

ENHANCING EMPLOYEE ENGAGEMENT IN BANKING SERVICES TO SUSTAIN ORGANISATIONAL CITIZENSHIP BEHAVIOUR

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Abstract: Purpose: *In this study, the effects of engagement, service climate and organisational commitment on organisational citizenship behaviour was investigated.*

Design/Methodology/Approach: *Sample of 628 Banks employees from private and foreign Banks at Chennai were surveyed to test the hypothesized model using structural equation modelling.*

Findings: *Overall engagement has a positive impact on service climate, organisational citizenship behaviour and organisational commitment. Service climate has a positive impact on organisational citizenship behaviour and organisational commitment.*

Originality/value: *The results suggest that employees could be engaged in organisational citizenship behaviour when they perceive an amicable and motivating service climate, sustained attention to physical, cognitive, emotional, behavioural and technological engagement drivers, and willingness to have a continued association with the organisation.*

Keywords: *Engagement, Service Climate, Organisational Commitment, Organisational Citizenship Behaviour, Structural Equation Modelling*

1. INTRODUCTION

Every organisation has workforce that stems from differing generations. Disparities in competencies and abilities may exist, but it is necessary to identify and generate leaders for the future. Generation Y seems to be the most complex in terms of temperament, attitudes, outlook about life and ambitions. Improper engagement may foster disappointment, indifference and eventually attrition.

Employees of private sector banks (Sinha and Shukla, 2013) perceive that their jobs are not secure. In private sector banks, the environment in highly competitive and job security is based on performance and various other factors. Though it is true that this environment provides a challenging job profile, it also creates a less secure environment. Industriousness, dedication, devotion, and commitment are

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not enough to secure a job. The high level of performance of an individual is also based on various factors. These may be market situation, existence of competitor, and government policies. Where these factors are adverse in nature, performance automatically suffers. During this period, employees feel insecure, this reduces overall job satisfaction.

2. RATIONALE FOR RESEARCH

Studies, either for academic reasons or otherwise, have been galore in various areas of Banking. It is significant to note that one such study by Gallup (web 1.1) especially with respect to the workforce revealed that a majority of employees in India seemed to be disengaged. The percentage was found to be much higher in developed countries across the globe in an economic sense.

Hence, there is need for research in India as to which drivers of employee engagement have a significant influence on work force. Given the background of attrition and evolving HR practices, it is prudent to comprehend the effects of employee engagement and service climate on organisational commitment and organisation citizenship behaviour. It would also be valuable to research if socio-demographics have an effect on employee engagement as India employs a significantly diverse workforce.

3. REVIEW OF LITERATURE

Soieb *et al.* (2015) analysed employee engagement and leadership styles and to seek the influence of collaboration as a mediating factor. Transformational, transactional and even laissez-faire leadership have been studied in association with employee engagement. Transformational and transactional leadership have constructive relationships and positively impact the level of employee engagement whereas laissez-faire leadership portray the opposite. The presence of collaboration which is one of the conflict management styles as a mediation factor has demonstrated partial mediation that has positioned transformational leadership in a different path.

Karla (2014) attempted to discover the connection between place of work friendship, employee engagement and job burnout in the BPO sector. This study demonstrated that a positive correlation between workplace friendship and employee engagement indicating that as the workplace friendship boosts, employee engagement also boosts, there is a considerable impact of worker engagement on job burnout and there is no association between workplace friendship and job burnout among workforce of BPOs. This study suggested that the course for future reference on the association between place of work friendship and employee engagement more succinctly and momentarily. The BPOs should attempt to come up with new performance and programs to augment workplace friendship and

employee engagement and to reduce job burnout among employees directing to more competent and productive workforce benefitting the workforce, customers and humanity at large.

Pathak (2014) investigated the association between job hopping and switchover intentions and explored the mediating consequence of employee engagement. The results explained that job hopping attitude brought statistically significant to high turnover intention and low employee commitment. Employee engagement found to be negatively correlated with turnover intentions. Employee engagement entirely arbitrated the association between job hopping outlook and turnover intention. The findings of the study focussed the implication of investigating the role of employee's job hopping viewpoint in forecasting their turnover intention. Additionally, the study scrutinised the mediating role of employee engagement in accepting turnover behaviour particularly in the background of IT Industry. The results of this study have contributed new information to the body of information in HRM. In fact, directors required to be conscious that employee insights of the organisational and managerial support impacts their job hopping attitude on turnover intentions, and consequently they required to focus more on the employee commitment programs to augment the assurance level of employees and shrink the turnover intention.

