

## **INFLUENCE OF EMPLOYEE ENGAGEMENT ON ORGANISATIONAL DEVELOPMENT**

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### **ABSTRACT**

The engagement/commitment strategy aims to create a workplace environment in which employees are engaged in the organisation's success and its mission, feel valued for their contributions and are empowered to increase their personal feeling of security. The study aims to identify the drivers of engagement influencing organisational development. A total of 255 employees worked in private and public sector banks. A researcher has adopted a convenient sampling method to select the sample respondents. The sample size of the study is 150; 75 sample respondents were chosen from both private and public sector banks. The study found that the employee opinion level about the awareness of employee engagement and organisational development varied in both the private and public sector banks in Karaikal. And the result reveals that employee engagement and its influence on organisational growth is more significant in private sector banks than in public sector banks.

**Keywords:** *Employee Engagement, Organisational Development, Perceived Organisational Support, Procedural Justice, Rewards and Recognition, Self-efficacy.*

### **INTRODUCTION**

The level of employee engagement is receiving attention from every major global organisation. Employees engaged in their work are less likely to quit and more likely to increase productivity, customer satisfaction and decrease absenteeism and tardiness (Axelrod, 2011). Most scholars agree that prosperous organisations can better adjust to new circumstances than those less fortunate. Over the last several years, employee engagement has shifted from focusing on employee satisfaction to creating an environment where people are engaged in their organisation's success and act as the force behind organisational development (Avery *et al.*, 2007). All companies struggled with the same issue: getting their employees engaged in their work. However, employee engagement may influence productivity and efficiency.

Pauken (2008) showed that the main component of the issue was to figure out what makes employees engaged and what tends to make them disengaged. Scholars have established a relationship between employee engagement and organisational culture, and now organisations want to know whether different conditions lead to varying degrees of engagement on the job (Corace, 2007). The level of employee engagement is a significant area of focus in the banking industry.

### 1.1 REVIEW OF RELATED STUDIES

Several studies have examined and investigated the implications of employee engagement on the development and success of organisations. Employee engagement has become increasingly important to all major and medium-sized organisations worldwide for various causes and advantages (Kane-Frieder *et al.*, 2014). According to Marvin Weisbord, “the quickest way to increase dignity, meaning, and community in a workplace is to involve people in redesigning their work,” which is particularly important in a competitive and productive organisation. From his perspective, this was the quickest approach to simultaneously lowering expenses while improving product quality and expanding the number of satisfied customers (Weisbord, 2004). Even if the advantages of having an engaged employee are readily apparent, the issue must be overcome to discover how to develop and keep engaged employees. Executives and experts in the organisational development field are thinking about simplifying the employee engagement process, for example, facilitating a seamless change from the current state of disengagement to a more motivated and productive one. Several people seemed to think employee participation was not like a plug activity. Making employees engaged requires a long-term process, as well as systematic methods and policies, as well as monitoring and modifying plans based on the results. It also involves looking at the day-to-day relationships between top management and leaders and the employees who manage them, as well as developing appropriate work assignments compatible with the qualifications and competencies of the employees (MacLeod and Clarke, 2009).

North-Western University found that companies with a high proportion of engaged employees have consumers who buy and use their services and brands more, which may contribute to a better degree of customer satisfaction (Cozzani and Oakley). The organisations with engaged employees had 52% higher profits than the ones with disengaged employees. Global study shows that effective and successful organisations have adopted the notion of employee engagement, which centres on collaboration, partnership between leaders and workers, and employee engagement. There has been a dramatic increase in interest in this area of research, which has attracted the attention of business leaders and entrepreneurs serious about developing their organisations. “Employee engagement is often used to express the amount of involvement in an organisation's purpose with workers as characterised by behaviours in the workplace and attaining the level of employees' commitment by emotional or personal, to achieve more advancement in work” (Poisat, 2006; Lockwood, 2007). In a study that was conducted by Kreitner *et al.* (1999), the concept of employee satisfaction was modified to include “...an effective/emotional response towards various facets of one's job...” Basically, employee engagement has a positive effect on attitudes and leads to organisational

development as evaluated by factors such as "productivity, profitability, customer satisfaction, corporate image, organisational commitment, and a high rate of retention, particularly in uncertain markets" (Mathis and Jackson, 2011; Lockwood, 2007).

