

Relevance of Staff Engagement & Leadership towards Organizational Development: In the Context of Indian Banking Industry

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Abstract: The concept associated to employee commitment at work has played significant role in employee performance and managerial management theme, The researcher herewith aims to discover the influence of employee engagement in banking industry with more insistence of Indian Banking industry. It focuses on to examine the role of integrity, trust and ethical leadership towards employee engagement to improve the organizational performance in Indian banks; and to understand how employee engagement affects banking employees at their workplace. The new concept or model in applying the integrity, trust and ethical leadership values with elements of reward in generating new attractive and flexible working environment. The scholar implications are towards literature reviews and theoretical concept, which has further implications for employment career enhancement and towards achieving the goals by year 2050. The contribution of the study provides priceless insights and involvement of banking environment in Indian context, aspect of impact on employee engagement, integrity, trust and ethical leadership and an understanding of how employee engagement affects employees in actual situation.

Keywords: Employee engagement, integrity, trust, ethical leaderships, work engagement, workplace.

INTRODUCTION

India occupies the leading position of the developing economies in Asia as per the report of Focus Economics, 2017. The PMI Purchasing Manager's Index attained highest level in the year 2017. After it got independence in 1947, India underwent tremendous economic improvements by diversification and policy changes. Agriculture being the traditional occupation of its people, the economic transformations required large capital inducement, along with new technology to attain the targets. The government of India struggled hard to adopt the appropriate policy changes and to implement them. The economic instability, and the business environment's uncertainty, made the organizations to insist on modern management theories to convince and satisfy the employee's need. To fit and survive in global competitions, several administrative changes were enforced. Banks and financial institutions played a major role in the economic transformations. Human Resource Management took a major turn to convince the employees urge and satisfy their needs to maintain a good working climate. Many employment training programs were introduced at all levels to induce awareness and understand the current market conditions for better effective performance. Research articles were published and the employees were trained to accommodate to accept the modern changes to thrive. (Schaufeli, et.al, 2002). The Indian banks and the financial institutions played a major role in the above heads.

In India banking is a vital service sector. Banking experienced an enormous growth. The economic policy changes and business expansions attributed to the need of modern banking technology. Digitalisation, proper communication system, advanced technologies, International banking concepts contributed to important policy changes in banking environment. The attitude change in employee's mood to be very customer friendly became necessary for the survival of the brand loyalty. India has occupied a place in the best developing economies in the world.

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This research paper is to recognise the gaps in the engagement models of the employees in banking sectors. Based on this research, a conceptual model is projected to make an attractive approach towards the employee engagement.

BACKGROUND OF RESEARCH

Dedication is the ability of the employee to put forth his or her maximum commitment to the job or work so as to continue for a meaningful, purposeful and challenging and also inspiring. Involvement is the employee's full dedication in the work or job, without any hesitation in mind during any obstacles or difficult times (Schaufeli et al., 2002). Employee engagement can be defined as a positive, satisfying and working mentality characterized by dedication, vigour, and involvement (Schaufeli, Salanova, & González-Romá V., 2002).

Researchers like Andrea Weinfurt in 2017 proved that huge amount worth of 11 billion US Dollars are lost annually due to employee switchover. But by proper training program of employee engagement, there is a sharp increase of 5 % in productivity. Hence employee engagement programs have to be properly adopted and implemented. The CEO Gordon Tregold who has successfully delivered numerous courses in Fortune companies says that " if the employees have not received any kind of recognition from the management, 66 % of employees are likely to move out, if they get any other opportunities". Hence it is proved that to keep the employee retention rate, recognition and rewarding are the most important factors. Purcell clearly explains "employee engagement is the mixture of behaviour and attitude. The behaviour is by rewarding and attitude is by commitment"(Purcell, 2010).

Indian Banking Sector

Banking is a core industry and financial transactions are done apart from various government sponsored activities. Banking industry supports and helps numerous individuals and organisations for better economic developments. With the trust based relationships along with proper guidelines, the banking industry has become a part and parcel of the common people. The economical changes and industrial developments and rising incomes required banking services. Hence the growth in the banking sector was enormous and banking services was inevitable. The demographics in current scenario and prevailing lifestyle financial planning have gained momentum. Investments, cash flow and other financial parameters are properly evaluated by the trained scholars.

