

# Employee Engagement Practices in Banking Sector

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## ABSTRACT

Banking is one of India's top industries when it comes to the service industry. This has aided in the development of the country. Employee engagement is crucial to the development and success of the banking industry for a variety of reasons. Because they have complete power over how the bank operates, employees are crucial. Through training and development, awards, bonuses, promotions, etc., this aids in raising the employee's level of satisfaction. Customers are satisfied when staff are dedicated to their work since this results in improved performance. Good relationships between the bank and its employees are cultivated by employee engagement. This essay examines general banking industry employee engagement practices. Analysis of employee engagement practices in public, private, and foreign banks is the primary goal. A systematic questionnaire was used to obtain primary data. Simple random sampling techniques were used to choose the samples. According to the report, employees are only partially aware of employee engagement, and their practices are average, which essentially means that banks are not fully utilizing their talent.

**Key Words:** Employee engagement, commitment, performances and banking sector

## INTRODUCTION

Global business organizations have both enormous potential and challenges as a result of the liberalized global economy. The difficulties are related to costs as well as their capacity to draw in and keep talented and dedicated workers. A corporate organization's success tales are written by its personnel. Only when employees are engaged are they regarded as an organization's greatest asset. Employees that are engaged work hard, passionately, and with dedication to the company and their jobs. Because of this, "employee engagement" has grown to be a

significant problem for many kinds of commercial organisation's. A robust banking sector is necessary for an economy to thrive on the modern, social, economic, and cultural levels as well as for the channeling of savings and investments. The characteristics of banking have altered today.

In the areas of risk management, financial markets, analytics, and service handling, banks require specialized skill sets. Even while the banking industry in India has recently undergone significant improvements in terms of service delivery, there is

still a long way to go before it reaches the levels required by other countries. Given that banking is a service industry, cultivating engaged personnel should be given more attention. Employee performance and interactions with consumers are both heavily influenced by employees in the service sector. Due to competitive and deregulatory factors, there is a noticeable shift in customer expectations, necessitating a fundamental overhaul of human resource management. The influence of the precursors on encouraging employee engagement and a way to gauge staff engagement levels in banking

### **NEED FOR THE STUDY**

The purpose of the study is to investigate the degrees of employee engagement that are common in the banking industry, as well as their connections to high performance work practices and engagement practices. The study aims to pinpoint crucial employee engagement strategies as well as high-performance strategies that foster employee engagement. This enables the financial institutions to set priorities and allocate funds for the necessary procedures appropriately. Because of the high employee turnover in the banking industry (Jogi, 2015), employee engagement practices are crucial in banks. The study's main goal is to understand the significance of employee engagement and the numerous factors affecting it in the banking industry. Public, private, and international sectors make up the majority of the Indian banking sector. The RBI controls how each Indian bank is run. Public sector banks are the ones with the largest businesses among them in terms of size and personnel, followed by private and international banks. With the expansion of the banking industry, it became apparent that employee engagement strategies were required for effective use of the workforce, improved customer service, and more profits. On employee engagement and interventions in the domain of services like the banking sector, there are very few research studies accessible. The scant evidence implies that motivated employees deliver superior customer

service, which will contribute to the expansion of the organisation.

### **SCOPE OF THE STUDY**

The study's main objective is to assess the employee engagement levels of those who work in the banking industry. Additionally, the study concentrated on analyzing the connection between engagement practices and high-performance practices and their effects on employee engagement in public, private, and foreign banks. The public, private, and international banks are the subjects of the study. Men and women who work in junior, middle, and top management positions make up the study's population. On the basis of public, private, and foreign banks, the banks were divided into three categories.

### **OBJECTIVES OF THE STUDY**

Objective 1: To analyze employee engagement practices in Public, Private and Foreign Banks.

### **HYPOTHESES:**

H01: There is no significant difference between engagement practices in the three types of banks.

**METHODOLOGY:** Research methodology can be thought of as the scientific study of how research is conducted. In it, we examine the many procedures that researchers typically use to analyze their research problems as well as the reasoning behind them. To get dependable and precise results from any study, it is crucial to use the right strategy or line of inquiry. The survey method is being used in this investigation.

### **SAMPLING FRAME**

With the help of a five-point Likert scale and interviews with higher-ranking bank executives, the core data was gathered utilizing a standardized questionnaire created specifically for this study. Based on public, private, and international banks, three categories of banks are defined. Four banks from each category made up the twelve banks that were selected. The top four banks in Hyderabad were determined for each category, including public, private, and foreign banks. All personnel at all levels

(Junior, Middle, and Top Management) were sampled within the sampling frame.

