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EMPLOYEE ENGAGEMENT AND ITS IMPACT ON ORGANIZATIONAL PRODUCTIVITY IN RESPECT OF BANKING SECTOR - A STUDY

¹ Dr. Geetha Bai A.S.

Associate Professor of Commerce, Government First Grade College, Kanakapura
Bengaluru South District. Karnataka – 562 117

geethaeshwar2004@gmail.com

²Dr. Nagabhushana S.

Assistant Professor of Commerce, Government Ramnarayan Chellaram College of Commerce and
Management, Bengaluru – 560 001

snagbhushan@gmail.com

Abstract

A business success is directly linked to the commitment of the employees. Organisations that direct linked to the commitment of the employees. Organisations that constantly keep themselves aware of their employees needs with the help of employee satisfaction surveys' will have a competitive advantage over those who don't, in a nutshell; successful companies are those that recognize opportunities to foster employees engagement. This is a study is on the employee engagement and its impact on the organisational productivity on the banking sector. As such, it is presumed that the results of the present study will be of great value to the banks to maximum utilization of human resources and improve its productivity. The main objective of this paper is to study relationship between employee engagement and organizational productivity. The study falls under descriptive domain mainly aimed at fact finding. The method adopted to generate data is "structured questionnaire method". The target population is private and public sector banks, which has organisational improvement teams and based in Bangalore. The researcher through discussion with the banks managers identified a sample of public sector and private sector banks, through the random sampling the total number of the respondents considered were 300 respondents for the study.

Key words: *Employee Engagement, Employee commitment, Organizational productivity, Human resources, Public sector banks, Private sector banks.*

I. Introduction

Employee engagement is the level of commitment and involvement an employee has towards his organisation and its values. Employee engagement involves employees understanding the aim of business and their individual contribution, a desire to perform well in a job they consider interesting, a belief that the employer cares about their needs, and finally, a belief they are supported. Organisational productivity is defined as ratio between output and input. Productivity is a dependent on competence, motivation and empowerment.

II. Review of Literature

Farndale & Murrer (2015)¹ have explored in their research that certain factors such as team work, rewards and recognitions and participation in managerial decision making have a positive impact of employee engagement which can contribute largely to the organizational development.

Garg et al. (2015)², revealed in their study that the work life balance is the vital driver of employee satisfaction, the implementation of work life balance related activities and programs has both individual and organizational benefits, effective implementation of such programs facilitates the organization a symbiotic relationship between the employee and employer for mutual benefits, the employee who balances demands on their time are more satisfied and content and are able to perform well.

Popli & Rizvi (2015)³, in their study discusses the relationship between employee engagement and leadership and revealed that there is strong correlation seen between service orientation and employee engagement and further stated that the strong interpreter of employee engagement is found to be service orientation.

Saxena et al., (2015)⁴, in their study found that the connection between employee engagement and organizational culture and its impact on organizational productivity and profitability and also reveals the direct connection between employee engagement and organizational culture and the performance and paves that employee engagement is very crucial for job satisfaction, employee loyalty and retention in the organization.

¹ Farndale. E, & I. Murrer, (2009). "Job resources and employee engagement: a cross-national study." *Journal of Managerial Psychology*, Vol. 30 (Iss: 5), pp.610 - 626.2015.

² D Garg, S Rani (2015), 'Work life Balance: A Key Driver to Improve Organizational Performance', *International Journal of Research (IJR)*, Vol-2, Issue-1, ISSN 2348-6848, January 2015.

³ S. Popli, & I. A. Rizvi, (2015). "Exploring the relationship between service orientation, employee engagement and perceived leadership style: a study of managers in the private service sector organizations in India." *Journal of Services Marketing*, Vol. 29(Iss: 1), pp.59 – 70.

⁴ V Saxena, R K Srivastava (2015), 'Impact of employee engagement on Employee performance—case of manufacturing sectors', *International Journal for Management Research & Business Strategy*, April 2015.

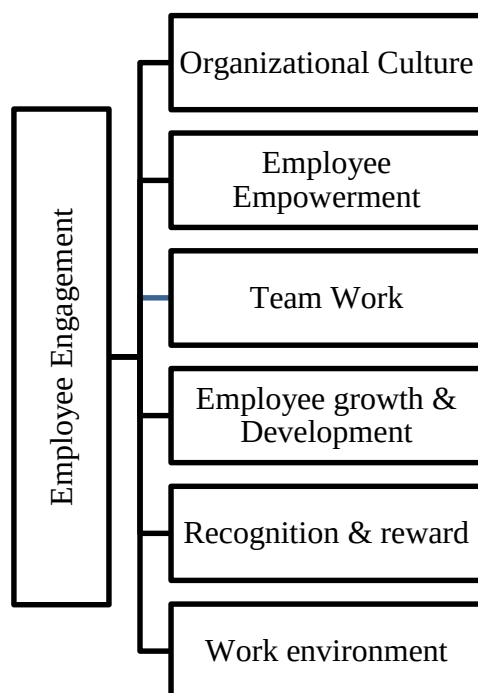
Stefanie Reissner & Victoria Pagan (2013)⁵, in their research concluded that there is a positive relationship on direct and indirect forms of communication and employees get engaged on organizational goals as the communication plays a vital role in building the confidence among the employees towards their commitment to organizational performance.

