

A Study on Employee Engagement through Employee Development in the Banking Sector of Pakistan: Case Study of a Private Bank- A Project of Abu Dhabi Business Consortium

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Abstract

This case study has been conducted to explore the significance of employee development and employee engagement in private banking sector in Pakistan. An investigative method has been opted to perform this study in order to scrutinize the effect that employee development has on the engagement of employees. This has been done selecting various branches and business units of a private sector bank as sampling units. A carefully designed questionnaire to particularly measure a number of relevant factors is provided to the employees. The factors include Self-Directed Learning, Empowerment, Employee Education, Participation and Skill Growth. Data has been collected from a sample size of 2128 employees. Analysis was done through the application of descriptive and rational statistic in SPSS version 23.0. Major findings state that employee development is associated with employee engagement through empowerment and participation. Hence, Employee Development is positively influencing engagement of employees in the given context.

Key Words: Employee Development, Employee Engagement, Employee Education, Career Progression

Introduction

Nowadays, economies are becoming amenities which lead to intense competition. Hence, it is the embryonic concern for servicing organizations such as banks to acquire novelty to serve, hoard and reserve the competitive advantage, and finally deliver it to the employees. Organizations of every single nature and origin, there is an immense competition is existing in market in terms of talent acquisition and talent retention. Therefore, employers realize to significance of employee engagement as a tool to reduce turnover and increase efficiency through actual human capital management. Engaged employees are aware of business perspective, and work in teams in order to enhance performance which eventually leads to the growth of the organization. To nurture engagement, a two-way

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relationship is required between employer and employee. It is a triad of commitment, incentives and goals-clarity. Workforce engagement is increasingly becoming a boardroom issue. One of the most significant parts of strategic management in organizations is to entice, hold and engage employees needed to carry out the company's strategy. It is considered as the most critical share of overall operative leadership.

Literature Review

Employee development refers to enhancement of knowledge, skills and abilities of employees. It is an ongoing effort of individual employee as well as of organization. For development of employee this is necessary that the goals and mission of employee synchronize with organizational mission and goals. Hence, employee development is important for the development of organization. Furthermore, human resource is important for the existence and survival of organizations along with other factors. It is a need of organizations to make its employees efficient in order to gain competitive advantage. In today's fluctuating environment, organizations spend huge amount to keep employee orchestrate with internal and external settings (Jehanzeb & Bashir, 2013).

Noe (2010) maintains employee development as a base to accomplish organizational mission and goals which are related to employee retention and managing talented teams. He elaborates development as formal education to employees, job experience, building relationships and success in performance appraisals. On the other side, Jacobs & Washington (2010) explain employee development as an integrated process of planned programs which are provided over a period of time to enhance the competencies of all employees and stretching them to work at their maximum level. They maintain that employees develop through training, educational programs, job rotation etc, focusing on capacity-building irrespective of current job or future job.

According to Garavan et al (2017), in the present age the environment is very dynamic and changing rapidly. Understanding and awareness about hidden capabilities of employee is important so they would deploy the resources at right time, right place and right way. Tseng & Mclean (2008) view employee development with no significance until there is drive for learning process would not be established in organization. Lemans & Duts (2013) describe three components three key components of employee development i.e employee-learning policies, actions and practices. Vinesh (2014) states that continuous learning and training leads the organization towards accomplishing their goals. According to Wentworth & Lombardi (2014), in this technologically dynamic environment, it is important to understand the requirement of current world. They suggest breaking the traditional models of learning and letting employees learn on their own pace.

Markos & Sridevi (2010) exhibit employee engagement as a two way process in which organization provides employee the opportunity to grow, encourage them to speak, motivate them to flourish and eventually develop a psychological bond with the organization. Employee engagement is directly proportional to the performance of organization, employee retention, productivity and profitability. Hence, its significance is eminent and its link with employee development has been established through the literature.

White (2017) states that employee-engagement tend to develop a mutual relationship between employee and organization which is beneficial to both. It aligns the needs of organization and expectations of employees. Best organization keeps their employee engage. The report establishes that employees perform at higher level when organization keeps them engaged. Deloitte (2017) describes that extensive development opportunities reduces turnover rate. The research establishes a correlation between employee retention and employee engagement. Irresistible place to work enhance the performance of individuals as well as organizations. The study maintains two dimensions of engage path: growth opportunity and meaningful work; which identify the professional development, continuous learning and career progression. LandO'Lakes (2017) conducts a survey on employee engagement. The survey focuses individuals and organizations. The outcomes maintain ways to keep employees engage in the organization while contributing to achieve organizational goals. One of the key method, the study establishes is employee development. . Smith & Markwick (2009) designate certain factors inevitable to establish employee engagement for example excellent line management, effective communication, active team work, attention on employee growth, pledge to employees, extrinsic HR policies etc.

