

Understanding the Role of Indian Banks – In Perspective to Staff Engagement & Leadership

Dr. Valliappan Raju, Dr. Amiya Bhaumik

Received 14 September 2018 ▪ Revised 23 October 2018 ▪ Accepted 24 November 2018

Abstract: The uncertainty of business environment and the economic instability requires most organization to adapt and accommodate the different needs of the employees or workforces. In order to survive in the global market several attempts had been addressed such as redesigned the workforce downsizing and others. Additionally, new approaches to human resource management are to be anticipated in term of employee engagement program rather than focusing on sinking the costs and abundant articles have been published that call for a more positive approach engaging employees but lack of academic evident of research (Hallberg & Schaufeli 2006; Demerouti et al. 2001a; Saks & Gruman 2011). Indian bank's employee engagement is taken into consideration as primary factor to improvise the organizational performance.

Keywords: Business environment, economic instability.

INTRODUCTION

The uncertainty of business environment and the economic instability requires most organization to adapt and accommodate the different needs of the employees or workforces. In order to survive in the global market several attempts had been addressed such as redesigned the workforce downsizing and others. Additionally, new approaches to human resource management are to be anticipated in term of employee engagement program rather than focusing on sinking the costs and abundant articles have been published that call for a more positive approach engaging employees but lack of academic evident of research (Hallberg & Schaufeli 2006; Demerouti et al. 2001a; Saks & Gruman 2011). Indian bank's employee engagement is taken into consideration as primary factor to improvise the organizational performance.

EMPLOYEE ENGAGEMENT

The importance of employee engagement for organisational success is now being realised by most employers as the corporate workplace cultural needs in aligning into organization's mission. The concept of employee engagement was first developed by Kahn (1990) in his ethnographic work on summer camp employees and also employees at an architecture firm. Academic scholars and practitioners hold recognized that the degree of employee engagement is surprisingly correlated with organizational resolution outcomes, which includes greater productiveness (Anitha, 2014; Gallup, 2006) and increased in profitability (Macey, Schneider, Barbera, & Young, 2009). Many organization inventing in lots of programs related to employee engagement but does its worth investing? Research shows many organizations become conscious if they don't invest in it will financially infected for example: \$11B is lost annually due to employee turnover (Andrea Weinfurt, 2017). On the other hand, it wills 5% increase in employee sales. Therefore, employee engagement has to be defining objectively. The emergence of the concept related to employee Engagement at work has plays important role in employee performance and managerial management theme, though, the meaning and dimension of engagement at work, and more specifically, in banking sector, is inadequately understood.

EMPIRICAL LITERATURE – EXISTENCE OF KNOWLEDGE GAP

Literature exists on employee engagement. However, there is limited study regarding the relationships among employee engagement, integrity, ethical leadership and trust in the banking section, especially at India. Ethical Leadership issues exist between leaders and employees in most organizations

(Martiz, 2011). The fact that various researches have been led on fields of generalization (Lieberson and O'Connor (1972), a constrained finding of research also leads to benefits on employee engagement. However, integrity and trust has been view separately either in qualitative or quantitative survey as in mid mode research data (Avey, Hughes, Norman, and Luthans, 2007; Harms, Spain, and Hannah, 2011). Therefore, further investigations could improve towards HR practices.

RESEARCH PROBLEM

Employee engagement is one of the research variables to identify its degree of role in bank's performance. Though it is argued that external customers has dominance over internal customer in organization productivity, one needs to understand without internal customer there is a vacuum to serve external customers.

Employee engagement has become unstructured during past two decades in Indian Banking sector according to national dailies in India (The Time, Jan 2016 edition) and most organizations are figuring out how employees can be engaged for sustainability in organization. Unless until employee becomes as strong work force, there cannot be yielding of performance.

Most banks system is facing the reformation were a numeral of risks factors has to be taken into concern specifically in India.

In the real word of working, dealing with employee struggle to transform underneath the new reality and high employee turnover with associated loss of key talents create significant challenges in understanding how this reformation could be managed to achieve the objectives of the reforms' (Okafor, 2013, p. 127). One study by Okafor (2013) suggests a substantial amount of the risks concerned in achieving the goal of bank reform that indirectly impact on human resource management. Issues of employee engagement, trust, integrity that might affects worker's welfare when merger and acquisition take place in the banking environment.

