

A Study Of Engagement Practices In Banking Sector (Public Vs Private)

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Abstract

Globalization, liberalization and dynamic government policies, force banks to adjust themselves to this ever-changing environment. Banks need to differentiate themselves for the growth and development through advanced competencies like skill and knowledge. This is going to have major implications on HR practices, which needs to nurture employees through effective engagement practices to reach organizational goals. The present study aims at identifying the most important engagement practices in banking sector. Factor Analysis and One –way ANOVA have been used for data analysis, to examine engagement practices in banking sector. Work life balance is the most important practice with reference to banking sector. There is significant difference in engagement practices of banking sector with regard to public and private sector banks.

Keywords: Banking, Engagement practices, Employee engagement, HR practices.

1.0 Introduction:

The employee engagement is an emotional commitment of employees towards its organization. Employee engagement is a buzzword for any successful organization in today's highly competitive environment. The organizations take great care and pride in implementing engagement practices, which enables an employee feel more committed, involved and empowered. Today banks are operating in highly competitive and dynamic world and in this scenario only tough competitors can survive. Apart from implementing advanced technology the banks need to work on improving the skill and knowledge of its work force, as the difference can be made and felt by only through these employees working in banks.

1.1 Review of Literature:

A few research articles relevant for the study have been reviewed. Some of them are highlighted here under:

Employee engagement is a positive, fulfilling work related state of mind that is characterized by vigor dedication and absorption (Schaufeli W., 2011). Development of Positive psychology and study on employee engagement coincides (Lliorens S., 2006). According to Kokemuler(2010) employee engagement is the level to which employees feel engaged or motivated. Wellings & concelmen (2005) noted that organizations can enhance engagement in their workforce by creating a learning culture and individual development plans.

Kinjal Bhatt (2012), while conducting a study at GNFC on Employee engagement found that, sharing and openness to share views, good working environment, training and development,

perks and good pay structure etc. which was responsible for better employee engagement.

Masoodul et al, (2013) – According to his study on government owned public sector banks of Pakistan, employee compensation is most important factor for creating satisfaction among employees, while employee empowerment found to be significant factor for developing employee loyalty.

Their findings indicated that KC Chakraborty, 2012 “HR Management in Banks- Need for a new perspective” concluded that Human Resource Management is important for banks being a service industry. According to him management of risks and management of people are two key challenges facing banks. The focus of the study was more on the emerging needs of HRM in banking sector in today’s world.

1.2 Need for the study

21st century organizations and research firms see employee engagement practices as a powerful tool for long lasting competitive advantage. Drivers of organizational performance can be reassessed to meet the global competitiveness and exhibit world class performance. The employee engagement practices vary from bank to bank and sector to sector. Given this there is a need to study engagement practices in private and public sector banks.

1.3 The following is the objective of the study:

To examine the engagement practices of different banks of public and private banks operating in Hyderabad.

1.4 Hypothesis of the study:

H₀: There is no significant difference with regard to engagement practices of public and private sector banks.

1.5 Research Methodology:

The data was collected using structured questionnaire. The sample of the study consists of 465 employees across all levels working in private and public sector banks in Hyderabad. Secondary data for the study has been collected from various research articles on employee engagement. Factor analysis a data reduction technique was used to identify employee engagement practices in banking sector. One way –ANOVA was conducted to see if there was significant difference in employee engagement practices within public and private banks using SPSS package 20.0.

1.5 Analysis and Interpretation

The present study aims at identifying important factors of employee engagement practices in banking sector.

Factor analysis is done to identify the most important high performance work practice by the employees of Public and Private sector banks. KMO and Barlett’s test is carried out to test the Sampling adequacy of the data.

Table 1.0 : KMO & Barletts Test for Employee Engagement practices

KMO and Barlett’s Test		
Kaiser – Meyer-Olkin Sampling Adequacy measure		.856
Barlett’s Test of Sphericity	Approx. Chi-Square	2333.710
	Df	210
	Sig.	.000

Inference: The value of KMO is 0.856 (KMO >0.7) which indicates the sampling adequacy. Sufficient correlation is found among the variable. A measure which is more than 0.6 is considered 'mediocre' and is acceptable .The

factor analysis was performed on 21 variables and all these items have been reduced to four components explaining a total variance of 55.92 %.