Research Question

Is there any impact of employee development on employee engagement; furthermore, how employee engagement is connected with employee development?

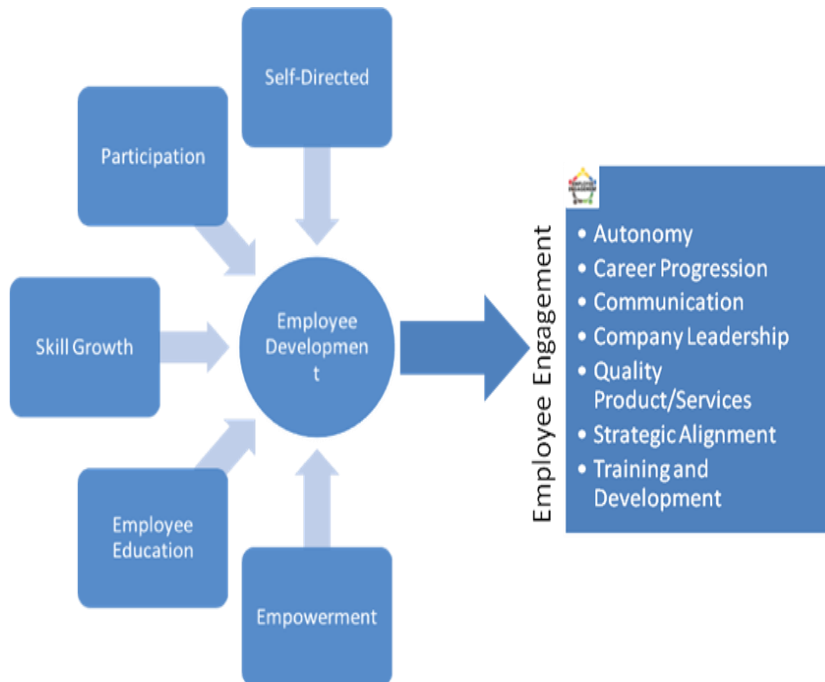
Scope and Limitations

The study assesses the practice of Employee Development and its role in engaging employees of banking sector. Therefore, it is confined that the principles and practices this study advocates shall be only appropriate to the banking sector. Moreover, since the data has been collected from a specific geographical location, hence results may vary in case the study would be conducted at varied geographical locations.

Significance of the Study

The research identifies and criticizes the structure of employee development system and its practice to evolve engagement among its employees. It tends to help the top management in the industry to determine the areas that need to be improved and refer to adequate measures as a mean to achieve higher employee engagement through employee development.

Research Model



(Jacobs & Washington, 2010; Markos & Sridevi, 2010; Deloitte, 2017; Jehanzeb & Bashir, 2013; Gallup Survey Report, 2017)

Research Methodology

This section state and explain the research design, sources of data collection and method of data analysis.

Research Design

In this study, exploratory survey method is adopted. The survey style involves grinding a sample of elements picked up from the study population in order to collect primary data.

The method is considered suitable because of the support and interest of the top authorities in the sector. Hence, the data addresses the research questions. It consists of management and staff of Banks

The sample size has been determined by considering the rule of thumb of as 10% of the sample population. Therefore the sample size is 2128.

Data Collection Instruments

A carefully designed questionnaire is the key data collection tool which is comprised on 30 Likert Scale type questions. The initial part of the questionnaire discourses the demographic variables the respondents like age, race, gender, educational qualification and current professional. The data received is analyzed by the use of computer software (SPSS 23), since many errors have been reported with manual method of data analysis. The analysis is based on descriptive statistic using percentage in order to express and analyze the data. The responses-percentage, given to each question, has been calculated which formulate the basis to analyze the questionnaire.

Table 1:

| Demographic Variables | Frequency | % |
|------------------------------|------------------|----------|
| Age | | |
| 30-39 | 787 | 37% |
| 40-49 | 937 | 44% |
| 50-59 | 404 | 19% |
| Gender | | |
| Male | 1596 | 75% |
| Female | 532 | 25% |
| Staff Categories | | |
| Management | 128 | 6% |
| Supervisor | 1043 | 49% |
| Senior | 957 | 45% |

Frequency and percentage of demographic variables of the participants (N=2128) the demographic facts of the respondents are summarized in Table 1 as shown; most of the respondents answering the questionnaire are male respondents. Near half of the respondents are within the ages of 40-49 years and 30-39 years respectively. As for their education level, 55% respondents are post graduate and 45% are graduate degree holders. In terms of job function within the company, 49% are on supervisory role and 45% are seniors (more than 3 years of job experience in the same bank) and the remaining 6% are managerial roles.

