



HOW ORGANIZATIONAL COMMUNICATION, TRAINING AND DEVELOPMENT AND COMPENSATION AFFECT EMPLOYEE ENGAGEMENT IN PUBLIC AND PRIVATE SECTOR BANKS.

Ella Mittal

Assistant Prof, BAS Dept, Punjabi Univ, Patiala, Punjab.

Abstract

Employee Engagement is one of the most used and researched term these days. This paper tries to determine the impact of factors such as organizational communication, training and development and compensation on employee engagement.

Introduction

Employee Engagement is a property of the relationship between an organization and its workforce (V. Kavitha, 2015)^[1]. Engagement is a state of mind of an employee, where he is completely involved in his work, enjoys it and thinks of achieving his targets in the best possible manner. For such an employee work is never tedious nor boring, but he always enjoys his work and takes it as a challenge. Study conducted by Kenexa in 39 Organizations showed that engaged executives achieved 7 times greater shareholder return than those who were less engaged. Kahn (1990)^[2] defines engagement as the “harnessing of organization members” selves to their work roles, in engagement people express themselves physically, cognitively and emotionally during the role performances. Schaufeli states that engagement is a positive fulfilling work related state of mind that is characterized by vigor and dedication (Schaufeli, 2002)^[3]. Engaged employees are better workers and more aware of what is expected of them and how to achieve their targets. Maha Ahmed states that employee engagement is often linked to the notion of employee empowerment (Maha Ahmed, ZakiDajani, 2015)^[4].

Engaged Workforce has certain qualities, which disengaged workforce does not. Some of the qualities of engaged employee according to the IES (International Employee Studies) are :- employees believe in this organization, his desire to work, his understanding of his work, his respect for his colleagues and such employees are always up to date with the latest developments in the field.

Organisational Communication

Organizational communication is the flow of ideas and information from higher to lower levels and lower to higher levels. For good functioning of a firm, communication is very important. The freedom for a lower level employee to participate and communicate with higher authorities is not only satisfying but also empowering.

Compensation

It is the monetary and non-monetary benefits an employee gets, for the services he performs. Every executive has the right to get paid according to the work he performs. Sometimes a good compensation can act as a morale booster for many employees.

Training and Development

Imparting skills required to perform a particular job is the main aim of training. Companies spend millions on training the employees, but cannot retain them due to lack of engagement.

Review of Literature

Harter^[5] states that engagement is the achievement of important business results (Harter, 2002). Engaged employees see their firm as their own and thus work for the best results. Engaged employees are very attentive towards their work and want to give their best to their organization. Many firms have an engagement vision (Ray Baumruk, 2006)^[6]. They know how to keep their employees engaged and what to expect out of them. Engaged employees feel a very energetic bond with their workplace (Robinson, 2004)^[7]. Research reveals that only 23% of their workforce is effectively occupied with their jobs. While research has been carried out on engagement. But not much research has been done on what impact communication has on engagement (Lynn Kalani Terumi Hayase, 2009)^[8]. This is the area which needs to be explored. Greater prospects and achievements can be done only by engaged employees (Emma Karanges)^[9]. Malaine Allen (2014)^[10] states that engagement is a commitment of employees towards their organization. It shows their dedication and the amount of hard work, they are ready to put at their workplace. Its only employees' commitment and hard work that can take company to greater heights and in turn benefit employees as well.

Objectives of the study

- To determine how communication affects the employee engagement in banking sector.
- To determine how compensation and training and development and affect engagement in banking sector.
- To suggest measures to improve employee engagement in banking sector.

Research Methodology

The data for this study was collected from selected public and private sector banks of North region. Three banks of public sector and three banks of private sector were included. The public sector banks included were State Bank of Patiala, Punjab National Bank and Oriental Bank of Commerce. The private sector banks were ICICI Bank, HDFC Bank and Axis Bank. The questionnaire was distributed to all the three levels, i.e. senior, middle and junior level. Total number of questionnaire distributed were 336, out of which 12 were not returned back. Further these 324 questionnaires were analyzed for missing values, out of which 9 had missing values greater than 10%. Hence were removed. Thus, 315 questionnaires were finally used for analysis.