RESEARCH OBJECTIVES

Quantitative Research - Objectives

1. To detect whether ethical leadership can help towards integrity of employees in Indian Banks?
2. To identify whether trust plays a significant role in ethical leadership in any business environment?
3. To comprehend the correlation between trust and work engagement for Indian Bank's employees?
4. To analyse how integrity can affect the trust of employees in Indian Banks?
5. To understand whether employees of Indian Banks are aware that trust is important in work engagement?

Qualitative Research - Objectives

1. To understand whether ethical leadership is considered as important in banking sector compared to other sectors? If so, why?
2. To observe why ethical leadership is preferred as prominent factor in organization's productivity?
3. To identify whether ethical leadership is assumed as role model for employee engagement in Indian Banks? If so, why?

THEORETICAL SIGNIFICANCE

The lack of research on combination human resource, leadership and organization behavior theories has been mainly on negative outcomes (e.g., pressure at work place and unethical leadership, behavioral of individual management) and little attention has been paid to exploring and building positive employee behavior at workplace that make the engaging and attach to an organization (Schaufeli & Bakker 2004). Lessons learnt from this study – established the critical values, thru mixed mode research method where surveys are carried out, in order to understand and evaluates the correlations between integrity, ethical leadership, trust in leaderships and employee engagement. The study fills a search for gap on human resource, leadership and organization behavior leadership theories within business improvement and ethical assets of organizations.

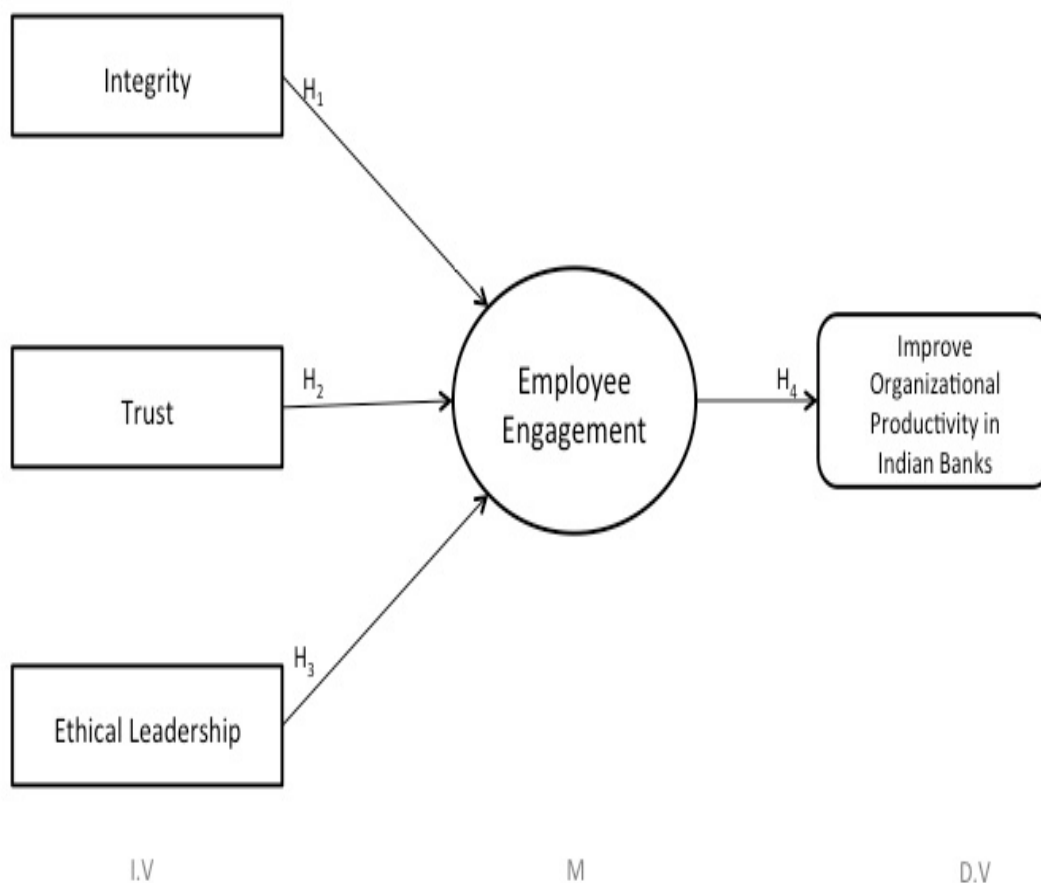
Understanding the strength and direction of ethical leaders, trust, integrity and employee engagement; and how and why ethical leadership is important to organizational leaders, managers, and human resources and professionals for best practices. Borrowing from the psychology school of thought that had been advocated by Seligman and Csikszentmihalyi (2000), employee engagement need to seek further investigation and understanding the real phenomenon that flourish at work with different setting of an organization.