Public, private, and foreign banks are used to distribute the respondents. Public and private sector banks still practice branch banking, however international banks operate more like unit banks with few or no branches. Even though it is a recognized truth, it was believed that it was important to understand the engagement practices that Indian banks may use.

**Sample was calculated using Slovin's formula.**

$$n = N / (1 + Ne^2) = 397$$

For confidence level = 95% & Margin of Error=5%,

$$n = N / (1 + Ne^2) = 378$$

N = Population size = 17906

e = Margin of Error = 5 %

Employees at the three levels designated for the study (Lower, Middle, Upper) in public, private, and international banks participating in the study are given a total of 600 questionnaires. 81.6% of respondents responded. Out of the 490 questionnaires that the respondents submitted, 25 were excluded from the data analysis because there was a significant amount of missing data. The total number of data points in the study's final sample is 465.

#### Details of Respondents

Type of bank	Frequency	Percentage%
Public Sector	205	44%
Private Sector	186	42%
Foreign Bank	74	15.9%

Total	465	100%
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#### Banks Selected for the Study

Type of bank	Bank selected
Public Sector	State bank of India Bank Baroda Canara bank Punjab national bank
Private Sector	Axis bank HDFC bank ICICI Bank Kotak Mahindra
Foreign Bank	Citibank HSBC Standard Chartered bank Bank of Bahrain
Total	465

#### Frequency of questionnaires

Name of Bank	Frequency Respondents	%Percentage
PNB	48	10.322%
SBI	63	13.5%
BOB	45	9.67%
Canara	49	10.53%
HDFC	56	12.4%
AXIS	42	9%
ICICI	58	12.47%
Kotak	30	6.45%
HSBC	24	5.16%
Standard Chartered	24	5.16%
Citi Bank	21	4.15%
Bank of Bahrain	5	1.07%
Total	465	100.0%

Source: Primary Data

## DATA COLLECTION INSTRUMENT

In order to gather primary research data for this study, a structured questionnaire was created. Higher level bank officials were also interviewed to gain insight into their engagement and high-performance strategies. A variety of sources, including books, journals, magazines, and internet, were used to collect the secondary data.

The focus of the research study is primarily on employee engagement, engagement practices, in particular for bank employees working in public, private, and foreign banks in Hyderabad, Telangana State. The primary information gathered is utilized to examine the effects of high performance work practices and engagement practices on employee engagement levels. For the data gathered, this chapter covers data analysis. We evaluate our hypotheses using ANOVA, correlation, and multiple regression. The questionnaire's reliability was examined using Cronbach's coefficient alpha. The results of factor analysis carried out for different scales, used to

measure employee engagement, High performance work practices and engagement practices are discussed. ANOVA is used to study if there is a significant difference in the employee engagement practices, engagement levels, and high-performance work practices across public, private and foreign banks, and to test with regard to demographic factors of bank employees.

Pearson's coefficient is used to study the relationship of High-performance work practices and engagement practices on engagement of employees working in Banks. Multiple regression analysis is carried out to identify the most significant factors of employee engagement. The descriptive statistics reflects the attributes of the sample selected. Data analysis is conducted using – (Statistical Package for Social Sciences) version 20.0. The present study highlights the successful and suitable engagement practices and High-performance practices to enhance the employee engagement of bank employees

## ANALYSIS

### DISTRIBUTION OF SOCIO-ECONOMIC VARIABLES OF THE RESPONDENTS:

Variables	Frequency	Percent
<b>Gender</b>		
Male	270	58.1
Female	195	41.9
<b>Age</b>		
21-30	110	23.7
31-40	224	48.2
41-50	82	17.6
Above 50	49	10.5
<b>Grade</b>		
Junior	150	32.3

Middle	215	46.2
Senior	100	21.5
Income		
Above 20000	12	2.6
30000-40000	151	32.5
30000-40000	133	28.6
Above 50000	169	36.3
<b>Experience</b>		
0-2	58	12.5%
2-5	121	26%
5-10	124	26.7%
Above 10yrs	162	34.8%
<b>Education</b>		
Graduates	164	35.3%
Post Graduates	238	51.2%
Professionals	63	13.5%

## INTREPRETATION

**Gender:** The information on gender of the respondents were collected and presented in above table, it can be said that 58.1% are male respondents and 41.9% are female employees.

**Age** Majority of the respondents fall under the category (31-40yrs) i.e. 48.2%. The next highest percentage is 23.7% in the age group (21-30yrs), 17.6% respondents are of (41-50yrs) age group. Only around 10.5% of them are above 50 years.