III. Statement of the problem

Employee engagement is one of the most effective dimensions of improving organisational productivity. The literature however, shows very little research which tests the relationship between employee engagement and organisational productivity in banking sector, which is a service industry. The present study is undertaken to measure the effectiveness of employee engagement and its impact on organizational productivity and recommend suggestions that enhances employee engagement, culture and organizational productivity.

IV. Conceptual Framework and Hypothesis Formulation

In this study, we have focused on six key factors of employee engagement which specifically drives the employee motivation towards organizational effectiveness.



Hypothesis

Based on the objective of the study, the following hypothesis was formulated for testing

H₀₁: Employee engagement has positive influence on organisational productivity.

⁵ Stefanie Reissner & Victoria Pagan (2013), “Generating employee engagement in a public-private partnership: Management communication activities and employee experiences”, The International Journal of Human Resource Management 24(14), February 2013.

V. Objectives of the study

The study is focussed mainly on the relationship between employee engagement and organizational productivity in the Banking sector.

VI. Methodology:

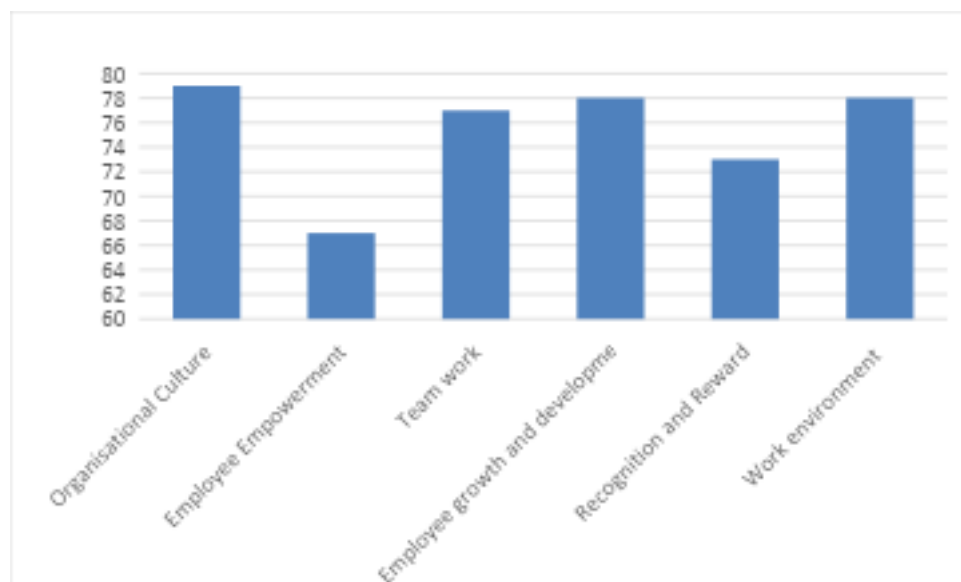
The study falls under descriptive domain mainly aimed at fact finding. The method adopted to generate data is 'structured questionnaire method'. In this study, employee engagement is measured as independent variable and organisational productivity is measured as dependent variable. The statistical technique like mean percentages, standard deviation, 't' test and correlation analysis have been used to analyse and draw the inferences. For collecting data both primary and secondary source have been used. Primary data is collected from those employees who are the members of organisational improvement teams. Secondary data is collected from journals, books, newspapers and web-sites.

VII. Data Analysis and Results:

Employee Engagement

N=300

Sl.No	Components	Mean per cent	S.D	't' test
1	Organisational Culture	79	1.185	-2.51 ^{NS}
2	Employee Empowerment	67	0.465	-2.376 ^{NS}
3	Team work	77	1.27	-1.59 ^{NS}
4	Employee growth and development	78	0.67	-2.25 ^{NS}
5	Recognition and Reward	73	1.2	-2.01 ^{NS}
6	Work environment	78	0.75	-2.75 ^{NS}