Table: 1.1 Rotated component Matrix of Engagement Practices

Factor name	Attribute	Factor Loading
Work life balance	• I feel sense of belongingness	.785
	• I am well informed about the policies / procedures and changes in the organization	.612
	• I am satisfied with the stress release programs offered by the organization.	.587
	• I am encouraged and given sufficient autonomy to take decisions at my level.	.582
	• I am satisfied with regard to fairness and pay /fringe benefits/Rewards and recognition	.555
Growth and development	• The job provides opportunity to take up challenging work and provides enough resources to complete	.718
	• The processes and systems are in place for complete challenging tasks on time	.573
	• The job provides opportunities for gaining new skills and knowledge through proper training and guidance.	.557
	• There is a fair and transparent performance appraisal system at the work place.	.540
Communication	• I have clarity of my role and job in the organization.	.777
	• Lot of knowledge sharing/guidance and mentoring is imparted in the organization.	.735
	• Harmonious relationship is maintained among the members of the organization.	.731
	• Provides sufficient feed back	.606
Safety and Security	• The organization provides job security.	.750
	• Safe and supportive work environment	.589
	• Provides welfare measures	.529

The first factor “work life balance” is the most important vital factor. It explains 35.2% variance with five factor loadings ‘ I feel sense of belongingness’ (0.785) , ‘ I am well informed about the policies / procedures and changes in the organization’ (0.612) , ‘I am satisfied with the stress release programs offered by the organization’. (0.587), ‘ I am encouraged and given sufficient autonomy to take decisions at my level’ (0.582) . ‘I am satisfied with regard to the fairness in pay and fringe benefits/ Rewards and Recognition’ (0.555) .

The second component “Growth and development” consists of four items. The third component “Communication” consists of four items. The fourth component safety and security consists of three factors.

The present part of the study focuses on examining, if there is significant difference between engagement practices of public and private sector banks. The results are highlighted here under in table

Table: 1.2 : One-way ANOVA of Employee Engagement practices for public and private sector banks

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

Inference: The above results of ANOVA shows (p= 0.000,F =33.539, for work life 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 H₀₂ is

not accepted. It is observed that there is a significant difference in the engagement practices across public and private sector banks.

POST-HOC ANALYSIS

Table: 1.3 Post-hoc –multiple comparisons Engagement practices of public and private sector banks

Dependent Variable	(I) Type of Bank	(J) Type of Bank	Mean Difference (I-J)	Std. Error	Sig.
Work life balance	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
	Foreign Bank	Public Sector	-2.76292*	.33970	.000
		Private Sector	-1.86973*	.36310	.000
Growth and development	Public Sector	Private sector	.37867	.23770	.250
	Private Sector	Public Sector	-.37867	.23770	.250
Safety and Security	Public Sector	Private sector	1.67604*	.22144	.000
	Private Sector	Public sector	-1.67604*	.22144	.000
Communication	Public Sector	Private sector	.10371	.21858	.883
	Privates Sector	Public sector	-.10371	.21858	.883

The results of one -way –ANOVA indicate ($F = 11570$, $p = 0.001$). From this it can be inferred that there is a significant difference in the engagement practices across public and private sector banks. The statistically significant relationships, are analyzed further, where Null Hypothesis has been rejected using the post hoc Scheffe's test.

Hence the null Hypothesis H_0 is rejected.

1.7 Conclusion

The earlier studies revealed that in this highly competitive and dynamic environment organizations can sustain and achieve its organizational goals through its employees. It can be concluded that foremost factors affecting engagement practices in banking sector are "Work life balance" followed by "Growth and development" of employees .It is also concluded that there is significant difference between engagement practices across public and private sector banks.

To sum up, Banks need to bank on employees for differentiating themselves from others through effective engagement practices.

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