Questionnaire

The questionnaire used for measuring communication was communication satisfaction questionnaire (CSQ). It has 40 items. Likert type scale ranging from 1-10 is used. Small modifications were made in the scale as per the requirements. For compensation and training and development the scales were developed by studying the available literature.

Findings

The demographic profile of the respondents is shown below: -

Sector	Frequency	Percent
Private Sector Banks	149	47.3%
Public Sector Banks	166	52.7%
Total	315	100%

Table 1: Sector wise respondents.

Demographic	Category	Frequency (N = 315)	Percent
Gender	Male	251	80%
	Female	64	20%
Marital Status	Married	212	67%
	Unmarried	103	33%
Spouse Profession	Not applicable	107	34%
	Working	147	47%
	Non-Working	61	19%
Education	Diploma	6	02%
	Graduate	156	50%
	Post Graduate	153	48%
Work Location	Home Town	158	51%
	Not Home Town	157	49%

Table 2: Demographic Profile of Respondents

To measure the effect of three independent variables ie. organizational communication, compensation and training and development on the dependent variable ie. employee engagement, multiple linear regression was used. For this, first the linear relation between dependent and independent variables was examined. The linear relation was examined using deviation from linearity. Table 3 shows the variable wise significance of deviation from linearity. The significance level for all the variables was below 0.05.

Variable	Significance
Organizational Communication	0.055
Training and Development	0.016
Compensation	0.037

Table 3: Significance of Deviation statistics from Linearity.

Table 4 shows the summary of regression analysis. The value R^2 was calculated which was found to be 0.256. Adjusted R^2 is the value of R^2 which may be expected in the population. The value of R^2 suggests that in population, three independent variables are expected, to explain around 23% variance in dependent variable. The value of Durbin Watson and F are also shown and their combined effect of the independent variable on dependent variable was found to be significant.

R	R ²	Adjusted R ²	Durbin Watson	F	Significance
0.506	0.256	0.228	2.003	9.061	0.000 *

Table 4: Model Summary of Regression Analysis.

Note: *= Sig at = 0.01 level, ** = Sig at = 0.05 level, ***= sig at = 0.10 level

Table 5 shows the result of regression coefficients. Communication was found to be significant predictor of employee engagement at 10% level of significance. The other two independent variables were found to be non-significant predictors of employee engagement.

	Unstandardized coefficients		standardized coefficients	t	sig	Collinearity State	
	B	Standard Error				Tolerance	V/F
(Constant)							
Communication	0.19	0.011	0.18	1.72	0.09***	0.41	2.43
Training and Development	0.09	0.08	0.11	1.17	0.24	0.49	2.05
Compensation	0.02	0.07	0.02	0.27	0.78	0.57	1.75

Table 5: Coefficients of Regression Model

Suggestions

1. The study found that communication had a positive impact on employee engagement. Thus an organization should have a good upward and downward communication channels to keep the employees engaged. The employees should be free to express themselves and keep their point of view at the table in front of the juniors and seniors alike.
2. Sometimes an employee, may not be able to express himself in front of his seniors due to his introvert nature. For such cases, suggestion boxes can be placed where the employees can write their point of view, on a piece of paper and put in the box, which can be further kept confidential and discussed upon later.
3. Since the business environment is dynamic and keeps on changing from time to time, same is the case of the factors engaging employees. The firm should keep this in mind and cater to the time to time changing requirements of the employees to engage them.
4. Well trained employees are an asset to the organisation. They are more efficient and can do the work better than an untrained employee. They would not only make lesser mistakes than untrained employees but also use less resources, such as money and time. So its always good to train employees from time to time to make them efficient at their work.

Conclusions

Employee engagement in the recent past has proved itself to be very important for the organizational success. The firm also understands this and they believe that engaged employees provide a competitive edge to their business, which is very important for survival and growth. Hence employee engagement can't be ignored and needs to be researched and worked upon for better future.

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