The Indian banking system has reached to all the rural mass people. The innovative digitalisation has changed the entire scenario. Advanced technology, easier operations, prompt communications, user friendly technologies were now available to public who lives in remote corner of a village. To cope up with private sector banks and foreign banks, the whole industry is revolutionised. The employees act more customers friendly and maintain good relationships and trust with them.

The evolution in banking industry paved the way for an erratic change and adopting innovative modern practices, from traditional methods. In the current competitive situation, banks should change their attitudes and differentiate themselves from counterparts. The major tasks that banks should perform are

- a) to act according to the customer needs as a trust centre
- b) to be user friendly and easy access and gain customers trust and engagement
- c) to give enhanced services and gain customer's confidence
- d) to adopt latest innovative technology and improve infrastructures
- e) to provide prompt services vide engaged and skilled employees

The current trend in banking sectors in India is strongly favourable. It provides employment to both genders. Nowadays female employees are given equal opportunities. Banks are bringing about modifications in HR policies to retain and expand its workers base. It offers an opportunity to its employees in a better way and professionally.

Employee Engagement and Leadership

Integrity can be defined as "faith among workers that the firm would believe their value and adopt the behavioural customs and thus resulting in trust and a feeling of integrity" (MacLeod & Clarke, 2009). Trust and integrity are the two most important factors, if nurtured positively and followed and adopted properly will add to human capital. It adds great value to attain and achieve the mission of the

organisation. The senior level executives of the corporate now clearly understand that employee's engagement is necessary for the success of the organisation.

Trust and ethical relationships among leaders and subordinates will always deliver positive results and employee engagement. Working as a team in many organisations, trust between employees has a relevant success rate and this concept is widely accepted. Since decision making has become autonomous and a responsibility of an employee, trust between the executives and subordinates is necessary and a must (Burke, Sims, Lazzara and Salas, 2007). Eisenbeib and Giessber in 2012 noted that trust played a vital role in adding organisational effectiveness. Employees welfare has also become a serious topic and gained importance (Colquitt, Scott and Lepine, 2007).

For example, in South Asian countries, mutual trust is the main factor in the determination of organisational success (Engelbrecht and Cloete, 2000). Thus both the researchers and the employers are interested in discovering the important function of trust and relationship among organisational members. They are also interested to improve it further and how it can be applied effectively. They also explore the factors influencing the trust and relationship among leaders and subordinates (Burke et al., 2007).

Organizational Commitment

Since the economic recession, keen interest is shown in employee engagement as a crucial performance issue, for the improved progress of the organisation (Andrew & Sofian, 2012). So many researchers like Simpson in 2009 and Andrew in 2012 so far supported the associations between the performance of the organisation and the employee engagement. Majority of the employers and executives have accepted that employee engagement as their top priorities in personnel management because of the truth that its impact on the overall organisational performance and success (Aon Hewitt, 2014). Aon Hewitt noticed that organisations with clear strategies on employee appointments, objectives and steps taken by senior leaders, make proper sufficient allocations for employee appointments. Such organisations which make sufficient investment on employee appointments proved to maintain and strengthened the employee's talent and skills that benefitted both the long and short term success of the organisation. It was also indicated and proved that employee engagement induced organisation's growth and success. Organisations with good ranking of employee engagement have greater resistance and flexibility during stubborn and critical economic situations. They yielded better results, higher productivity and profit when compared to those with lower rating of employee engagement (Aon Hewitt, 2014).

Researches by Federman in 2010, Sinha and Trivedi in 2014 have proved that the employee engagement done both internationally and domestically supports the idea that it has a positive impact on the total performance of the business. Gallup during 2013 explained clearly that wide researches have informed that engagement is linked strongly with the results essential for the organisational financial success. Higher production, better profitability and improved customer satisfaction are influenced strongly by proper employee engagement (Purcell 2010).