CONCEPTUAL FRAMEWORK

Conceptual framework can be described as a tool to analyze with numerous variations in contexts. It can be used to make conceptual dissimilarities and to raise ideas. Solid frameworks tend to capture realities for the purpose of easy application or implementation. In this study Conceptual Framework plays a significant part.

The variables are mentioned in the research title explicitly. The research was conducted to identify its impact and effect on all the independent variable towards dependent variables. The Independent variables are integrity, trust and ethical leadership in the banking sector at India whereas the dependent variable is Employee Engagement i.e. the productivity degree of an employee in Indian banks.

Conceptual Framework



LITERATURE REVIEW

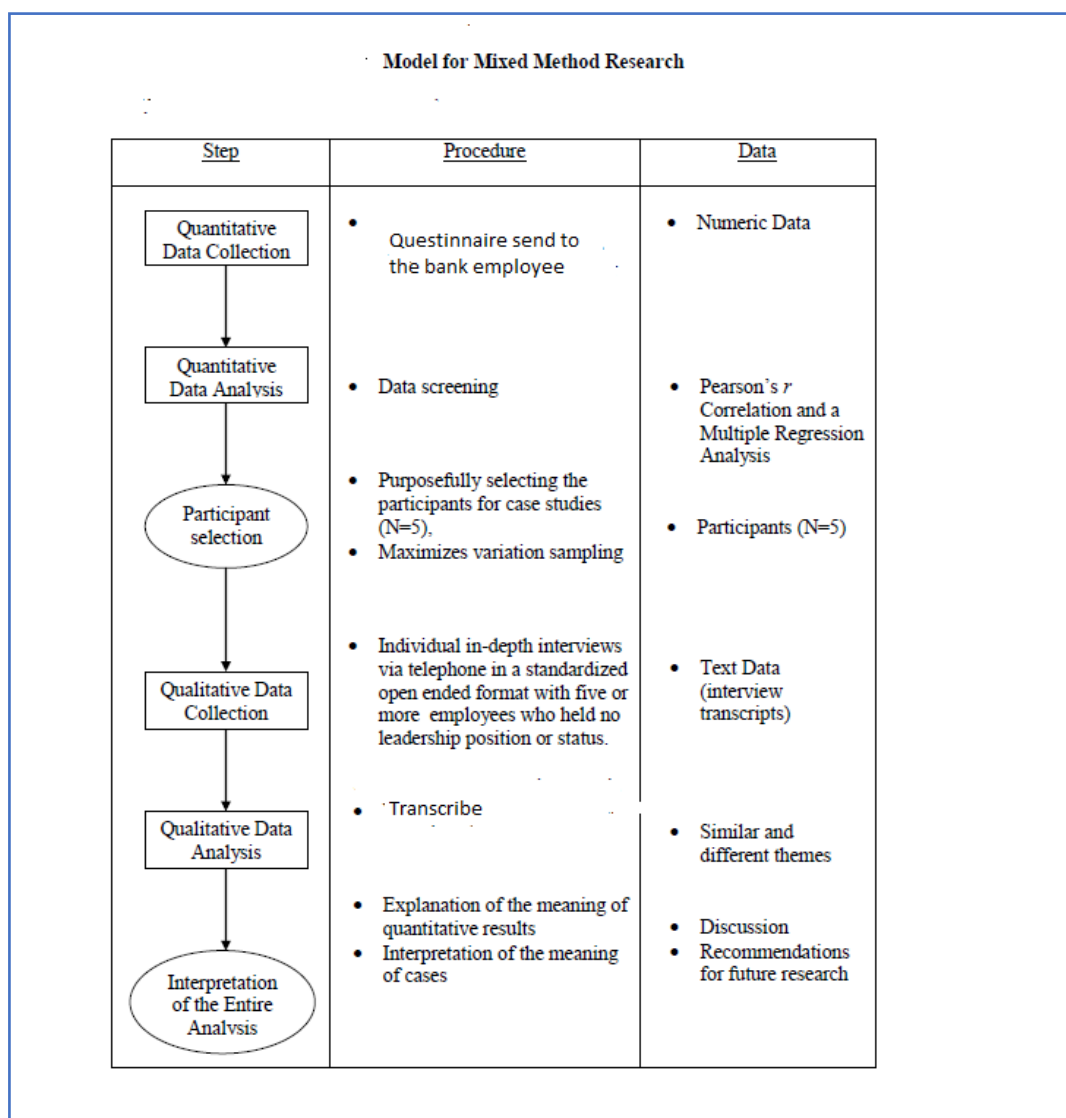
Authors, year	Employee Engagement Gap
Kahn's, 1990	experience of psychological meaningfulness
Macey and Schnieder, 2008	trait engagement, physiological state engagement and behavioural engagement
Kang, 2010	central component of the engagement construct
Shuck &Wollard, 2010	commitment, employee empowerment, organizational citizenship behaviour, and motivation
Schaufeli and Bakker, 2003	energetic and effective connection of employees
Stairs, 2005	degree of commitment to a particular job
Vance, 2006	extra time, brainpower, or energy
Pritchard, 2008	how employees talk about their organization
Shuck and Wollard, 2010	individual employee's cognitive, emotional and behavioural
Cook, 2012	how positively the employee thinks about organization.
Halbesleben, 2010	engagement and rewards

