**)	1		
	Sig.	0.000	0.000	0.000	0.000			
	N	460	460	460	460	460		
BSM	PC Value	.695(**)	.817(**)	.699(**)	.707(**)	.863(**)	1	
	Sig.	0.000	0.000	0.000	0.000	0.000		
	N	460	460	460	460	460	460	
IR	PC Value	.645(**)	.761(**)	.637(**)	.872(**)	.685(**)	.865(**)	1
	Sig.	0.000	0.000	0.000	0.000	0.000	0.000	
	N	460	460	460	460	460	460	460

(Career Development – CD, Leadership – LS, Empowerment – EMP, Equal opportunities and fair treatment – EQFT, Performance Appraisal – PA, Benefits and Safety Measure – BSM, Interpersonal Relationship – IRS)

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

CORRELATION INTERPRETATION

Career Development, Leadership, Empowerment, Equal opportunities and fair treatment, Performance Appraisal, Benefits and Safety Measure and Interpersonal Relationship

Factors Having Positive Correlation at 1% Level of Significance

Comparatively high level positive correlation at 1% level of significance among the variables exists between Leadership and Performance appraisal with a Pearson value of 0.926, then between Leadership and Empowerment with a Pearson value of 0.907, then between Performance appraisal and Empowerment with a Pearson value of 0.884, then between Leadership and Career development with a Pearson value of 0.880, then between Interpersonal Relationship and Equal opportunities and fair treatment with a Pearson value of 0.872, then between Interpersonal Relationship and Benefits and Safety Measure with a Pearson value of 0.865, then between Performance appraisal and Career Development with a Pearson value of 0.848, then between Empowerment and Equal opportunities and fair treatment with a Pearson value of 0.826, then between Leadership and Benefits and Safety

Measure with a Pearson value of 0.817, then between Leadership and Equal opportunities and fair treatment with a Pearson value of 0.811.

Further next high level positive correlation at 1% level of significance among the variables exists between Empowerment and Career development with a Pearson value of 0.775, then between Interpersonal Relationship and Leadership with a Pearson value of 0.761, then between Performance Appraisal and Equal opportunities and fair treatment with a Pearson value of 0.734, then between Equal opportunities and fair treatment and Benefits and Safety Measure with a Pearson value of 0.707.

Further next high level positive correlation at 1% level of significance among the variables exists between Benefits and Safety Measure and Empowerment with a Pearson value of 0.699, then between Benefits and Safety Measure and Career development with a Pearson value of 0.695, then between Interpersonal Relationship and Performance Appraisal with a Pearson value of 0.685, then between Interpersonal Relationship and Career development with a Pearson value of 0.645, then between Interpersonal Relationship and Empowerment with a Pearson value of 0.637, then between Equal opportunities and fair treatment and Career development with a Pearson value of 0.620.

Multiple Regressions

**Table 2 Factors influencing employee retention in Private banks
Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
ER	.965(a)	0.932	0.930	0.167

a. Predictors: (Constant), Bank supports for higher education and training, Within the bank a lot of the time the focus is on my weaknesses, When I do my work, I follow the instructions closely, even when they are not in line with my own ideas, For most situations at work, procedures are enforced by the bank, Sometimes think that my job asks too many different things of me, On the job I have sufficient opportunity to use my personal talents and use my initiative, Lot of freedom of choice when it comes to the tasks we have to do, Work pressure is too high here, As an employee I am put under a lot of pressure, Bank stimulates me to think about where I stand and where I need to get to achieve the bank goals, My job I have the opportunity to do something with my skills and knowledge, Bank gives me the opportunity to get training in subjects that interest me., Constant pressure of work-things that need to be done, deadlines and competition-make me tense and sometimes depressed, Usually when a problem occurs I rely on procedures that are dictated by the bank, When innovations are made, it is usually because management has decided on a corporate strategy and corporate goals and we then try to accomplish these goals as well as possible, When I want to learn something that can be useful in the workplace, I take the initiative

ER – Employee Retention

The multiple regressions are shown in the above table. The model summary table shows R-Square for this model is .932. This means that 93.2 percent of the variation in overall employees retention (dependent variable) can be explained from the 16 independent variables. The table also shows the adjusted R-square for the model as .930.

Any time another independent variable is added to a multiple regression model, the R-square will increase (even if only slightly). Consequently, it becomes difficult to determine which models do the best job of explaining variation in the same dependent variable. The adjusted R-Square does just what its name implies. It adjusts the R-square by the number of predictor variables in the model. This adjustment allows the easy comparison of the explanatory power of models with different numbers of predictor’s variable. It also helps us decide how many variables to include in our regression model.

Table.3 Association between factors influencing employee retention in private banks

Model		Sum of Squares	Df	Mean Square	F	Sig.
ER	Regression	170.373	16	10.648	379.851	.000(a)
	Residual	12.419	443	0.028		
	Total	182.791	459			

a. Predictors: (Constant), Bank supports for higher education and training, Within the bank a lot of the time the focus is on my weaknesses, When I do my work, I follow the instructions closely, even when they are not in line with my own ideas, For most situations at work, procedures are enforced by the bank, Sometimes think that my job asks too many different things of me, On the job I have sufficient opportunity to use my personal talents and use my initiative, Lot of freedom of choice when it comes to the tasks we have to do, Work pressure is too high here, As an employee I am put under a lot of pressure, Bank stimulates me to think about where I stand and where I need to get to achieve the bank goals, My job I have the opportunity to do something with my skills and knowledge, Bank gives me the opportunity to get training in subjects that interest me., Constant pressure of work-things that need to be done, deadlines and competition-make me tense and sometimes depressed, Usually when a problem occurs I rely on procedures that are dictated by the bank, When innovations are made, it is usually because management has decided on a corporate strategy and corporate goals and we then try to accomplish these goals as well as possible, When I want to learn something that can be useful in the workplace, I take the initiative

b. Dependent Variable: Employee Retention

ER – Employee Retention

The ANOVA table, as displayed in the above table shows the F ratio for the regression model that indicates the statistical significance of the overall regression model. The F ratio is calculated the same way for regression analysis as it was for the ANOVA technique. The variance Independent variable that is associated with dependent variable (Overall employee engagement) is referred to as explained variance. The remainder of the total variance in Independent variable that is not associated with dependent variable is referred as unexplained variance.