In addition, success is possible for any organisation that invests in the growth of its human capital assets and the quality of its employees by developing an environment conducive to employee engagement. According to Macey and Schneider (2008), organisations should create environments that motivate employees to feel engaged in their job, and as a result, workers will actively seek out such conditions. However, the multifaceted implications of teamwork lead to collective work that influences organisational development, even though engaged workers are related to one another. Miller (2008) surveyed to assess employee engagement. In order to quantify employee engagement and its influence on organisational performance, a survey designed by the Gallup organisation was used to gather data from workers at a manufacturing organisation. Employee engagement was proven to be the primary driver of organisational success. The research found that organisations with high levels of employee engagement were more likely to retain talented employees, increase customer satisfaction, and boost organisational performance.

“Engagement was influenced by several variables including perceived hospital support, procedural justice, rewards and recognition, and self-efficacy” (Eisenberger *et al.*, 1986; Eisenberger *et al.*, 1990; Schaufeli *et al.*, 2002; Robinson *et al.*, 2004). This research aims to determine the drivers of employee engagement that can affect their commitments and whether engaged employees influence the banking sector's development in Karaikal.

## **1.2 Limitations of the Study**

This quantitative study was exploratory; therefore, its results should be interpreted cautiously. The study's design did not aim to create findings that account for or anticipate the behaviour of a broad range of individuals, as most experimental, hypothesis-testing studies do. It should be simple to create several targeted hypothesis-testing studies to validate and extend the theory developed here empirically. However, the inquiry produced an evident and precise Grounded Theory that can be applied to real-world situations. Insights from this kind of research would likely apply to broad populations.

Second, evaluating the potential impact of narrative-based thinking on participants' long-term thinking over a month or year was not feasible due to time and resource constraints. Longitudinal follow-ups over several months or more, along with narrative-based experiential learning strategies, might provide information on the presence and nature of implications in the context of future research.

## **METHODS AND MATERIALS**

### **2.1 RESEARCH AND SAMPLING DESIGN**

The exploratory research design is used to gather theoretical information about the research problem, develop objectives, and formulate hypotheses based on the review or related studies. The area of research is both private and public sector banks. There are 11 private and 13 public sector banks functioning in Karaikal town. A total of 255 employees worked in private and public sector banks. A researcher has adopted a convenient sampling method to select the sample respondents. The sample size of the study is 150. Each 75 sample respondents were chosen from both private and public sector banks.

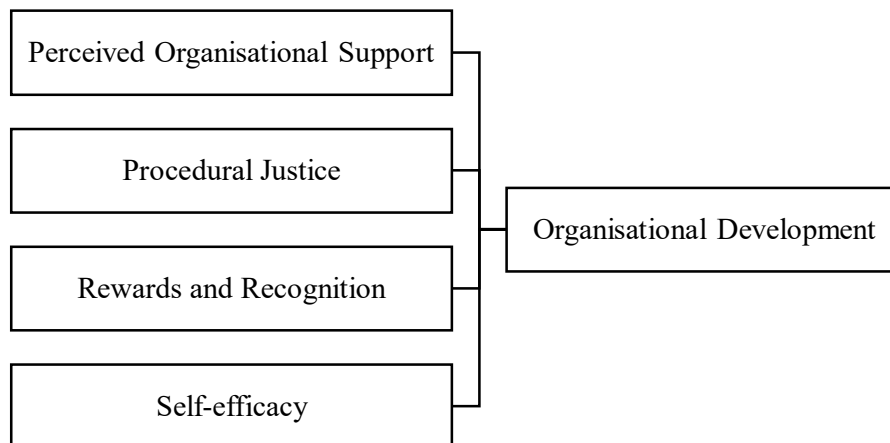
The survey questionnaire was used to gather data for this research; questionnaires like this often collect information using a Likert Scale, with 1 representing strongly agreeing and 5 representing strongly disagreeing. Respondents fill out the questionnaire on their own time with the help of a research assistant. Statistical Package for the Social Sciences was used to analyse the data compiled from the field (IBM SPSS V.23).