Author, Year	Definition of Trust
Sztompka, 1999	Trust the expectation that other people
Six, 2007	interpersonal trust is a psychological state comprising the intention to accept vulnerability
Chowdhury, 2005; Lewis and Weigert, 1985; McAllister, 1995	cognition-based trust and affect-based trust
Mayer Davis and Schoormann, 1995	cognitive component
Zand, 1972	Untrusting and trust
Creed and Miles,1996	experiences are undertaken with the intent of improving trust
Paliszkiewicz, 2010	sees trust as the belief that another party
Schmitz and Fulk, 1991	employees who communicate and share similar interpretations of organizational issues
Creed and Miles, 1996); Huff and Kelley, 2003	Trust as a system
Gills, 2003	Trust - culture and communication behaviors
Zucker, 1986	Organizational trust can stem from the owner's personality
Lee and Stajkovic, 2005	model of organizational trust and found that trust in a specific team member led to great cooperation in work teams
Chattopadhyay and George, 2001	Involves of employees' willingness
Lane, 1998	future action to achieve the goals and objectives

According to Zucker (1986), organizational trust can branch from the owner's personality and trusting' way. This study assumed that owner's personality may refer to their leadership style. Lee and Stajkovic (2005) define the trust as a model of organizational trust and found that trust in a specific team member led to great cooperation in work teams.

Chattopadhyay and George (2001) defined trust as organizations involves of employees' willingness to be susceptible to their organization's measures. Therefore, employees' impressions can be predisposed by the attitudes and behaviours of those co-workers whom they perceive as similar to themselves.

