

# A Study of factors affecting Employee Engagement policies in Indian Nationalized Banks

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**Abstract:** This paper aims to study the employee engagement policies adopted and implemented by nationalized banks in India and their impact on the employee retention. Employee Engagement policies are of utmost importance so as to keep employees retained and to align their individual goals with the goals of organization. This research paper is an attitudinal study of the employees in four nationalized banks in India. The feedback of these employees is collected through questionnaire based on five points Likert scale. An attempt has been made to explore and analyze the significant factors of employee engagement policies which are directly affecting the retention of employees in the two nationalized banks in India. It is found that Compensation and work life balance conditions provided by private sector banks is more attractive than public sector banks.

**Keywords:** *Employee Engagement, Employee Retention, Indian Nationalized Bank*

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## 1. Introduction

With the advent of liberalization policy, introduced by Narasimha Rao Govt in 1990, small numbers of private banks were issued a license to start their business in India. In addition to this Government allowed Foreign Direct Investments in the banking sector due to which face of banking sector has rapidly changed and the horizon job market is widened especially in the banking sector. With these drastic changes in the banking Industry in last 15 years, the problems related to employee engagement, employee satisfaction and employee retention arose by leaps and bounds. Due to fierce competition in the banking sector, employees are being stressed and the low morale results in low performance as a result employees started leaving the jobs. In order to control high attrition rate in banking sector top level executives and HR departments are spending their valuable time, money and efforts to keep their employees engaged

## 2. Review of Literature

According to Sekaran.U. [1] quality of work life, work environment results in job involvement which is directly influence job satisfaction. However Mitchell et al[2] opine that employees leave the job due to their personal problems which are not related with their current job. Whereas Saxena

and Monika [3] in their study depicts that it is really difficult task to mould the newly appointed employees into organization culture. Researcher analyzed the employee attrition issue through following parameters viz. career, personal growth, company prestige, training, compensation and benefits etc.

Solomon Markos and M. Sandhya Sridevi [4] in their research on employee engagement: the key to improving performance thrown some lights on how organizations performance is aligned with the employee engagement. They have also focused on the employee engagement strategies which can be implemented in the organization of the purpose of enhancing the performance of the organization. Further in the review of literature they found out that feelings of employees valued by management, two way communication between management and employees, providing more opportunities to employees to grow and well being of the employees are the ley drivers of the employee engagement. However they have also revealed that organizations with poor employee engagement policies suffer high attrition rate, less committed employees, absenteeism and less customer orientation, less productivity. Overall it affects the net profit of the organization.

In another study conducted by Swatee Sarangi and R k Srivastava[5], study aims at studying the role and impact of organizational culture and communication on facilitating the employee engagement. According to researchers

organizational culture and communication is one of the significant factors of employee engagement. Towers Perrin [6] identified top management's interest and vision for employees' well-being, challenging and enriched work content, autonomy, career growth opportunities, employer brand, collaborative work environment, availability of resources to get work done as drivers of employee engagement.

According to D Pradeep Kumar and G Sweatha [7] employee engagement is key business driver for the success of the organizations. Due to employee engagement organizations can retain the employee and customers for the long run. This concept of employee engagement is very complex which is influenced by various factors like organization communication, workplace culture managerial styles, leadership and repute of company. However researchers have revealed that there is no single agreed definition of employee engagement. It has been defined in multi-faceted ways. Individual worker who is intending to leave the job, his feeling can be studied to understand his engagement with the organizations, whereas the engaged employee is likely to have greater attachment to his work and organization Schaufeli and Bakker [8]; Truss *et al* [9]. The implication of this is twofold. Whilst engaging employees can help to reduce an organization's turnover and recruitment costs, it has also been found that the longer employees stay with an organization, the less engaged they become Ferguson [10] and Truss *et al* [11]. They have further found out that one of the main drivers of employee engagement was found to be employees having the opportunity to feed their views upwards.

D Pradeep Kumar and G Sweatha [12] have also recommended in their research that research should also conduct the study on employee engagement pertaining to the other factors like flexible work arrangements, training programs, incentive rewards on different roles etc.

However, another researcher Susan Abraham [13] in his research shared his views on the effect of job satisfaction on employee engagement. According to Susan Abraham [14] job satisfaction has moderate impact on employee engagement in the private insurance companies. He concludes "engaged employees are performing exceptionally well in their job. His study further reveals that the factors such as Job, benefits, recognition, cooperation, fair treatment, sound company policies, team spirit and performance management system can enhance job satisfaction which will lead to employee engagement.