## 2.1 THEORETICAL FRAMEWORK OF THE STUDY

The theoretical framework of the study is illustrated in Figure 1. Four drivers of employee engagement have been taken for research.

**Figure 1**

*Theoretical Framework of Study*



The paper aims to examine “if there is a relationship between drivers of employee engagement and organisational development. The employee engagement indicators used in this study are perceived organisational support, procedural justice, rewards and recognition, and self-efficacy. The conceptual model also suggests that each employee engagement dimension could be related to the organisational development”.

## 2.2 OBJECTIVES OF THE STUDY

- To investigate the awareness of employee engagement among employees working in private and public sector banks.

- To compare the employees' opinions on employee engagement and organisational development in private and public sector banks.
- To identify the drivers of engagement influencing organisational development.

### 2.3 HYPOTHESIS OF THE STUDY

- **H<sub>01</sub>:** Opinion level of employees in private and public sector banks doesn't impact drivers of engagement.
- **H<sub>02</sub>:** There is no significant relationship between employee engagement and organisational development.

### RESULTS AND DISCUSSION

The demographic profile of the respondents in public and private sector banks is analysed based on gender, age, marital status, qualification, experience, and monthly income are presented in Table 1.

**Table 1**

*Demographic Profile of the Respondents*

Demographic Profile	Category	Private Sector (N = 75)		Public Sector (N = 75)	
		N	Percentage	N	Percentage
Gender	Male	47	62.67	36	48.00
	Female	28	37.33	39	52.00
Age	Below 30 years	34	45.33	28	37.33
	31 – 40 years	26	34.67	20	26.67
	41 – 50 years	11	14.67	16	21.33
	More than 51 years	4	5.33	11	14.67
Marital Status	Married	29	38.67	48	64.00
	Unmarried	46	61.33	27	36.00
Qualification	Under-graduate	56	74.67	69	92.00
	Post-graduate	19	25.33	6	8.00
Experience	Less than 2 years	24	32.00	27	36.00
	2 to 5 years	37	49.33	33	44.00
	More than 5 years	14	18.67	15	20.00
Monthly Income	Less than ₹30,000	33	44.00	7	9.33

₹30,001 to ₹40,000	24	32.00	37	49.33
₹40,001 to ₹50,000	15	20.00	21	28.00
More than ₹50,001	3	4.00	10	13.33

Source: Primary Data

Table 1 explores the demographic profile of the respondents in both the private and public sector banks in Nagapattinam Town. It was found that the majority (62.67%) of respondents were male in private sector banks, while 52.00% of respondents were female in public sector banks. Likely, a majority of 45.33% and 37.33% of respondents' age group is below 30 years in both private and public sector banks in Nagapattinam town. While 61.33% of unmarried respondents worked in private sector banks, 64.00% of married respondents worked in public sector banks. The literacy rate of the respondents shows higher (74.67% and 92.00%) for undergraduates in both private and public sector banks, respectively. Concerning experience, a majority of 49.33% and 44.00% of the respondents have 2 to 5 years of experience in the banking industry in both the private and public sectors. A majority (44.00%) of private sector employees earned less than ₹30,000 as their monthly income, while compared to the public sector employees, a majority (49.33%) earned ₹30,001 to ₹40,000 as their monthly income.