David and Bose (2014) expressed that man power was a means of comprehending organisational policies impacting employee attendance, inspiration, competencies, and retention. It was also found that the degree to which employees is linked with the plans and goals of organisation, work recognition, loyalty of clients and confidence of stakeholders on the organisation and employees as well. Finally, employee engagement in work from deprived employee will be more harmful for the success of organisation, it is the duty of the top management to suit proper workplace policies and practices that spotlight the well-being of employees, vigour and work-life balance. The study was concluded that the association between employee engagement and organisational support is positive. In addition to that the result of job description, rewards, supervisor support and justice were also validated.

Kalaiyasan and Gayatri (2014) expressed that employees who are perfectly engaged in work and attached with organisation gives better competitive environment, good efficiency, decreased employee job quit decisions. It was also found that the organisations have invested more in setting up of policies and practices that promote employee engagement in work. The findings of the study revealed that the employee performance is perfectly linked to work quality, satisfaction of customers, perfect succession planning and deeply entrenched knowledge and learning of organisation. The most important challenge is not involved in the retention of brilliant employees, but fully engaging them in their work, and capturing their minds and spirits at each aspect of work. It was concluded

that engaged employees be inclined to have stronger ties to the organisation and possess lower propensity to change their employment. In addition to that there were several key drivers induces them such as, career planning, work empowerment, recognition and treatment, compensation, company image, performance appraisal, welfare measures and family comfort.

Das and Mishra (2014) conducted study to develop a model of employee engagement, which assist the organisations to employee the diverse employees in various work. Employee engagement describes that the employees should feel zealous about their jobs, dedication towards the organisation and put optimum devotion into their work. The crisis today is not just in terms of how accurately gauge employee engagement, but also important to sustain the uniqueness. Hence, creating the right engagement structure is indispensable to the business strategy deployment. Findings of the study revealed that employee engagement and job satisfaction can create to several problems and have been connected with enhanced levels of employee turnover and absenteeism, adding considerable costs to the organisation due to low performance and decreased efficiency. It is imperative for HR experts to be aware of needs of employees, besides the collapse of environmental factors, when developing their programs and policies.

Indhira and Shani (2014) disclosed that employee engagement has emerged as the most imperative subjects in the meadow of human resource management. It disclosed that the employees are dedicated to the visualisation, assignment and goals of the organisation and concerned with the work. The study aimed to consider the main factors promising or preventing employee engagement, construct fatigue and happiness in ITES employees. Employee job satisfaction is an umbrella notion that includes a large number of mental stages such as, transient moods and emotions to comparatively stable attitudes and extremely stable individual tempers at the person level to cumulative attitudes at the unit level. In an organisation, happiness is influenced by both short-lived events and stable circumstances in the task, job and organisation. It was concluded that this study biased by stable characteristics of individuals such as individualism, in addition to the fit between what the organisation facilities and the individual's anticipations, needs and inclinations.

Lovelock and Wright (2002) espoused the concept of service climate as "economic activities between two parties, implying an exchange of values between seller and buyer in the marketplace". Services were presumed to be time-based and people purchasing the services desired certain results. Services were expected to provide solutions and have a value-addition. This was contrary to the concept of ownership of goods (products).

Organisational commitment is "psychological attachment to the organisation involving employee's loyalty to the organisation, willingness to exert effort on behalf of the organisation, degree of goal and value congruency with the

organisation, and desire to maintain membership" (Arnold, 2005). *Affective commitment* is concerned with the emotional attachment displayed by employees to their organisation wherein involvement in and identification with organisation is evident. *Continuance Commitment* is concerned with the perception with regard to costs (social and economic) that may be incurred in case the employee leaves the organisation (attrition). *Normative commitment* is concerned with the perceptions about the obligations of the employees to their organisation.

Most researchers have referred to five main dimensions of Organisational Citizenship Behaviour (OCB) in literature (Osdem, 2012; Joo and Soonkwan, 2008; Omer and Umut, 2007; Bell and Menguc, 2002; Netmeyer and Boles, 1997, Mackensie *et al.*, 1993; Organ, 1988) which are summarised: *Altruism (assisting co-workers)*: mainly comprises behaviour that is purely voluntary in nature and that which aims to provide support and assistance to colleagues. *Conscientiousness (Meeting or exceeding minimum requirements)*: mainly comprised behaviour that goes beyond the expected responsibility of an employee. This is akin to putting in extra effort to aid a favourable outcome. *Courtesy (Kindness)*: mainly comprises behaviour that arises out of continuous interactions with co-workers and the resulting influence (impact) on them. Information given in advance is a feature of this kind of practise. *Civic Virtue (Awareness)*: mainly comprises behaviour that entails responsible participation in organisational politics. *Sportsmanship (looking towards positives)*: mainly comprises behaviour that prefers to remain positive rather than negative. This exhibits the quality of tolerating stress and hurdles and not exaggerating the situation.