Ethical Leadership at Work Place

Engelbrecht and Chamberlain in 2005 explained that ethical leadership can be defined as the leader's ability to influence the followers ethically (Engelbrecht and Chamberlain, 2005). The trust shown by the subordinates to their leaders could be influenced by the ethical leaders (Eisenbei and Giessber, 2012). It is therefore very important to think about ethical values to adopt the ethical leadership patterns. Palanski and Yammarino in 2011 clarifies that integrity is a ethical value necessary for trust and ethical leadership. Fields in 2007 says that integrity symbolises with obedience to moral principles enhances the ethical values and hence can act as a fuel to ethical leadership. Eisenbei and Giessber together proved that ethical leadership believes on ethical behaviour in the working environment and this contributes effective communication and interaction among leaders and their subordinates thus making it a vital feature (Eisenbei and Giessber, 2012).

Brown and Trevino confirm that ethical leaders should be honest and trustworthy and it is essential to maintain good relationships with their subordinates for a healthy and positive influence for a better output (Brown and Trevino 2006). According to Mesut in 2017, ethical leaders influence the workers to work effectively. The organisation performance will be better and positively relates to employee behaviour and ethical culture of the organisation. Furthermore ethical leadership impacts largely on numerous organisational capacities. The charisma of leader influences the subordinates to work more promptly and deliver the desired results. It impacts the work engagement. It also prompts to work effectively and properly for organisation's growth and success. It impacts positively on organisational effectiveness by job fulfilment, subordinate's performance and adequate administrative capacity

Eisenbeib and Giessber, 2012). Because ethical leadership lubricates the relationships in the firm or organisation, it is prone to impact the employee work engagement. Suhonen et al. 2011 discovered that the employees understanding the feeling of attachment in the working environment enhances the value of ethics and teamwork and hence increases productivity. characters of spiritualism influences and emphasizes the employees to a great extent.

Ethical Issue in India Context

After independence, countries in Asia mainly India thrives hard to make the nation best economically, technologically, and in all possible ways. All concerned was planning for national development. National development in broad sense means unity, improvement both qualitative and quantitative nature and increased living standards of its people. Apart from this enhancement in Human development Index is also given top priority. In spite of political and cultural diversity, India enforced numerous economic measures along with various development policies to facilitate the overall growth. The drawbacks in development by various conflicts like economic variations, corruptions, political gains, poor infrastructural facilities, mismanagement, and poor governance.

. The observations clarified that employee engagement is enhanced by proper ethical leadership, job satisfaction, job assurance and guarantee, proper two way communication by the employer and the employees and delegation of authority. The outcomes are measured and proved to be positive and yielded targeted results and growth. It also further improved Human Resource practices.

RESEARCH OBJECTIVES

The aim of this research was to observe and find the impact of integrity, ethical leader's behaviour on workers engagement, and trust by utilising the mixed mode research type. This research also scrutinised how the ethical leadership qualities influences employee trust, working integrity and engagement. The leadership characters are calculated by Leadership Quality Questionnaire and employee engagement were calculated by the Utrecht Work Engagement Scale (Schaufeli & Bakker, 2010) used in quantitative survey.

During the initial stage, quantitative research questions were raised and hypotheses were arrived by enquiring the relationships of dependent and independent variables with the Allahabad Bank employees in New Delhi India. With the help of qualitative interview with the employees at the work site (Bank), the core phenomenon of employee engagement was surveyed and discovered. To conclude the aim of this research is to find the influence of ethical leadership and integrity on employee engagement and trust. (1) Quantitative objective and (2) qualitative objective, the both main research objectives were researched by mixed mode method.

Objectives for Quantitative Research

- (1) To identify whether ethical leadership positively helps integrity of employees in Indian Banks?
- (2) To discover whether trust plays considerable part in ethical leadership in business environment?
- (3) To understand the association between work engagement and trust in employees of banking sectors in India.
- (4) To evaluate how integrity able to impact the trust of employees working in Indian Banks?
- (5) To realize whether employees working in Indian Banks are conscious that trust

Objectives for Qualitative Research

- (1) To recognize if ethical leadership is considered as vital in banking industry when compared to other sectors? If so explain why?
- (2) To examine why ethical leadership is preferred as an important feature in organization's productivity?
- (3) To find if ethical leadership is believed to be the role model for workers engagement in banking industry in India? If so explain why?