**Table 2**

*Comparison of the element of employee engagement between private and public sector bank*

	Private Sector Bank		Public Sector Bank		t-Value
	M	SD	M	SD	
<b>POS</b>	13.1333	4.99549	12.9467	5.09343	-0.227*
<b>PJ</b>	6.8000	2.78994	6.7333	2.81085	0.146*
<b>RR</b>	8.9333	2.62696	8.8267	2.76744	-0.242*
<b>SE</b>	14.8800	6.19058	14.8533	6.15936	0.026*
<b>OD</b>	9.3467	2.64316	9.1867	2.98507	-0.348*

Note: \* significant at 0.05 level / POS – Perceived Organisational Support, PJ – Procedural Justice, RR – Rewards and Recognition, SE – Self-efficacy, OD – Organisational Development.

**Perceived organisational support.** The t-value (*vide* Table 2) shows that there is a significant difference in employee engagement practices between private and public sector bank employees ( $t = -0.227, p > 0.05$ ). However, the mean value indicates that the mean is slightly higher in the case of private sector banks, *i.e.*, compared to the public sector bank, perceived organisational support seems to be higher in the private sector bank.

**Procedural justice.** The t-value (*vide* Table 2) shows that there is a significant difference in employee engagement practices between private and public sector bank employees ( $t = 0.146,$

$p > 0.05$ ). However, the mean value indicates that the mean is slightly more in the case of private sector banks, *i.e.*, while compared to the public sector bank, procedural justice seemed to be higher in the private sector bank.

**Rewards and recognition.** The t-value (*vide* Table 2) shows that there is a significant difference in employee engagement practices between private and public sector bank employees ( $t = -0.242, p > 0.05$ ). However, the mean value indicates that the mean is slightly higher in the case of private sector banks, *i.e.*, compared to the public sector bank, rewards and recognition seem to be higher in the private sector bank.

**Self-efficacy.** The t-value (*vide* Table 2) shows that there is a significant difference in employee engagement practices between private and public sector bank employees ( $t = 0.026, p > 0.05$ ). However, the mean value indicates that the mean is slightly higher in the case of private sector banks, *i.e.*, compared to the public sector bank, the self-efficacy of the employees seemed to be higher in the private sector bank.

**Organisational development.** The t-value (*vide* Table 2) shows that there is a significant difference in employee engagement practices between private and public sector bank employees ( $t = -0.348, p > 0.05$ ). However, the mean value indicates that the mean is slightly more in the case of private sector banks, *i.e.*, while compared to the public sector bank, organisational development seemed to be higher in the private sector bank.

**Table 3**

*Models fit for the impact of employee engagement on organisational development of private sector bank*

ANOVA <sup>a</sup>							
Model	Sum of squares	df	Mean Square	F	p-Value	R Square	Adjusted R Square
Regression	557.847	4	139.462	96.143	.000 <sup>b</sup>	.846	.837
1 Residual	101.540	70	1.451				
Total	659.387	74					

a. *Dependent Variable:* Organisational Development

b. *Predictors:* (Constant), POS, PJ, RR, SE

*Source:* Computed

Table 3 indicates that the variables of employee engagement significantly predicted organisational development,  $F(1, 74) = 96.143, p < 0.001$ , which indicated that the variables of employee engagement play a significant role in organisational development in private sector banks. Since the  $r^2$  for this equation was 0.846 depicts that the model explains 84.6% of the variance in organisational development was predictable from the variables of employee engagement.

**Table 4***Influencing employee engagement on organisational development of private sector bank*

<b>Coefficients<sup>a</sup></b>					
<b>Model</b>	<b>Unstandardised Coefficients</b>		<b>Standardised Coefficients</b>	<b>t</b>	<b>Sig.</b>
	<b>B</b>	<b>Std. Error</b>	<b>Beta</b>		
(Constant)	.603	.521		1.158	.251
POS	-.044	.050	-.075	-.875	.004
1 PJ	.521	.136	.487	3.828	.000
RR	.881	.075	.817	11.808	.000
SE	.146	.058	.302	2.494	.015