Aakanksha Kataria *et al* [15] explored the functional relationship between employee engagement, OCB and organizational effectiveness in their research paper namely "Employee Engagement and Organizational effectiveness: Role of Organizational Citizenship Behaviour". Researchers have also applied a theoretical perspective to integrate previous research on the employee engagement. They are of the opinion that individuals with higher levels of engagement are more likely to exhibit OCB – in ways that would be expected to achieve and sustain organizational effectiveness.

In another report submitted by Gamma Robertson Smith and Carl Marwick on Employee Engagement [16] – A review of current thinking they are of the opinion that developing a

culture supportive of engagement is of utmost importance. As per Bates [17] and Robinson [18] improving levels of employee engagement doesn't have to be expensive, it takes some time and energy, but the benefit will outweigh these costs. Another researcher viz Watts quoted in Bates, [19] 'A lot of the drivers of engagement are subtle issues that don't require a lot of capital outlay.

Gamma Robertson and Carl Markwick [20] further concluded in their report following factors those are engagement is a two-way proposition, understand the needs and expectations of employees, demonstrate commitment to the well-being of employees and the wider world and Link individual and organization performance.

In the present research work researchers have taken into account the factors discussed in the various research papers and books which are significantly related with the employee engagement and their impact on the employee retention pertaining to the banking sector in India.

### 3. Research Design

#### Research Objectives

The objective of the research is as follows

- To assess the employee engagement policies adopted by Nationalized Banks in India
- To identify the factors which influence the employee engagement
- To identify the employee engagement factors which require more attention

#### Research Methodology:

Researcher adopted survey method in this study. Data collected for this study through both the sources of data collection i.e. primary and secondary. Secondary data is collected through various books, publications, research papers, articles and HR Manuals. Whereas Primary data is collected through closed ended questionnaire personal interviews and informal interaction with the bank employees. Convenience sampling method is adopted for the collection of primary data. Though a convenience sample is not considered an effective method of representation of the population, the results can be interpreted cautiously. Collected data is tabulated and analyzed descriptively. This tabulated information is used to calculate the perception of the bank employees to the employee engagement policies. Five point Likert scale is used to measure the perception of employee towards engagement policies which is denoted by 1=SD, 2=D, 3=N, 4=A, and 5=SA

### 4. Data analysis

In this section an attempt has been made to analysis of the collected data collected from the employees working in the nationalized banks in India. This study aims to understand the factor affecting the engagement policies in nationalized banking sectors in India. This study attempts to accomplish the objectives through data collection and analysis. The survey was conducted and responses are the frequencies that simply refer to the number of times various subcategories of certain factors occur from which the percentage and the cumulative percentage of their occurrence can be easily calculated. The descriptive statistics will denote how

cautiously the scales have been framed and data has been analyzed?

**Employees’ engagement factors in nationalized banks in India**

**Table 1: Overall level factors of employee engagement in nationalized banks**

Factors influencing Employee Engagement	Mean
Feedback from seniors	<b>3.98</b>
Team Work	<b>4.24</b>
customer focus	<b>4.17</b>
Mission & Vision	<b>4.46</b>
Compensation	<b>3.6</b>
Work condition	<b>3.79</b>
Communication between Management and employee	<b>4.22</b>
Opportunity for growth	<b>4.03</b>
Fairness treatment	<b>3.83</b>
Work life balance	<b>3.49</b>
Relationship with Peers and Management	<b>3.99</b>

**5. Descriptive Statistics**

**5.1. Feedback from senior**

As far as feedback from the senior is concerned, study depicts that 7 respondents are neutral, 33 respondents are happy and 6 respondents are very happy out of 46 respondents. Mean score 4.0 denotes that respondents are 'happy' that they are getting feedback about their work from the senior. This mean score proves that feedback from senior is positively significant for employee engagement (see appendix 1)

**5.2. Team Work**

The mean score 4.2 of Team work reveals that respondents are 'happy' working in team work and it is significantly relevant to the employee engagement. Out of 46 respondents 7 are neutral, 21 are happy and 18 respondents are very happy. (see appendix 2)

**5.3. Customer focus**

As far as customer's feedback is concerned, out of 46 respondents, 5 are neutral, 28 employees are happy with the feedback given by the customers and 13 respondents are very happy. The mean score of customer's feedback is 4.2 which shows that employees are happy with the customers feedback system (see appendix 3)

