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# A STUDY ON DELIVERING EXCELLENCE THROUGH EMPLOYEE ENGAGEMENT STRATEGIES

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## Abstract

**Background and Objectives:** *The term employee engagement has become more relevant as the requirement of the day is to ensure that employees stay connected with the business and render the required service. This paper aims at identifying the key engagement levers used in public sector and private sector banks to boost up employee performance. It also aims at studying the association of engagement levers to enhanced employee performance and attrition.*

**Methods:** *150 employees working for public and private sector banks at the officers and clerical level were assessed using the structured questionnaire on the engagement drivers used by the banks. It considers the association between engagement drivers and employee performance.*

**Results:** *Exploratory Factor Analysis (EFA) has been used to identify the various engagement drivers used in banks in Chennai. It is found that 50 variables are reduced into 14 predominant factors with total variance of 67.67. The study reveals that there is a close association between learning and development engagement drivers and self-rated performance.*

**Conclusions:** *Engaged employees excel in terms of performance. Identifying employee needs, nurturing them, inspiring, recognizing and rewarding them will add more value to the organization. Thus engaging employees in pursuing organizational goals by identifying what they value is the formula for excellence.*

**Keywords:** *Engagement drivers, Attrition, Business savvy, Business acumen*

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## 1. Introduction

The role and impact of employee engagement continues to evolve in response to external conditions. Gone are the days when employees were less focused and convinced on relatively short term rewards. Today with more number of gen Y's entering into the work force, banks are enforced to formulate new strategies in order to engage their employees and facilitate enhanced productivity. With the advent of competition growing at a faster pace has forced banks to go beyond the routine operational issues to become champions in encouraging people to stay within the organization by providing exciting jobs that will excite, challenge and stretch proficient employees and also ensure talent is proficiently coached, mentored, given feedback and aptly rewarded and retained. Globalization, changing demographics,

economic disorder, tapering leadership, budding business models, transformational communication technologies and the rise of the virtual work place are all placing new pressures on leaders and complicating the engagement issue. Thus, it becomes important for the HRD in banks to have an understanding towards business savviness, business acumen, and the current business trends. They need to be involved with customer's technological issues and competition. They must possess an in depth knowledge about the business, strategic thinking, and have a convincing opinion. Thus, this paper aims at identifying the key engagement levers used in banks to enhance performance. It also aims at understanding the influence of engagement levers to enhanced performance and attrition.

Rationale -Employee engagement is c

considered today as a strategic tool for organization's success due to the following reasons:

Firstly an engaged employee has a high level of commitment and involvement in the day to day process of decision making and contributes actively towards achieving the goals of the organization. (Brad Shuck et al 2010)(1)

Secondly, there is clear evidence to suggest what employees look for in their work is a mixture of both tangible and intangible elements that creates a stimulating environment where their contribution is recognized and suitably rewarded. (V M Kaul- 2011)(2)

Thirdly, emotional commitment plays an important role in shaping attitudes and thoughts. They contribute significantly to the perception that the employees also have a stake in the organisation.(V M Kaul-NHRD network journal volume 4 issue 3 July 2011)(3)

Fourthly, Mark Attridge (2009) (4) in his article defines the concept of employee engagement and the way it is measured, frequency of its occurrence the cost of disengagement, the benefits of businesses is associated to positive employee engagement and how workplaces can be changed to encourage engagement.

Fifthly, research conducted by Towers Perrin (2003) (5) refers to employee engagement as the "employees' willingness and ability to help their company succeed, is largely dependent on the efforts taken by providing discretionary effort on a sustainable basis." Three critical areas of focus emerged across countries and cultures: Ensuring adequate compensation and financial security; achieving work/life balance; and having relevant learning and career opportunities.

Sixthly, as Fernandez 2007(6) points out that employee engagement is required for retention of employees. An 'engaged' employee has a high level of commitment and involvement in the day-to-day process of decision-making and contributes actively towards achieving the goals of the organization

Seventhly, Macey & Schneider 2008 (7) in their article states that high levels of work engagement occurs when employees are involved, committed, enthusiastic, and passionate about their work. Engaged employees are seen to be productive members of an organization who are psychologically committed to their role in the Organization (Macey & Schneider 2008)

Eighthly, Halbesleben and Wheeler (2008) (8) suggested that engagement generates a positive cycle of emotions and cognitions that function to improve performance.

Lastly, Robert 2006 (9) most of the organizations have started investing substantially in policies and practices that foster engagement and commitment in their workforce (Robert 2006) SHRM

Gebauer and Lowman (2008)(10) expounded this by stating that there has to be an inclination to walk the extra mile to help the company achieve its business objectives. Thus engagement happens when employees understand and show perseverance and enthusiasm to the achievement of objectives of the business. This often results in a sense of pride to the individual of being an ambassador of the company's product and services.(Abraham, 2012)(11)

## **2. Need for the Study**

A K. Khandelwal, Chairperson A Report of the Committee on HR issues of Public sector Banks (2010)(12) PSBs of today present an altogether different picture as compared to the past. Many have turned tech-savvy. Some are getting aggressive by the day in marketing and quick product roll out. These developments have deep rooted impact on the employees of the banks. Thus the challenge before banks is to inform, engage, marshal and channelize the employees' energies towards these developments with a view to transform them into active and willing partners in the change process. Thus it is imperative that we identify what are the engagement drivers used in banks and how does this enable an employee to perform well.