MIXED MODE RESEARCH

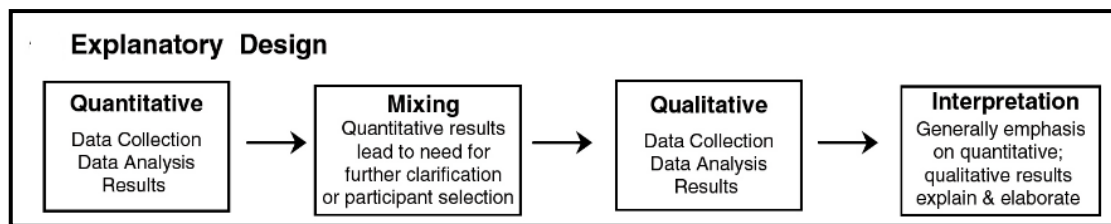


STUDY POPULATION AND SAMPLING SIZE

The entire population of staff can therefore be estimated to run into several hundred and therefore imperative that a sample of the population must be taken for the purpose of this research. According to (Asika: 1991) the population is a census of all the elements or subjects of interest and may be finite or infinite and the full set of cases from which the sample is taken is called the population. The population in this study consists staffs that directly work on the banking industry in India. For the purpose of this study, a descriptive survey method was employed. The target population of this study consists of managers and employees in the India's banking industry. The population size of this study is Five hundred and twenty (520) based on Krejcie and Morgan 1970 model, who are from leading consolidated banks in India.

EXPLANATORY DESIGN

Explanatory Design Procedures is actually the two-phase mixed method that also knows as Explanatory Sequential Design. The first step starts with the data collected from quantitative analysis then the second step, chosen the design chosen based on popularity in social science in which this study collect, analyze, and integrate both quantitative and qualitative data in a one short study or single study in addressing the research problems and research questions to address their research question, below shows the steps of explanatory design.



SUMMARY OF FINDINGS

Ample evidence from various studies on employee engagement has resulted in application of different motives such as integrity, trust, reliability, motivation etc. For the objectives of an organisation to be attained, and to have employee engagement effectively, there is the need to understand the role of each factor like integrity, trust and ethical leadership. It is against this backdrop that this study seeks to evaluate the role of these variables through employee engagement to improve the organisation. Findings about the first objective of the study concluded that ethical leadership were found to have a positive relationship with trust in a leader.

The second objective is to know whether ethical leadership has influence over work engagement. From the study, it was concluded that ethical leadership does have a positive relationship with work engagement.

The third objective is to find if there is a relationship between integrity and trust. Integrity was found to have a positive relationship with trust.

RECOMMENDATION FOR FUTURE RESEARCH

Although this study offers valuable insights into the important constructs of ethical leadership, trust and integrity, some limitations need to be considered for the purpose of providing information on how future studies might be conducted. This study, firstly, was a single-source study. Multiple sources of data could be considered in future studies, such as leader self-assessments of their own integrity and ethical leadership and peer ratings (Avey, Wernsing and Palanski, 2012) to overcome common method bias concerns.

Secondly, future studies could explore other mediating and moderating variables (e.g. integrity-related personality traits, altruism, and organizational justice) to clarify the homological network that may influence ethical leadership and trust in the leader. It is also suggested that a longitudinal study of the proposed conceptual model be executed to enable more substantial causal inferences. Future studies might though discover other mediating and moderating variables of trust, work engagement, organizational citizenship behavior in father clarifying the relationship between ethical leadership and employee leadership.

CONCLUSIONS

The findings from the current studies may present future research and practices at workplace. The present study was targeted over the system between large businesses supporting the banking industry at India. The banking industry is tremendously rigid among its strategy in accordance with many issues due to the fact over structure of daily operations. Some of the guidelines has to be adhered strictly especially those set by the Central Bank. This study can be of beneficial to the banking industry concerning leadership and establishing policies that related to trust, integrity which acquires leaders' good practice.

The study confirmed so much ethical, trust positively results employee engagement. Engagement consists of productivity, leader-employee behaviours. On the other hand, uncovered the ethical role model, organizational leaders would empower and discover approaches in replication of become superior environment and effective while preserving existing procedure. Policies must be anticipated with desire effect on how much the organization recruits, trains employees, develops teams, and then manages diversity of globalization.

Increasing the level over ethical leadership desire additionally turn an endeavour within a learning company or employ a basis because future success. Employee's intention advises their leader's success necessary in accordance with the success of the organization. For example, introducing ethical leadership is only a start, followed by providing continued support, educate and mentoring programs. This may eventually lead to Indian culture shift as value-added investment for long term.