**Grade** From the above table it is inferred that the respondents from the middle level are in majority i.e.46.2%, next 32.3% from junior level and 21.5% consists senior level.

### Income

36.3% of the respondents are earning above 50000, 32.5% are in the group of (30000-40000) and 28.6% of the respondents are under (40000- 50000), only 2.6% respondents fall under (above 20000) bracket.

### Experience

34.8 % of the respondents have work experience above ten years. Both in 2 to 5 years and five to 10 years category, the respondents are 26% and 26.7% respectively, where as 12.5 % respondents have less than two years' experience.

### Education:

51.2 % respondents are postgraduates, 35.3% of the respondents are graduates and 13.5% of them are professionals like Engineers, Chartered accountant and Company secretaries.

### Descriptive Statistics of engagement practices

The results of descriptive statistics are presented in this section: scores of mean and standard deviation. The engagement practices scale consists of four components: the 'Work life balance', 'Growth & Development', 'Safety & Security' and 'Communication'. The following table gives the details of the descriptive statistics of engagement practices under the study in banking sector.

### Descriptive statistics of Employee engagement practices in banking sector

Type	N	Engagement Practices							
		Work life balance		Growth development		Safety and Security		Communication	
		Mean	S.D	Mean	S.D	Mean	S. D	Mean	S. D
All Banks	465	4.26	0.54	3.38	0.46	3.23	0.47	3.5	0.42
Public Sector	205	4.40	0.47	3.30	0.437	3.42	0.36	3.5	0.41
Private Sector	186	4.22	0.50	3.228	0.44	3.09	0.46	3.48	0.39
Foreign Banks	74	3.85	0.718	3.045	0.53	2.89	0.52	3.58	0.48

**Inference:** All the mean values are indicating the effectiveness of engagement practices in banking sector. Over all work life balance and Safety and security are high in public sector banks when compared to private and foreign banks. 'Growth and development' being almost same for public and private banks. It is inferred that 'Work life balance', 'Safety and security' and 'growth and development' being low for foreign banks compared to public and private banks.

Interpretation of respondents basing on the opinion they express on different statements relating to employee engagement practices in Public, Private and Foreign Banks.

**Hypothesis H01 There is no significant difference between engagement practices in the public, private and foreign banks.**

One way –ANOVA is used to test the Hypothesis H<sub>01</sub> - if there is significant difference in the engagement practices of Public, Private and Foreign banks.

### One-way ANOVA of engagement practices for public, private and foreign banks

		Sum of Squares	df	F	Sig.
Work lifebalance	Between Groups	2124.335	2	33.539	.000
	Within Groups	438.248	462		
	Total	3018.389	464		
Growth and Development	Between Groups	3456.637	2	9.059	.000
	Within Groups	94.645	462		
	Total	2413.321	464		
Safety and Security	Between Groups	2507.966	2	56.643	.000
	Within Groups	513.592	462		
	Total	2094.502	464		
Communication	Between Groups	2608.095	2	1.444	.237
	Within Groups	12.759	462		
	Total	2040.755	464		
	Between Groups	2053.514	2	32.671	.000
	Within Groups	2510.682	462		
	Total	17751.503	464		

**Source: Primary Data\*\* Significant at 5%**

**Inference:** The above results of ANOVA shows ( $p = 0.000$ ,  $F = 33.539$ , for worklife balance ( $p = 0.000$ ,  $F = 9.059$ ) and for growth and development, ( $F = 56.643$ ,  $p = 0.000$ ) for Safety and Security, ( $F = 1.444$ ,  $p = 0.237$ ) and for Communication. Hence, the Hypothesis  $H_{02}$  is not accepted. It is observed that there is a significant difference in the engagement practices across public, private and foreign banks.

### POST-HOC ANALYSIS

Post-hoc –multiple comparisons engagement practices of public, private and foreign banks

Dependent Variable	Type of Bank	Type of Bank	Mean Difference (I-J)	Std. Error	Sig.
Work lifebalance	Public Sector	Private sector	.89320*	.26583	.002
		Foreign bank	2.76292*	.33970	.000
	Private Sector	Public Sector	-.89320*	.26583	.002
		Foreign bank	1.86973*	.36310	.000
		Public Sector	-2.76292*	.33970	.000