### **Objectives**

1. To identify the key engagement drivers used in Public and Private sector banks.
2. To study the association between the engagement drivers and employee self-rated performance in banks.

## **3. Research Methodology**

The methodology opted for the survey consists of the following: Primary data were collected specifically for the purpose of the research needs at hand.

#### 4. Research Instrument

The questionnaire consists of 50 engagement drivers used by banks to engage their employees. These drivers focus on employee's characteristics, learning and development activities, compensational benefits given to employees, top management qualities, organizational culture and job characteristics. It also provides a snapshot of employee engagement drivers provided by banks and explores the background to the renewed focus. It also considers the association between engagement drivers and employee performance. It further explores the influence of engagement drivers on employee performance and attrition. This also aims at understanding what motivates employees, drives job satisfaction, commitment, pride and advocacy. The categorical variables are measured based on a five-point Likert-type scale, ranging from "strongly agree", to "strongly disagree". Subjects are asked to express agreement or disagreement of a five point scale. For assessing task performance a five-item scale from Janssen and Van Yperen (2004) (13) was used to assess individual performance. The same was modified slightly to reflect the self-rating process. The response scale was also changed to five point scale. The questions are framed using simple direct and unbiased words and its flow is also logically designed.

#### 5. Sample Size

The sampling unit of this study comprises of 150 employees working with banks (public sector and private sector banks) from the city of Chennai as the sample.

#### Limitations of the Study

- The study is limited to the genuinity of the responses collected.
- Time constraint.
- The study is restricted to 150 respondents

#### Respondent's Details

In this study, we were able to locate 150 employees who

- Are working for public and private sector banks.
- Were at the officers and clerical level.
- Held the same position in different functional areas
- Each of these employees was assessed using the questionnaire and personal interview.

#### 6. Pilot Study

A preliminary investigation is conducted to check the reliability of the statements (Permanent, dependent variables). In Likert's five point scale. The reliability is measured through Cronbach's Alpha method to verify the simultaneous variance for all the items regarding engagement drivers and self rated task performance. At the point of inception the Cronbach alpha revealed are .938, and .944, this shows that the primary data domain is highly conducive to conduct the research with high variances of 93.8% and 94.4%, respectively for the two predominant factors. These values are above the benchmark values of .75 therefore it can be concluded that the statements are very clear for the respondents to express their insight.

#### 7. Findings

The results provide valuable insights into the importance of employee engagement and the measures managers can take to improve the performance of their workforce and their bank.

#### 8. Demographic profile of the sample

Selected demographic characteristics of the sample like gender, age, education, number of years of experience, designation, are presented in the table below:

**Table 1: Demographic Details**

VARIABLES		FRE QUE NCY	PERCE NTAGE
Gender	Male	90	60
	Female	60	40
Age	51 years and above	6	4
	40-50	9	6
	30-40	54	36
	20-30	81	54
Education	Postgraduates	54	36
	Graduates	75	50
	Undergraduates	21	14
Designation	Officers	72	48
	Clerical	78	52
Number of years of Experience	More than 20 years	15	10
	11 to 20 years	60	40
	1 to 10 years	75	50

*Source: Primary data*

### 9. Key engagement drivers that are adopted by the banking sector

Exploratory principal components analysis using a Varimax rotation was used to summarize the items into an underlying set of engagement drivers. All the factor loadings of 0.5 or above were identified in the factor matrix. Exploratory Factor Analysis (EFA) has been used to identify the various engagement drivers used in banks in Chennai. Principal Component Analysis method is used and the following results are obtained:

**Table 2: Kaiser – Meyer - Olkin and Bartlett's Test**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		.786
Bartlett's Test of Sphericity	Approx. Chi-Square	3624.342
	Df	1225
	Significance	.000

Source : Computed Data

Kaiser – Meyer – Olkin and Bartlett's Test of Sphericity give information about the factorability of the data. As a measure of sampling adequacy KMO is a test of the amount of variance within the data that could be explained by factors. The Kaiser – Meyer – Olkin Measure of sampling adequacy value is 0.786 and Bartlett's Test of Sphericity with approximate Chi – Square value is 3624.552 and these values are statistically significant at 5% level. Therefore, it can be concluded that the sample size of the research is adequate for the factors and all the 50 variables considered for the research. These values give high reliability for all the 50 variables. It is found that 50 variables are reduced into 14 predominant factors with total variance of 67.67. These factors also possess individual variances, 24.388%, 5.166%, 5.077%, 4.432%, 3.918%, 3.410%, 3.244%, 3.135%, 2.936%, 2.691%, 2.575%, 2.416%, 2.215% and 2.157%. The Eigen values above 1 is noticed for the 14 factors in the following order 7.529, 6.886, 5.911, 5.811, 5.073, 5.039, 4.364, 4.254, 4.163, 4.103, 3.970, 3.651, 3.509, and 3.498. The variable loadings for each factor are measured using Rotated Component Matrix. The Rotated Component Matrix shows the 50 engagement drivers used in banks operating in Chennai is extracted into 14 factors.