The larger the F ratio the more will be the variance in the dependent variable that is associated with the independent variable. The F ratio = 379.851. The statistical significance is .000 - the “Sig”. So we can reject the null hypothesis that no relationship exists between the two variables. There is relationship between independent and dependent variables.

Table.4 Coefficient of employee retention of private banks

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-2.428	0.215		-11.268	0.000
On the job I have sufficient opportunity to use my personal talents and use my initiative	0.313	0.015	0.507	20.998	0.000
Bank gives me the opportunity to get training in subjects that interest me.	0.187	0.016	0.357	11.377	0.000
Bank stimulates me to think about where I stand and where I need to get to achieve the bank goals	0.124	0.021	0.145	5.935	0.000
My job I have the opportunity to do something with my skills and knowledge	0.293	0.015	0.473	19.763	0.000
Lot of freedom of choice when it comes to the tasks we have to do	-0.071	0.016	-0.099	-4.556	0.000
Work pressure is too high here	0.049	0.017	0.057	2.978	0.003
Sometimes think that my job asks too many different things of me	0.220	0.015	0.306	14.527	0.000
Constant pressure of work-things that need to be done, deadlines and competition-make me tense and sometimes depressed	-0.013	0.017	-0.020	-0.730	0.466
Within the bank a lot of the time the focus is on my weaknesses	-0.007	0.027	-0.006	-0.246	0.806
As an employee I am put under a lot of pressure	0.035	0.015	0.070	2.346	0.019
When I do my work, I follow the instructions closely, even when they are not in line with my own ideas	0.107	0.012	0.264	9.002	0.000
When innovations are made, it is usually because management has decided on a corporate strategy and corporate goals and we then try to accomplish these goals as well as possible	0.114	0.016	0.286	7.196	0.000
Usually when a problem occurs I rely on procedures that are dictated by the bank	0.069	0.046	0.133	1.518	0.130
For most situations at work, procedures are enforced by the bank	0.125	0.014	0.257	9.133	0.000
When I want to learn something that can be useful in the workplace, I take the initiative	-0.795	0.149	-1.471	-5.341	0.000
Bank supports for higher education and training	0.960	0.105	1.922	9.155	0.000

Dependent Variable: Employee retention

To determine if one or more of the independent variables are significant predictors of organizational performance, we examine the information provided in the coefficient table. Out of twenty independent statements all the five statements are statistically significant.

On the job I have sufficient opportunity to use my personal talents and use my initiative has a beta coefficient (0.507), which is significant (0.000). Bank gives me the opportunity to get training in subjects that interest me has a beta coefficient (0.357), which is significant (0.000). Bank stimulates me to think about where I stand and where I need to get to achieve the bank goals has a beta coefficient (0.145), which is significant (0.000). My job I have the opportunity to do something with my skills and knowledge has a beta coefficient (0.473), which is significant (0.000). Lot of freedom of choice when it comes to the tasks we have to do has a beta coefficient (-0.099), which is significant (0.000). Work pressure is too high here has a beta coefficient (0.057), which is significant (0.003). Sometimes think that my job asks too many different things of me has a beta coefficient (0.306), which is significant (0.000). Constant pressure of work-things that need to be done deadlines and competition-make me tense and sometimes depressed has a beta coefficient (-0.020), which is not significant (0.466). Within the bank a lot of the time the focus is on my weaknesses has a beta coefficient (-0.006), which is not significant (0.806).

As an employee I am put under a lot of pressure has a beta coefficient (0.070), which is significant (0.019). When I do my work I follow the instructions closely even when they are not in line with my own ideas has a beta coefficient (0.264), which is significant (0.000). When innovations are made it is usually because management has decided on a corporate strategy and corporate goals and we then try to accomplish these goals as well as possible has a beta coefficient (0.286), which is significant (0.000). Usually when a problem occurs I rely on procedures that are dictated by the bank has a beta coefficient (0.133), which is not significant (0.130). For most situations at work procedures are enforced by the bank has a beta coefficient (0.257), which is significant (0.000). When I want to learn something that can be useful in the workplace I take the initiative has a beta coefficient (-1.471), which is significant (0.000). Bank supports for higher education and training has a beta coefficient (1.922), which is significant (0.000).

CONCLUSION

Engaging employees is crucial to satisfying and understanding the organization's customers. This has a measurable and direct impact on productivity, talent retention, financial results and customer satisfaction. Private banking must be willing to tap in to the worker commitment, passion and their identification with the organization this can also be done through building trust between employees and open communication. Some of the important factors that are employed to engage and retain employees include, a culture of respect, mentoring and feedback, professional and advancement development, appropriate rewards, effective leadership, job expectations, tools to finish work responsibilities and finally motivation.

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