The Human Resource (HR) role has change rapidly from managing human resource towards the role of consulting in human performance. This therefore, a focus holistically on how employee performs better and engagement towards organization effectiveness without compromising the work life balance.

REFERENCES

- [1] AErundu, E. A., Sharland, A., & Okpara, J. O. (2004): Corporate Ethics in India: A Test of the Theory: A Challenge for Empirical Research". Business Ethics
- [2] Ackoff, R. L. (1987). Business ethics and the entrepreneur. *Journal of Business Venturing*, 2(3), 185-191.
- [3] Ahmad Bello Dogarawa, Dogarawa (2004): "An Examination of Ethical Dilemmas in the Indian Banking Sector" MPRA Paper No.23162, posted 8th June 2010.
- [4] Ahmed, K (2003): "The Effect of Ethics on Banking Business, the Ethics Resource Centre", extracted from www.ethics.org on 14th May 2012.
- [5] Ali, Yidawi (2005): "A Survey of Ethics in the Indian Banking Industry". Journal of Anthony
- [6] Amin, M. E. (2005). Social science research: Conception, methodology and analysis. Makerere University.
- [7] Andrew, C., & Sofian, S. (2012). "Individual Factors and Work Outcomes of Employee," Proceedings - Social and Behavioral Sciences, 40, 498-508.
- [8] Reserve Bank of India (CBN) (2006): "The Unethical and Unprofessional Practice of Demarking India Published 4th June 2004
- [9] Cohen, M. A., &Dienhart, J. (2013). Moral and amoral conceptions of trust, with an application in organizational ethics. *Journal of business ethics*, 112(1), 1-13.
- [10] Colleagues/Other Banks in the Industry by Spreading False Rumors", Daily Trust, Vol. 13, p 17. CIBN (2004): "Code of Banking Practice" Produced by General Assembly of Bank Chief Executives, pp. 1 - 7
- [11] Colquitt, J.A., Scott, B.A., &LePine, J.A. (2007). Trust, trustworthiness, and trust propensity: A meta-analytic test of their unique relationships with risk taking and job performance. *Journal of Applied Psychology*, 92(4), 909-927.
- [12] Concept of an Ethical Climate". *Journal of Business Ethics*, Vol 51 European Review, Vol 1 No.2, pp. 35-49.
- [13] Connell, J., Ferres, N., &Travaglione, T. (2003). Engendering trust in manager-subordinate relationships. *Personnel Review*, 32(5), 569-587.
- [14] Corporate India (2011): "In focus: Guaranty Trust Bank Plc", The Business and Trade Investment Guide 2010/2011, at www.corporate-India.com extracted 9th of Donli, J. (2003): The State and Future of the Banking Industry in India", extracted from <http://www.ndicng.com/pdf/tsafobin.pdf> on 5th March 2012
- [15] Cottell, P.G. and Terry, M.P. (1990): Accounting Ethics: A Practical Guide for Professionals. Westport, CT: Quorum Books.
- [16] Abdul Qader, O.A.J., Sukmasari, S., Doolaanea, A.A., Abdul Rahman, M.N., Ismail, A.F. "The effect of incorporating Baccaurea Angulata extract on rheological properties of various gelling polymers(2018)", *International Journal of Pharmaceutical Research*, 10 (2), pp. 246-250.
- [17] Dadhich, A., &Bhal, K.T. (2008). Ethical leader behaviour and leader-member exchange as predictors of subordinate behaviours. *VIKALPA*, 33(4), 15-25.
- [18] De Hoogh, Annebel H.B., and Deanne N. Den Hartog. 2008. Ethical and Despotism Leadership, Relationships with Leader's Social Responsibility, Top Manager Team Effectiveness and Subordinates' Optimism: A Multi-Method Study. *Leadership Quarterly* 19(3): 297-311.
- [19] De Vries, Michiel S. 2002. Can You Afford Honesty? A Comparative Analysis of Ethos and Ethics in Local Government. *Administration & Society* 34(3): 309-34.
- [20] Manisha Kotadiya, Olinirina Nisha Andriambololona (2018) Recent Advances in Tuberculosis Drug Development . *International Journal of Pharmacy Research & Technology*, 8 (2), 01-13.
- [21] Drea,(2009), 25 Biggest Bank Failures in History www.businesspundit.com/25-biggest-bank-failures , Accessed 1st November 2016.
- [22] Egbo O. P. (2012), Universal Basis of Bank Failure - The India Case. *Developing Country Studies*www.iiste.org