These factors are explained below with the respective variables

**Table 3: Factor analysis of engagement drivers - Variables and factor loadings**

F.no	Variable	Factor loading	Name given to the factor
F1	Open to New Ideas Makes employee development a priority Cares about employees Creates new stimulating jobs	0.722 0.702 0.687 0.556	Senior managers team drivers
F2	Provides equity and Recognition Provides future orientation Creates a culture of innovation Motivates risk taking Harnesses integrity and diversity	0.706 0.755 0.627 0.550 0.530	Organisational drivers
F3	Provides skill training Provides job specific training Provides career advancement options Scope for sharing knowledge	0.512 0.712 0.699 0.646	Learning and development drivers
F4	Opportunity to help launch a new business, initiative, or program Opportunity to revive a struggling business Opportunity to work in a different country	0.648 0.728 0.672	Opportunity drivers
F5	Links performance to pay Compensation in par with similar industries	0.773 0.620	Compensation drivers
F6	Provides necessary tools and resources Provides necessary information Provides sufficient people and time to complete tasks	0.653 0.617 0.649	Resource drivers
F7	Health benefits Leave benefits	0.697 0.661	Benefit drivers
F8	Prospect to work in new functional areas Opportunity to work in new business units	0.644 0.727	Prospect drivers
F9	Linking projects to personal development Linking projects to career development	0.705 0.717	Job specific drivers
F10	Focuses on the output and not the process	0.627	Job autonomy drivers



F11	Theme events outside office Assistance programs beyond campus	0.633 0.669	CSR drivers
F12	Provides safe workspace and tasks	0.839	Safety drivers
F13	Provides flexi timings	0.646	Flexibility drivers
F14	Profit sharing – equity /stock Profit sharing -Bonus	0.551 0.814	Profit sharing drivers

Source: Computed Data

Total Variance Explained Extraction Method: Principal Component Analysis.

**Table 4: Association between the engagement drivers and employee self-rated performance in banks**

Learning and development drivers		Self-rated performance					Total
Provides scope for knowledge sharing	Count	3	12	2	2	3	22
	% of Total	2.0%	8.0%	1.3%	1.3%	2.0%	14.7%
Provides skill training	Count	1	2	7	4	3	17
	% of Total	.7%	1.3%	4.7%	2.7%	2.0%	11.3%
Provides career advancements	Count	10	14	10	14	19	67
	% of Total	6.7%	9.3%	6.7%	9.3%	12.7%	44.7%
Provides job specific training	Count	3	5	11	12	13	44
	% of Total	2.0%	3.3%	7.3%	8.0%	8.7%	29.3%
Total	Count	17	33	30	32	38	150
	% of Total	11.3%	22.0%	20.0%	21.3%	25.3%	100.0%
Chi-Square Value							26.790
Level Of Significance							.008

Source: Computed data

The table clearly portrays that Pearson's Chi-Square value = 26.790,  $p=0.008$  are statistically significant at 5% level. Therefore it can be concluded that there is a close association between learning and development engagement drivers and self-rated performance. Thus providing a sound career advancements/ opportunities, devising a tailored development program for growth, and training initiates "credible commitment" to the employees which in turn ensure enhanced performance.

Thus this current research has shown that a focus on engagement is likely to be associated with positive outcomes.

### 10. Scope for Further Research

This study has focused on engagement drivers collectively used in private and public sector banks. A comparative study regarding what engagement drivers drive performance in public sector banks and private sector banks can be done. This study has focused on clerks and officers cadre at banks the same can be extended to other cadres. An employee engagement model for private and public sector banks can be done.

### 11. Suggestions

- Banks should evolve employee involvement programmes covering all section of employees.
- Banks to encourage learning initiatives among employees through appropriate recognition and reward schemes.
- Banks should provide ample scope to career advancements this will enable banks to engage employees working with them.

Conclusion Understanding employees' needs and expectations helps to win employees hearts and minds. Giving them opportunities to learn and excel in their jobs to help them to be committed Helping employees find meaning in their work encourages employees to go an extra mile. "Employees can be inspired when managers exhibit a genuine ability to understand, recognize others' feelings, issues, and unique styles. Recognizing performance and treating people fairly glues them to the organisation. Engaged employees excel in terms of performance. Identifying employee needs, nurturing them, inspiring, recognizing and rewarding them will add more value to the organization. Thus, engaging employees in pursuing organizational goals by identifying what they value is the formula for excellence.

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