4. RESEARCH GAPS

Research Gap 1: The focus till date has been centric on engagement drivers like physical, cognitive, and emotional components. Some research has used alternate terms like physiological, affective, intellectual, social and behavioural. *There is scant research on the emerging driver termed technological (loosely referred to as digital) engagement. Studies on impact of social media and collaborative e-learning are scarce.*

Research Gap 2: Research has been predominantly existent in Western countries. A few studies in Asia have mainly concentrated on the Chinese region. Global surveys have sometimes taken into account the Asia-Pacific region along with other major territories. *However, exclusive research in India is the need of the hour. India itself comprises a diverse working population with a substantial Gen Y segment.*

Research Gap 3: Focus has been on impact on organisational performance (productivity) and related components. Research in India has mainly comprised journal articles focusing on theoretical frameworks, employee engagement practices adopted by companies and suggestions for employee engagement strategies (in

general). *Research involving qualitative measures of impact of employee engagement on outcomes like commitment and OCB are scarce.*

Research Gap 4: The Millennial generation is swarming the work place and organisations are at their wits end to manage this complex segment of the work force. Generational diversity apart, traditional employee engagement practices would not suffice as this generation is technology-savvy, entrepreneurial and volatile. Also, stress in the banking industry is high. *Hence specific research on climate and engagement is critical to the growth and sustenance of organisations.*

Research Gap 5: Innumerable research has been documented for public sector Banks in India. This was later followed by studies on Private Banks. *Hence specific research on human capital in Foreign Banks is also required. It must be noted that employees are local nationals while the Bank is headquartered abroad.*

Research Gap 6: There exists no research framework to analyse the causal relationships between emerging drivers of employee engagement, service climate, organisational commitment and organisation citizenship behaviour with respect to banks. *Hence there is a need for an integrated model to analyse such causal relationships.*

5. MATERIALS AND METHODS

5.1. Research Design

Causal research design was employed for data collection, analysis and testing of research model used in this research.

5.2. Objectives of the Research

The objective was to establish a conceptual framework to test the causal relations between employee engagement factors, service climate, organisational commitment and organisation citizenship behaviour in banking environment at Chennai with reference to foreign and private banks. The sample size was 628 Bank employees.

5.3. Sampling Design

The population comprised employees serving in Banking sector at Chennai. The frame comprised employees serving in Private and Foreign Banks at Chennai. Proportionate Stratified Sampling (Malhotra and Birks, 2006) was employed. The strata comprised Private and Foreign Banks. Subsequently, random sampling was employed in each stratum.

5.4. Data Collection Design

Primary data collection method comprised survey method while primary data collection instruments was structured questionnaire.

5.5. Statistical Tools

The main tools used for statistical analysis were percentages, means, standard deviation, and Structural Equation Modelling (SEM).

5.6. Conceptual Framework

Conceptual framework was based upon research gaps and exhaustive review of literature. The rationale behind constructing this framework was that it attempts to facilitate a more holistic model. The variables extracted from review of literature were mainly sourced from journal articles authored by Macey and Schneider (2008); Gutierrez, (2016); CIPD (2007); Schneider et al. (1998); Williams and Anderson (1991); Salanova (2005).

The Endogenous (Descriptive) Variables were Technological Engagement (TE), Behavioural Engagement (BE), Emotional Engagement (EE), Cognitive Engagement (CE), Physical Engagement (PE), Service Climate (SC), Organisational Citizenship Behaviour (OCB), Organisational Climate (OC). The Exogenous (Operational) Variables was engagement.

5.7. Research Questions (RQ) and Null Hypotheses (H₀)

Research Question 1: What is the impact of identified antecedents on overall engagement?

H_{01.1}: Physical Engagement has no effect on overall engagement.

H_{01.3}: Emotional Engagement has no effect on overall engagement.

H_{01.4}: Behavioural Engagement has no effect on overall engagement.

H_{01.5}: Technological Engagement has no effect on overall engagement.

Research Question 2: Does overall engagement have an impact on service climate?

H₀₂: Overall engagement has no effect on service climate.