Table 2: Relationship between Skill growth, Participation, Empowerment, Employee education and Self-directed learning, Employee Engagement. (N=6)

| Variables | 1 | 2 | 3 | 4 | 5 | 6 |
|------------------------|-------|---------|---------|---------|--------|---------|
| Skill Growth | - | .015** | .009*** | .359** | .513** | .000 |
| Participation | - | - | .012** | .024* | .284** | .010*** |
| Empowerment | - | - | - | .065 | .050 | .281** |
| Employee education | - | - | - | - | .484** | .012*** |
| Self-directed learning | - | - | - | - | - | .022* |
| Employee Engagement | .023* | .010*** | .281** | .012*** | .022* | |

P<0.01 (2-tailed), p<0.05 (2tailed).

Table 2.1 indicated the significant positive relationship between Employee engagement, Skill Growth, Participation, Empowerment, Employee education and Self-directed learning. There is also a significant relationship between Skill Growth and Empowerment.

The results have shown that growth in skills improves the confidence of the employee to perform the assigned job activities in more controlled and way of ease at workplace, which eventually improve the factor of engagement. The

research findings further revealed the fact that participation in the course of decision process is the key factor to transform employee being engaged with the organization. Furthermore, it is revealed that more the bank employees are empowered by the organization; more they are engaged in result. The research further reveals that employee education and Self-directed learning are the significant predictors for the Employee engagement since they lead to employee competence and effectiveness, and also proliferate employees' market value in qualified terms.

Table 3: Hierarchical Regression Analysis of Employee Engagement

| | SEB | B | T | P |
|--------------------------------------|-----|-------|-------|---------|
| Step 1 (R2=0.90, ΔR2=0.71) | | | | |
| Educational Qualification | .40 | -.03 | -2.2 | .02 |
| Gender | .20 | -.015 | -.25 | .79 |
| Age | .10 | .04 | -.37 | .90 |
| Step 2 (R2=.580, ΔR2.56) | | | | |
| Skill Growth | .10 | .71 | .65 | .45 |
| Participation | .23 | .05 | 11.89 | .000*** |
| Step 3 (R2=.59, ΔR2=.64) | | | | |
| Empowerment | .10 | .02 | .15 | .87 |
| Employee Education | .07 | .36 | 1.54 | .12 |
| Self-directed learning | .35 | .45 | .97 | .25 |

The regression analysis conducted to indicate the predictive factors of Employment Engagement. The results indicate that three step model is the best fit model to indicate the predictors.

In step 1, experience is the predictor of the employment engagement. It means that the employees with greater experience are more engaged. In step 2 growth opportunity is the highly significant predictor of the employ engagement. It means that the bank employees need more participation in business decision making and to be part of management, they desire autonomy, eventually helpful in their career progression; resultantly evolve engagement among employees. In step 3, the R Square with the value 0.59 has reflected the moderate Fitness of Good for

the tested model, and that, Empowerment, Employee education are surfaced as the significant predictors of employee engagement.

Conclusion

- Employee development through self-directed learning, participation, empowerment, employee education and skill development clearly play a significant role in employee engagement. The study shows a clear link between the employee development and engagement as evident through Gallup Study on engagement as well.
- Employee development is one of the most critical features in cultivating employee engagement. It has been observed that when people receive relevant and valuable learning and education, they are usually happier in their jobs. When the learning is carried to the next level, employees feel more cherished by their employers. They participate well and get ready to avail more opportunities to develop new skills in future.
- Apart from other factors might exist in organizations, which lead to make employee retention a big challenge, employee development programs can still make a positive difference. They tend to provide intrinsic motivation to employee by making them feel as they are contributing to the organizational success.
- Learning organizations offer employee development programs and enjoys the luxury of higher employee engagement. Although it is an investment, it is worthwhile for the returns.
- In the current study, it has been observed that the employees are engaged and are satisfied with the employee development opportunities offered by the bank and they are intended to go an extra mile. It can be safely concluded that through employee development initiatives employees may be more likely to commit to staying with their current organization, as they feel that training and development as a whole is significant to value them.

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