RESEARCH QUESTIONS

Research Questions for Quantitative Research

1. How ethical leadership assist the integrity of workers in Indian Banks?
2. How trust plays a relevant part in ethical leadership in the business atmosphere?

3. What and how could be the relationship among work engagement and trust of the employees in Indian banks?
4. How integrity will impact the trust of Indian Bank employees?
5. Are the Indian Bank employees understood that trust is most vital in work engagement?

Research Questions for Qualitative Research

- (1) To find if it is true that ethical leadership is vital to banking industry when compared to other sectors?
- (2) Why ethical leadership is considered as vital factor in organization's productivity?
- (3) How ethical leadership turns into role model for employee engagement in Banks in India?

RATIONALE FOR THE STUDY

This research is based on four important features like most research observations emphasis but with few different aspects. This study is related to banking sector. As explained earlier, the banking being a service provider, few parts of rationale may be slightly different. Major important three dimensions are covered; theoretical, methodological and practical along with banking significances with reference to Indian context.

Theoretical Significance

There is a lack of research combining Leaderships, Human Resources and Organizational behavior theories and the outcomes are little bit of negative nature. Unethical leadership, heavy pressure in the working environment and misbehavior of the management can be cited as examples of these negative outcomes. Only a very little attention was induced to explore and construct positive behavior of employees in the working atmosphere, which causes employee engagement and attachment to the organization (Schaufeli & Bakker 2010). To recognize and asses the relations among ethical leadership, integrity and trust with employee engagement and leaderships, research and surveys were carried out. The observations understood from this research established the significant values through mixed mode method.

This research study and the observations seal the gap on the ethical resources of the organization leadership, organizational behavior and human resources theories with business improvement. The ethical assets are to understand the power and strength of the leaders, integrity, trust, and employee engagement; why and how ethical leadership is significant to executives, managers, officers and Human Resource professionals for effective performance. Repeating the comments advocated by Seligman and Csikszentmihalyi in 2010, from psychology school of thought, employee engagement requires getting additional exploration and to understand and appreciate the real situation in the working atmosphere in different scenario of an organization. Dadhich, A., & Bhal, K.T. during 2008 researched and reported crimped associations among employee engagement and leadership.

This illustrated linear relationship results in the organization (Dadhich, A., & Bhal, K.T 2008). Thus this research study provides organization behavior, leadership and human resources theories. It also attempts to acknowledge the restrictions of roll model of engagement and moral values.

Methodological Significance

While evaluating the research on employee engagement, ethical leaders and trust, all of them were carried out from quantitative diagnosis by taking into account of facts and figures that impacts or qualitative analysis that look into actual observation of the individuals.

The major outcome of this research is by mixed mode methodology. The quantitative analysis is relevant in providing numerous numerical data and qualitative analysis pressurizes to recognize the root causes of the issues. The quantitative study derived by formulating various hypotheses which is related to the issues and problems of this research and aiming to find the remedial actions and confirmations.

Kihyun Lee, (2016). states that to develop good quality leader - subordinate relationships, it needs integrity and trust. Typical leaders are true in nature to themselves and organizations. Their activities are transparent and open to their followers. This paves the path for mutual trust and willing to cope up with proper two way communications. The discipline practiced by the leaders offer the basic quality to be followed by the subordinates. It provided basic data's to other scholars who researched into the field of employee engagement, leadership, industrial or organizational, human resources and psychology (Kihyun Lee, 2016).

The contribution of this research is the qualitative attitude to understand the employee engagement phenomenon and ethical leadership's right role model.

Practical Significance

This research's aim was to assist the Allahabad Bank's management in India to find out and evaluate if the ethical leadership and integrity impacts the trust among employees and work engagement. In addition to it, the research was to devise a plan to enhance the overall performance of the employees. The research will also provide the features of importance of integrity on ethical leadership. The study will also discuss the associations between trust and employee engagement. This research will be a basis for further research and could be used a reference in future studies. The impacts will help the organizational executives and leaders to catch up the real values of employee engagement. The achievement of this research will in addition contribute to the enhancement in leadership training curriculum and also will improve the employee assertion on promotion endorsements.