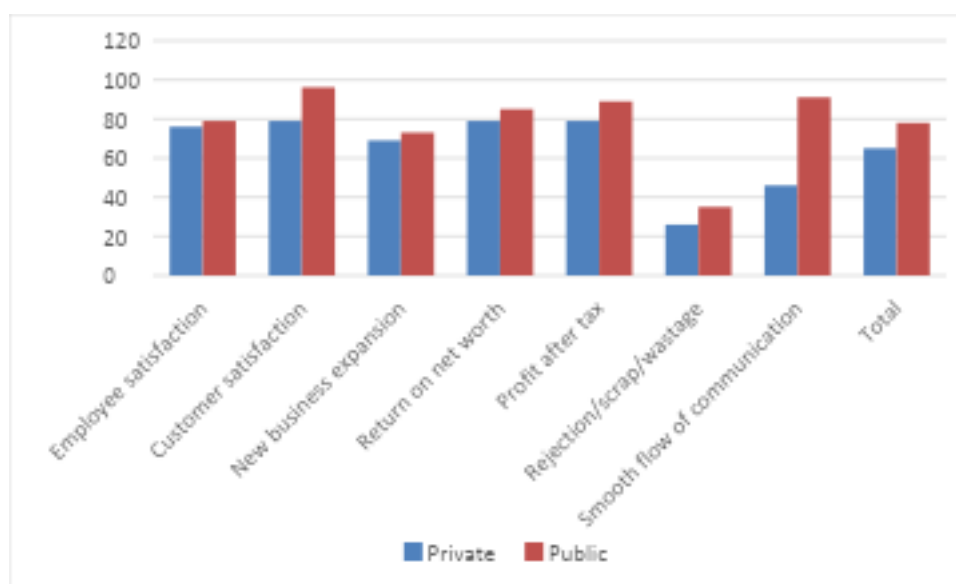
Organisational Productivity

N=300

Sl. No.	Components	Private		Public	
		Mean Percent	S.D	Mean Percent	S.D
	Employee satisfaction	76	6.14	79	.26
	Customer satisfaction	79	6.95	96	4.81
	New business expansion	69	4.28	73	1.33
	Return on net worth	79	6.95	85	1.87
	Profit after tax	79	6.95	89	2.93
	Rejection/scrap/wastage	26	7.21	35	11.49
	Smooth flow of communication	46	1.87	91	3.47
	Total	65	5.76	78	3.74
	't' test	-0.97 ^{NS}			

SD = Standard Deviation

Sources: Primary Data



Note: * If the Mean Percentage of various statements of organisational productivity is less than the total average percentage, such areas were considered to be weak areas for further improvement

Analysis and interpretation

1. The mean % of the organisational productivity in private sector banks is 65%, whereas in case of public sector banks it is 78%.
2. 't' test between private and public sector banks exhibits a non-significant difference with regard to organisational productivity.
3. The study has identified several weak areas for improvement. They are:
 - a. There is no free flow of communication in private sector banks
 - b. There is no new business expansion in case public sector banks.

Table showing Correlation Analysis of Private Banks

N=300

Sl. No.	Components	Private Banks		
		R	P.E	Significant/non-significant
1	Organisational Culture	0.20	0.16	Significant
2	Employee Empowerment	0.08	0.07	Significant
3	Team work	0.21	0.18	Significant
4	Employee growth and development	0.30	0.26	Significant
5	Recognition and Reward	0.16	0.13	Significant
6	Work environment	0.33	0.28	Significant

Sources: Primary Data

Analysis:

1. Above table conveys that work environment has significant positive relationship with organisational productivity, followed by employee growth and development, team work, organisational culture, recognition and reward and employee empowerment.
2. Further, it is to be noted that the correlations for all the elements of employee engagement in respondent banks are significant. However, the strength and direction of relationships between employee engagement and organisational productivity differs.

Table showing Correlation Analysis of Public Banks

N=300

Sl. No.	Components	Public Banks		
		R	P.E	Significant/non-significant
1	Organisational Culture	0.33	0.28	Significant
2	Employee Empowerment	0.70	0.60	Significant
3	Team work	0.62	0.49	Significant
4	Employee growth and development	0.12	0.10	Significant
5	Recognition and Reward	0.09	0.07	Significant
6	Work environment	0.16	0.13	Significant

Sources: Primary Data

Analysis:

1. Above table conveys that team work has significant positive relationship with organisational productivity, followed by organisational culture, work environment, employee growth and development and recognition and reward.
2. Further it is to be noted that the correlations for all the elements of employee engagement in respondent banks are significant. However, the strength and direction of relationship between employee engagement and organisational productivity differs.

VIII. Recommendations:

1. The companies can arrange for informal gathering at least once a year to motivate employees and to make them feel that they are the part of the organisation. This also develops in them more cohesiveness and commitment towards the company and its objectives.
2. Organizations should have a common culture in them i.e., family culture.
3. Systematic revision of training targets at regular intervals should be done. Periodical training sessions on interpersonal skills, stress management, business ethics, seven quality control tools, and time based management, business process reengineering and six sigma approaches should be provided to the employees in order to improve their work efficiency.
4. Create an empowering environment to promote participative and innovative talents of the employees.
5. Send appreciation letters to home address of the employees, as appreciation from spouse improves morale of the employees and makes them to actively participate in quality activities.

IX. Conclusion

The real challenge in today's workplace is having an effective and courageous leadership for fully engaging each team member as a valued individual. This challenge can be overcome by providing the people with a supportive and engaging environment and thus obtaining gainful results without the need to drive the team or the leader over the edge.

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