**5.4. Mission & Vision**

Out of 46 employees 2 two employees are neutral and 21 employees are happy and 23 employees are very happy and aligned their personal individual vision and mission with banks mission and vision. The mean score is 4.2 which shows that employees are very happy and aligned their personal goals with the vision and mission of the Bank (see appendix 4)

**5.5. Compensation**

As far as compensation is concerned data shows that 1 employee very unhappy, 4 employees are unhappy, 12

employees are neutral, 25 employees are happy and 4 employees are very happy. Mean score is 3.6 which denotes the level of happiness is lying in between neutral and happy (see appendix 5)

**5.6. Work condition**

Work condition of the employees in nationalized banking sector can be summarized as under, 4 employees are very happy, 29 employees are happy, 12 employees are neutral and 1 employee is unhappy. The mean score is 3.8 which denote that the level of happiness is in between neutral and happy. (see appendix 6)

**5.7. Communication between mgt and employee**

Responses of 3 employees show that they are unhappy with Data of communication between management and employee denotes, 24 employees out of 46 are happy, 16 employees are very happy, 6 employees are neutral. The mean score is 4.2 which denotes that employees from nationalized banks are happy with the communication policy between employees and management (see appendix 7)

**5.8. Opportunity for growth**

Responses for Opportunity for growth parameter denotes that 29 employees out of 46 are happy and 9 employees are very happy and 8 employees are neutral. The mean score is 4.03 therefore employees from nationalized banks are happy with the policies related to opportunity and growth.(see appendix 8)

**5.9. Fairness treatment**

Analysis shows 12 employees out of 46 are neutral about fairness treatment from the superior and 30 employees are happy about the treatment they get from the management and superior and 4 employees are very happy about the fairness treatment of the management. Mean for this variable is 3.83 denotes that employees from the nationalized banks are happy with the fair treatment received from the management (see appendix 9)

**5.10. Work life balance**

their work life balance 18 employees are neutral on this variable and 24 employees are happy with their work life balance and only one respondent is very happy with the work life balance of Indian Nationalized Bank. The calculated mean for the work life balance is 3.49 with indicates that level of satisfaction of the employees is neutral on the work life balance.(see appendix 10)

**5.11. Relationship with Peers and Management**

Out of 46 employees 6, employees are neutral in their responses on relationship with peers and management. 2 employees are unhappy,29 employees are happy and 9 employees are very happy with the relation with peer and Management. The calculated mean for this variable is 3.99 , it denotes that employees from nationalized banks are happy with relationship with peers and management (see appendix 11)

**6. Conclusion**

Employee Engagement policies have been adopted by Indian Nationalized banks with the view to retain the employees and for the purpose of aligning an individual employee’s

goals with the goals of the Banks. This research denotes all the foregoing factors viz. feedback from seniors, customer focus, work conditions, compensation, mission and vision and teamwork are equally important to know whether employees from Indian Nationalized banks are engaged and satisfied so that their long term association with bank can be predicted. The result of the data collected from the employees from two Indian Nationalized Banks reveals 99% employees are happy with the current employee engagement policies of banks and their long term association can be predicted from this analysis. Research opines that factors like compensation and work life Balance should be focused more because current banking sector in India has undergone radical changes and there is cut throat competition between private sector banks and nationalized banks. Compensation and work life balance conditions provided by private sector banks is more attractive than public sector banks.

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**APPENDIX**

<b>Appendix 01 feedback from senior</b>				
<b>X= A+ (Σfd/Σf)</b> <b>=3+ (98/100) =3.98</b>				
	Value of (X)	Frequency(f)	d = X-A	fd
Very Unhappy	1	0	-2	0
Unhappy	2	0	-1	0
Neutral	3(A)	15	0	0
Happy	4	72	1	72
Very Happy	5	13	2	26
		Σf=100		Σfd=98

<b>Appendix 02 Team Work</b>				
<b>X= A+ (Σfd/Σf)</b> <b>=3+ (124/100) =4.24</b>				
	Value of (X)	Frequency(f)	d = X-A	fd
Very Unhappy	1	0	-2	0
Unhappy	2	0	-1	0
Neutral	3(A)	15	0	0
Happy	4	46	1	46
Very Happy	5	39	2	78
		Σf=100		Σfd=124

<b>Appendix 03 customer focus</b>				
<b>X= A+ (<math>\Sigma fd/\Sigma f</math>)</b>				
<b>=3+ (117/100) =4.17</b>				
	Value of (X)	Frequency(f)	d = X-A	fd
Very Unhappy	1	0	-2	0
Unhappy	2	0	-1	0
Neutral	3(A)	11	0	0
Happy	4	61	1	61
Very Happy	5	28	2	56
		$\Sigma f=100$		$\Sigma fd=117$