	Foreign Bank	Private Sector	-1.86973*	.36310	.000
Growth development	Public Sector	Private Sector	.37867	.23770	.250
		Foreign bank	1.28894*	.30375	.000
	Private Sector	Public Sector	-.37867	.23770	.250
		Foreign bank	.91027*	.32468	.015
	Foreign bank	Public sector	-1.28894*	.30375	.000
		Private sector	-.91027*	.32468	.015
Safety and Security	Public Sector	Private sector	1.67604*	.22144	.000
		Foreign bank	2.66289*	.28298	.000
	Private Sector	Public sector	-1.67604*	.22144	.000

		foreign bank	.98685*	.30247	.003
	Foreign bank	Public sector	-2.66289*	.28298	.000
		Private sector	-.98685*	.30247	.003
Communication	Public Sector	Private sector	.10371	.21858	.883
		Foreign bank	-.39503	.27932	.334
	Privates Sector	Public sector	-.10371	.21858	.883
		Foreign bank	-.49874	.29856	.218
	Foreign bank	Public sector	.39503	.27932	.334
		Private sector	.49874	.29856	.218

**Inference:** The statistically significant relationships, where Null Hypothesis has been rejected are analyzed further using Scheffé's test.

The results shown in the Post Hoc analysis table clearly shows that the p value is less than 0.05 for the engagement practices such as work life balance, growth & development and Safety & Security of Public, Private and Foreign Banks. It can be inferred that there is significant difference amongst engagement practices such as work life balance, growth and development and Safety and Security and there is no significant difference with regard to communication as p value is > than 0.05.



## HYPOTHESES RESULT

S.no	Statement	Variation	Result
H01	There is no significant difference in engagement practices in Public, Private and Foreign banks.	.000	Rejected

### Findings based on Employee engagement practices in banking sector

Objective 1: To analyze employee engagement practices in Public, Private and Foreign Banks.

Employees play a major role in taking the organization to greater heights. The business organizations are increasingly dependent on human resources and development for their sustainable growth.

- Work Life Balance, Growth and Development, Safety and Security mean score is low for foreign banks compared to public and private banks.
- Communication mean scores are almost same with slight difference for public, private and foreign banks.
- The results of one -way –ANOVA indicate ( $F = 33.539$ ,  $p = 0.000$ ) for work life balance ( $F = 9.059$ ,  $p = 0.000$ ) and for growth and development, ( $F = 56.643$ ,  $p = 0.000$ ) for Safety and Security, ( $F = 1.444$ ,  $p < 0.237$ ) and for Communication.
- The results of post-hoc analysis clearly found that significant difference exists among the engagement practices of public, private and foreign banks. From the results it is noted significant difference does not exist with regard to communication in public, private and foreign banks. There is significant difference in the engagement practices across public, private and foreign banks. Therefore, Hypothesis H01 is rejected based on the above findings.

### The descriptive statistics revealed the following findings

The mean values are moderate indicating the effectiveness of engagement practices in banking sector.

Work life balance (4.40) and Safety and Security (3.42) are high for public sector banks than private and foreign banks.

- Growth and Development being almost same for public and private banks when compared to foreign banks.

### SUGGESTIONS:

Through this study it is found that the engagement practices of all the banks covered under the study are more than satisfactory. However, on comparison of the mean scores it is found that Private banks and foreign banks need to work upon improving the overall “work life balance” and “safety and security” of employees. If these two are given more weightage in these banks, it is going to enhance the employee engagement. This enables them to concentrate and do their work efficiently.

- Focusing more on work life balance would directly impact absorption and vigor which in turn improves dedication and vigor.
- Drawing more attention on Safety and security will help in enhancing vigor which in turn improves dedication and absorption.
- Foreign banks need to work towards improving the absorption of employees in the organization by creating a sense of belongingness through safety and security of their employees.

- Private and foreign banks need to improve on “Training and Development” as well as “Employee involvement” as these are considered to be the most important high-performance practices in banking sector.
- Focusing more on ‘Training and Development’ will enhance dedication followed by vigor and absorption. Employee involvement affects absorption in a direct manner which helps in enhancing dedication and vigor.

### **CONCLUSIONS: The following conclusions are drawn based on the analysis**

- The employee engagement of public, private and foreign banks is good.

Over all Work Life Balance and Safety and Security are high in public sector banks when compared to private and foreign banks. ‘Growth and development’ being almost same for public and private banks.

Work life balance’, ‘Safety and Security’ and ‘Growth and Development’ being low for foreign banks compared to public and private banks.

- Engagement practices vary across public private and foreign banks.

Engagement practices have significant influence on vigor, dedication and absorption of employees in public, private and foreign banks.

- Work Life Balance, Growth and Development and Safety and Security, are the major predictors of employee engagement for public, private and foreign bank

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