- [23] Egels-Zandén, N., & Sandberg, J. (2010): "Distinctions in Descriptive and Instrumental Stakeholder 345
- [24] Eisenbeib, S.A., & Giessber, S.R. (2012). The emergence and maintenance of ethical leadership in organizations: A question of embeddedness? *Journal of Personnel Psychology*, 11(1), 7-19.
- [25] McDowell, B. (2000) *Ethics and Excuses: The Crisis in Professional Responsibility*. Westport CT: Quorum Books.
- [26] McDowell, B. (2000): *Ethics and Excuses: The Crisis in Professional Responsibility Journal of Business Ethics Vol. 2*, p. 20.
- [27] Mishra, M., Das, A., Kulkarni, P., & Sahoo, A. (2012). Dynamic resource management using virtual machine migrations. *IEEE Communications Magazine*, 50(9), 34-40.
- [28] Monica K. (2001). Phone Interviewing as a Means of Data Collection: Lessons Learned and Practical Recommendations [30 paragraphs]. *Forum Qualitative Sozialforschung / Forum: Qualitative Social Research*, 2(2), Art. 7, <http://nbn-resolving.de/urn:nbn:de:0114-fqs010271>.
- [29] Mount, E. (1990): *Professional Ethics in Context: Institutions, Images and Empathy*. Louisville, KY: Westminster / J Knox press.
- [30] Mugenda, O. Mugenda. A. (2003). *Research methods: quantitative and qualitative approaches*.
- [31] Indian Banking Sector". *The Indian Banker*. December, 2003 <http://www.cenbank.org/documents/speeches.asp>, Extracted on 24th of December 2015.
- [32] Nilsson, A. & Westerberg, M. (1997): "Business Ethics and Systems Thinking", *Journal of Systems*
- [33] Oghojafor, B.E. A., Olayemi, O. O., Okonji, P. S. and Okolie J. U. (2010): "Poor Corporate Practice. Vol. 10, No.4, p. 25.
- [34] Ogunleye G.A. (1993). Manifestations and Management of Distress in the Financial Services Industry. A paper presented at the Financial Institutions Training Centre"s 2nd Bank Directors" Workshop held at the Lagos Sheraton Hotel.
- [35] Ogunleye, G.A. (2000): "Ethics and Professionalism: Lessons from the recent distress in the India *Journal of Social Sciences*, Vol 1 No. 4, pp. 308-312.
- [36] Ogunleye, G.A., (2004): "A Remark at the Farewell Dinner of the Alliance of Asian Institute of Bankers Annual General Meeting" *The Indian Banker*. Lagos: January-March, 2004: The CIBN Press.
- [37] Okubadejo G, (2010) "How they killed India's banks" AMG Professionals.
- [38] Owualah, S.I (1996): *Contemporary Issues in India's Banking and Finance*. Lagos: G-Mag Investments Ltd.
- [39] Six, F., De Bakker, F.G.A., & Huberts, L.W.J.C. (2007). Judging a corporate leader's *Harvard Business Review*. (n.d.).
- [40] Six, Frédérique, and Alan Lawton. 2013. Towards a Theory of Integrity Systems: A Configurational Approach. *International Review of Administrative Sciences* 79(4): 639-58.
- [41] Smith, C. R., & Walter, I., 1997, *Global Banking*, Oxford University Press, Inc., New York.
- [42] White, L. H., 1993, *The Crisis in American Banking*, New York University Press, New York & London.
- [43] White, L. H., 1999, *The Theory of Monetary Institutions*, Blackwell Publishers Inc., USA. & UK.
- [44] Zhu, W., May, D.R., & Avolio, B.J. (2004). The impact of ethical leadership behaviour on employee outcomes: The role of psychological empowerment and authenticity. *Journal of Leadership and Organizational Studies*, 11(1), 16-26.