Tzafrir R Dolan in 2004 declared that trust is fulfilled when the exchanges and interactions among the leaders and subordinates is consistent and smooth and as expected. The basic quality of trust is that the individuals should always admire and respect their leaders. Positive organizational policies should be accepted with trust by the employees without any exceptions. Apart from these integrity and trust is the behavior that binds and strengthen the interpersonal associations between the managers and employees. This will improve the employment relations with their superiors (George, B. 2003).

CONCEPTUAL FRAMEWORK

Conceptual framework is defined as a vital means to examine various variations and perceptions in the context. It can be also exercised to compare the conceptual dissimilarities and new ideas to correlate them. Concrete frameworks are created for the reason of easy implementation and easy application. In the cited research and study, the conceptual framework contributes an important and relevant role. The variables were clearly mentioned in research title. The study and research was done to find its effect and impact on all independent variables along with dependent variables. Trust, ethical leadership and integrity were the independent variables while the employee engagement is the dependent variable. Employee engagement in Indian Banking sector means the rate of productivity.

This is well portrayed in Figure 1.1

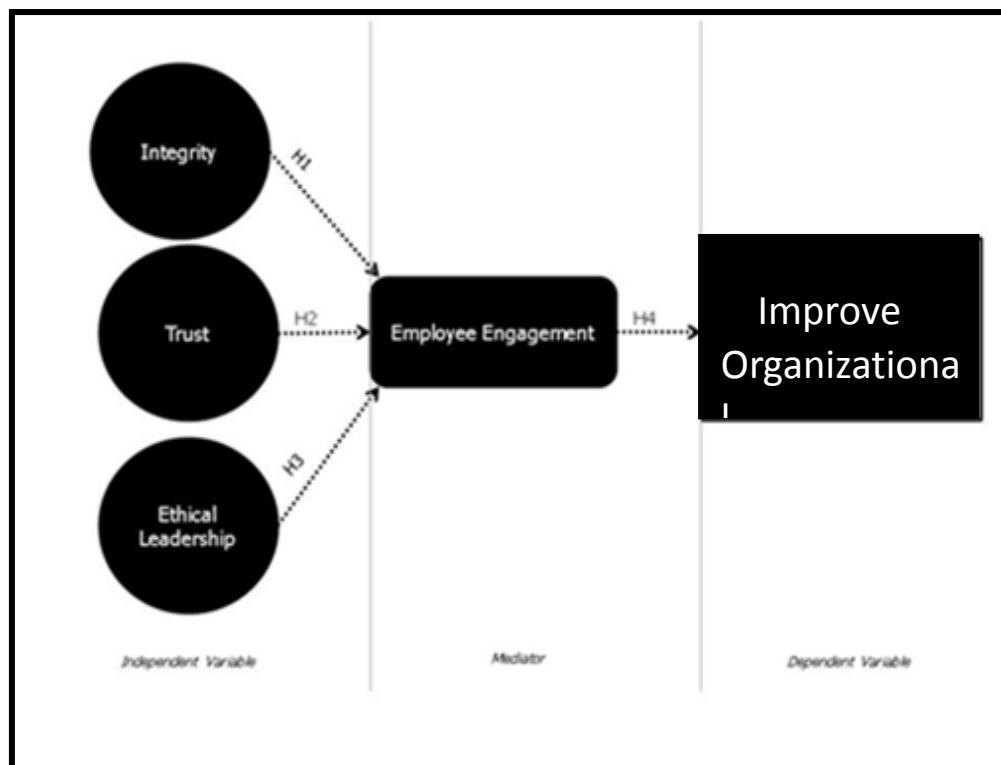


Figure 6.1: Conceptual Framework of Research

CONCLUSION

This descriptive research relays the information of the methodological clearness for the investigation that included data concerning the populace, methodology, sample design, method of collecting the samples, research design, questionnaires, information accumulation and evaluation, impediments, and moral contemplations. Future researchers may furnish further indepth data about the information examination process and the outputs of their investigation.

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