<b>Appendix 06 Work condition</b>				
<b>X= A+ (<math>\Sigma fd/\Sigma f</math>)</b>				
<b>=3+ (79/100) =3.79</b>				
	Value of (X)	Frequency(f)	d = X-A	fd
Very Unhappy	1	0	-2	0
Unhappy	2	2	-1	-2
Neutral	3(A)	26	0	0
Happy	4	63	1	63
Very Happy	5	9	2	18
		$\Sigma f=100$		$\Sigma fd=79$

<b>Appendix 04 Mission &amp; Vision</b>				
<b>X= A+ (<math>\Sigma fd/\Sigma f</math>)</b>				
<b>=3+ (146/100) =4.46</b>				
	Value of (X)	Frequency(f)	d = X-A	fd
Very Unhappy	1	0	-2	0
Unhappy	2	0	-1	0
Neutral	3(A)	4	0	0
Happy	4	46	1	46
Very Happy	5	50	2	100
		$\Sigma f=100$		$\Sigma fd=146$

<b>Appendix 07 Communication between mgt and employee</b>				
<b>X= A+ (<math>\Sigma fd/\Sigma f</math>)</b>				
<b>=3+ (122/100) =4.22</b>				
	Value of (X)	Frequency(f)	d = X-A	fd
Very Unhappy	1	0	-2	0
Unhappy	2	0	-1	0
Neutral	3(A)	13	0	0
Happy	4	52	1	52
Very Happy	5	35	2	70
		$\Sigma f=100$		$\Sigma fd=122$

<b>Appendix 05 Compensation</b>				
<b>X= A+ (<math>\Sigma fd/\Sigma f</math>)</b>				
<b>=3+ (60/100) =3.6</b>				
	Value of (X)	Frequency(f)	d = X-A	fd
Very Unhappy	1	2	-2	-4
Unhappy	2	8	-1	-8
Neutral	3(A)	27	0	0
Happy	4	54	1	54
Very Happy	5	9	2	18
		$\Sigma f=100$		$\Sigma fd=60$

<b>Appendix 08 Opportunity for growth</b>				
<b>X= A+ (<math>\Sigma fd/\Sigma f</math>)</b>				
<b>=3+ (103/100) =4.03</b>				
	Value of (X)	Frequency(f)	d = X-A	fd
Very Unhappy	1	0	-2	0
Unhappy	2	0	-1	0
Neutral	3(A)	17	0	0
Happy	4	63	1	63
Very Happy	5	20	2	40
		$\Sigma f=100$		$\Sigma fd=103$

<b>Appendix 09 Fairness treatment</b>				
$X = A + (\Sigma fd / \Sigma f)$ $= 3 + (83/100) = 3.83$				
	Value of (X)	Frequency(f)	d = X-A	fd
Very Unhappy	1	0	-2	0
Unhappy	2	0	-1	0
Neutral	3(A)	26	0	0
Happy	4	65	1	65
Very Happy	5	9	2	18
		$\Sigma f=100$		$\Sigma fd=83$

<b>Appendix 10 Work life balance</b>				
$X = A + (\Sigma fd / \Sigma f)$ $= 3 + (49/100) = 3.49$				
	Value of (X)	Frequency(f)	d = X-A	fd
Very Unhappy	1	0	-2	0
Unhappy	2	7	-1	-7
Neutral	3(A)	39	0	0
Happy	4	52	1	52
Very Happy	5	2	2	4
		$\Sigma f=100$		$\Sigma fd=49$

<b>Appendix 11 Relationship with Peers and Management</b>				
$X = A + (\Sigma fd / \Sigma f)$ $= 3 + (99/100) = 3.99$				
	Value of (X)	Frequency(f)	d = X-A	fd
Very Unhappy	1	0	-2	0
Unhappy	2	4	-1	-4
Neutral	3(A)	13	0	0
Happy	4	63	1	63
Very Happy	5	20	2	40
		$\Sigma f=100$		$\Sigma fd=99$

## Authors Profile

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Mr. Kiran Sawant recipient of Bachelor of Laws from New Law College , Pune, Post graduation in Management from Shivaji University, Kolhapur and Research Scholar at Nagpur University. He worked as Assistant professor at various management schools for 7 years, he taught subjects like Human Resource Management, Marketing Management, Legal Aspects of Business, Labour Laws and allied management subjects. His area of research is High performance management system, Employee Engagement, Employee motivation and satisfaction ,QWL etc

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