Research Question 3: Does overall engagement have an impact on organisational citizenship behaviour?

H₀₃: Overall engagement has no effect on organisational citizenship behaviour.

Research Question 4: Does overall engagement have an impact on organisational commitment?

H₀₄: Overall engagement has no effect on organisational commitment.

Research Question 5: Does service climate have an impact on organisational citizenship behaviour?

H₀₅: Service climate has no effect on organisational citizenship behaviour.

Research Question 6: Does service climate have an impact on organisational commitment?

H₀₆: Service climate has no effect on organisational commitment.

5.8. Pilot Study and Reliability Coefficient

Pilot study was conducted involving 60 respondents and a few modifications were implemented. The reliability coefficient (Cronbach alpha) was found to be 0.712 for research instrument comprising 36 items thereby indicating acceptable instrument reliability (Nunnally, 1978).

5.9. Limitations of the Research

The limitations of the research were: the study is primarily focused on employee engagement only and other dynamics of human resource management are not under its purview; the study is targeted at employees serving in Private and Foreign Banks in Chennai district only and other category of Banks are not under its purview; and there may be changes in the Banking sector environment, service design and delivery, and employee behaviour in the future. The consequences are that these would impact perceptions and expectations.

6. RESULTS AND DISCUSSION

The SEM analysis based on primary data collected is presented in Table 1 and Figure 1.

Table 1
SEM Path Analysis

<i>Hypothesised Path</i>	<i>Standardised Path Coefficient</i>	<i>p value</i>
H _{01.1} : PE <- Engagement	0.920	***
H _{01.2} : CE <- Engagement	0.976	***
H _{01.3} : EE <- Engagement	0.973	***
H _{01.4} : BE <- Engagement	0.969	***
H _{01.5} : TE <- Engagement	0.897	***
H ₀₂ : SC <- Engagement	0.634	***
H ₀₃ : OCB <- Engagement	0.388	***
H ₀₄ : OC <- Engagement	0.094	0.002**
H ₀₅ : OCB <- SC	0.389	***
H ₀₆ : OC <- SC	0.754	***

*** Significant at p<0.001; ** Significant at p<0.01

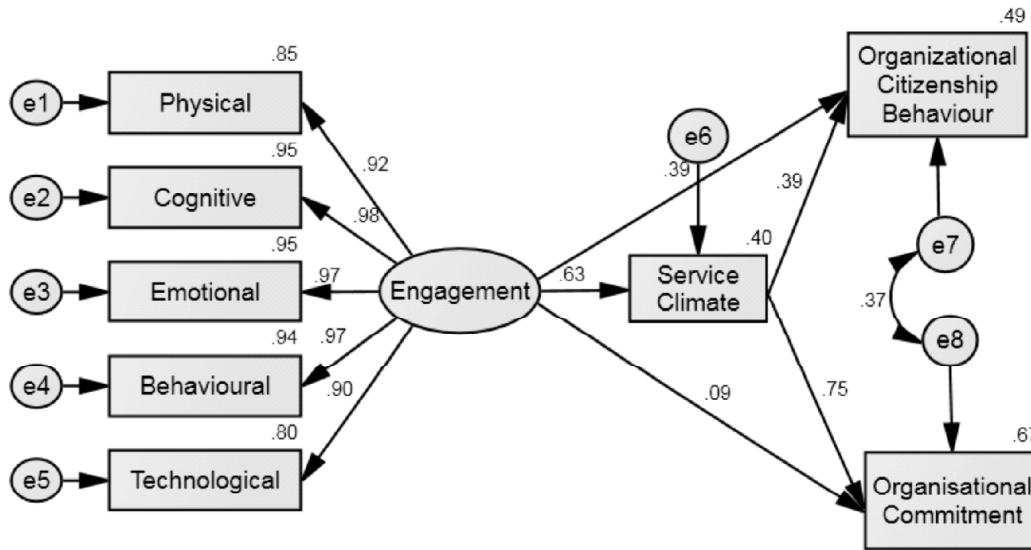


Figure 1: SEM Path Diagram

7. CONCLUSION

The level of satisfaction (perception) with regard to employee engagement factors, service climate, organisational commitment and organisation citizenship behaviour in banking environment with reference to foreign and private banks was ascertained.

Physical, Cognitive, Emotional, Behavioural and Technological engagement have a positive impact on overall engagement. Overall engagement has a positive impact on service climate, organisational citizenship behaviour and organisational commitment. Service climate has a positive impact on organisational citizenship behaviour and organisational commitment.

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