*a. Dependent Variable:* Organisational Development*Source:* Computed

Table 4 shows that procedural justice, rewards and recognition and self-efficacy have a direct and positive effect on organisational development, while perceived organisational support negatively influences organisational development in private sector bank. The regression equation for predicting the organisational development from the variables of employee engagement was:

$$\begin{aligned} \text{Organisational Development } (\hat{Y}) \\ = 0.603 - 0.044(POS) + 0.521(PJ) + 0.881(RR) + 0.146(SE) \end{aligned}$$

**Table 5***Models fit for the impact of employee engagement on organisational development of public sector bank*

<b>ANOVA<sup>a</sup></b>							
<b>Model</b>	<b>Sum of squares</b>	<b>df</b>	<b>Mean Square</b>	<b>F</b>	<b>p-Value</b>	<b>R Square</b>	<b>Adjusted R Square</b>
Regression	378.234	4	94.558	47.704	.000 <sup>b</sup>	.732	.716
1 Residual	138.753	70	1.982				
Total	516.987	74					

*a. Dependent Variable:* Organisational Development*b. Predictors:* (Constant), POS, PJ, RR, SE*Source:* Computed



Table 5 indicates that the variables of employee engagement significantly predicted organisational development,  $F(1, 74) = 47.704, p < 0.001$ , which indicated that the variables of employee engagement play a significant role in organisational development in public sector banks. Since the  $r^2$  for this equation was 0.732 depicts that the model explains 73.2% of the variance in organisational development was predictable from the variables of employee engagement.

**Table 6**

*Influencing employee engagement on organisational development of public sector bank*

Coefficients <sup>a</sup>					
Model	Unstandardised Coefficients		Standardised Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.816	.685		2.652	0.010
POS	-.023	.059	-.043	-0.383	0.003
1 PJ	-.565	.160	-.601	-3.528	0.001
RR	.738	.088	.734	8.371	0.000
SE	.173	.070	.403	2.489	0.015

a. *Dependent Variable:* Organisational Development

Source: Computed

Table 6 shows that rewards & recognition, and self-efficacy have a direct and positive effect on organisational development, while perceived organisational support and procedural justice negatively affect organisational development in the public sector bank. The regression equation for predicting the organisational development from the variables of employee engagement was:

$$\text{Organisational Development } (\hat{Y}) = 1.816 - 0.023(POS) - 0.565(PJ) + 0.738(RR) + 0.173(SE)$$

## CONCLUSION

This study has examined engagement drivers, *namely* perceived organisation support, procedural justice, rewards and recognition, and self-efficacy as potential factors of organisational development in a sample of employees working in private and public sector banks. While compared to the public sector bank, the awareness of employee engagement seems to be higher in private sector banks. The study revealed a strong relationship between employee engagement drivers and organisational development. These findings have an

important implication for both the public and private bank sectors to enhance their development, especially in connection with human resource development and the motivation of the employees.

Three employee engagement drivers in the private sector bank (procedural justice, rewards and recognition, and self-efficacy) were revealed to have positively explained organisational development. In contrast, only one employee engagement driver (perceived organisational support) insignificantly predicted organisational development in the private sector banks in Karaikal. But in the case of public sector banks, two employee engagement drivers (rewards and recognition, self-efficacy) were revealed to have positively explained organisational development. In contrast, two employee engagement drivers (perceived organisational support and procedural justice) insignificantly predicted organisational development in the public sector banks in Karaikal. The value of the  $r^2$  shows that the influence of employee engagement drivers on organisational development is higher in the private sector bank, compared to the public sector bank.

Specifically, employees engaged in their work can better assist the organisation to achieve its goals, from relating to its purpose to implementing its strategy into action to creating new opportunities for the organisation. As a result, employee engagement has to be an ongoing process that is constantly assessed, supported, measured, and validated. The consequences of this study are substantial for researchers and practitioners alike. More research is needed to increase management's awareness of the psychological attitudes that enable engagement, as well as the overall perception and status of the engagement variable.

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