CHAPTER - I

INTRODUCTION

The progress, growth and development of any nation depend upon human and material resources. The full exploitation and use of resources for the benefit of mankind depend to a greater extent on human resource. Human resources have unlimited potentialities and capabilities. Human resources are the most important asset of an organization. No organization can think of viability and effectiveness without the effective utilization of human resource.

Management of human resources is relevant to all organizations. It is not restricted to the traditional personnel functions like recruitment, selection, placement, development and remuneration of personnel. Its scope has been widened to include counseling, career planning, motivation, human resource audit and change management.

Organizations in the modern days are undergoing transformation in the wake of industrialization and globalization. In the face of a globally expanding and highly competitive world, now the organizations are seeking fundamental insights to help, nurture, harvest and manage the immense potential of employee’s knowledge assets for capability to excel at the leading edge of innovation. It has become more significant for HR professionals to devise new and innovative management practices and ideas towards engaging their employees motivated, satisfied and always available for giving their best efforts towards achieving organizational goals and objectives. Retention of skills and competencies and maintaining a motivated and contended workforce are, perhaps the biggest challenges before the HR professionals.
However, it largely depends on the organizational culture where employees willingness and commitment can create a sharing environment. Today’s organizations are continuously changing. Organizational change impacts not only the business but also its employees. In order to maximize organizational effectiveness, human potential-individuals capabilities, time and talents-must be managed. Human resource management works to ensure that employees are able to meet the organizations goals. Human resource management is responsible for how people are treated in organizations.

People are the most important and valuable asset of every organization. The organization should prefer to maximize wealth through maximizing their human capital. It is a paradox that the valuable human resources are given less importance and attention during the wealth maximization process. A nation with an abundance of physical resources will not be benefited unless the human resources are effectively deployed. Unlike other resources, human resources are not a depleting asset. Perhaps, the human resources are not susceptible to the standard measurement.

**Role of Human Resource Management**

- **To help the organization reach its goals:** Human resource department like other departments in an organization exists to achieve the goals of the organization first and if it does not meet these purposes, Human Resource department (or for that matter any other unit) will wither and die.

- **To employ the skills and abilities of the workforce efficiently:** The primary purpose of human resource management is to make people’s strengths productive and to benefit customers, Stockholders and employees.
To provide the organization with well trained and well motivated employees: Human resource management requires that employees are motivated to exert their maximum efforts that their performance be evaluated properly for results and that they be remunerated on the basis of their contributions to the organizations.

To increase to the fullest the employee’s job satisfaction and self actualization: It tries to prompt and stimulate every employee to realize his potential. To this end suitable programs have to be designed aimed at improving the quality of work life (QWL).

To develop and maintain quality of work life: it makes employment in the organization a desirable, personal and social situation. Without improvement in the quality of work life it is difficult to improve organizational performance.

To communicate human resource policies to all employees: It is the responsibility of human resource management to communicate in the fullest possible sense; tapping ideas, opinions and feelings of customers non customers regulators and other external public as well as understanding the views of internal human resources.

To be ethically and socially responsive to the needs of society: Human resource management must ensure that organizations manage human resource in an ethical and socially responsible manner through ensuring compliance with legal and ethical standards.
People have always been central to organizations, but their strategic importance is growing in today’s knowledge based industries. An organization’s success increasingly depends on the knowledge skills and abilities (KSAs) of employees particularly as they help establish a set of core competencies that distinguish an organization from its competitors. With appropriate HR policies and practices an organization can hire develop and utilizes best brains in the marketplace realize its professional goals and deliver results better than others.

**Role of Human Resource Management at various levels**

**Enterprise levels**

1. Good human resource practices can help in attracting and retaining the best people in the organization. Planning alerts the company to the types it will need in the short medium and long run.

2. It helps in training people for challenging roles, developing right attitudes towards the job and the company promoting team spirit among employees and developing loyalty and commitment through appropriate reward schemes.

**Individual level**

Effective management of human resources helps employees thus:

1. It promotes team work and team spirit among employees.

2. It offers excellent growth opportunities to people who have the potential to rise.

3. It allows people to work with diligence and commitment.
Society level

Society, as a whole is the major beneficiary of good human resources practices

1. Employment opportunities multiply.

2. Scarce talents are put to best use. Companies that pay and treat people well always race ahead of others and deliver excellent results

National level

Effective use of human resources helps in the exploitation of natural, physical and financial resources in a better way. People with the right skills, proper attitudes and appropriate values help the nation to get ahead and compete with the best in the world leading to better standards.

Importance of HRM

Good HR practices help

1. Attract and retain talent
2. Train people for challenging roles
3. Develop skills and competencies
4. Promote team spirit
5. Develop loyalty and commitment
6. Increase productivity and profits
7. Improve job satisfaction
8. Enhance standard of living
9. Generate employment opportunities.
Human Resource has been recognized as one of the contributing factors for economic growth of a nation. Human resource is also a contributing factor for social, political and technological development of many nations. Realizing the importance of human resources, industrial enterprises have set a new trend by evaluating workforce as assets. Twenty first century is characterized by the new age of ever growing information and communication technology leading to widespread revolution in all spheres of life, including Human Resource Development.

Technology is driving the organization in the dynamic environment. At the same time, the importance of human element cannot be ignored. The energetic performance and effective utilization of human resources for the success of the organization requires no second thought.

There is a paradigm shift in human resource and management practices from job satisfaction, job selection, selection and recruitment process, employee engagement, and employee involvement. Employee engagement is relatively new concept. The traditional concept of employee retention has made a shift to employee engagement. The purpose of human resource practices is now focusing on employee engagement and involvement through job satisfaction and organizational commitment towards retaining the employees. It is based on the axiom; people are the most important asset. Therefore, employee engagement is about building a great relationship with the workforce. Management practices on employee engagement are employee satisfaction, employee commitment, employee retention, employee involvement, and employee trust and employee loyalty. Organizations have become increasingly aware of the need to involve people through participation, empowerment, better access and opportunity.
Employee Engagement

Employee engagement is relatively a new concept which has been developed from researches on involvement, empowerment, motivation, commitment, etc. It refers to positive feelings of employees about their jobs and the organizations, and also the motivation, commitment and effort they put into their work. It is a real time effort they put into their work. It is a real time effort by the organization to effectively use the services of human resource to achieve its objectives, generating positive behavior among employees in a competitive environment. The contractual relationship between employee and employer limiting the motivation to “how much I get” has been shifted to “how much we gain” due to effective strategies for employee engagement. It is no more a concept limited to employee retention, but the organizers attempt to engage their employee’s by creating the situation where employees become emotionally and intellectually committed to the organization, where they not only speak positively about the organization, but also develop the desire to continue with it and put extra efforts for its success. Engaged employees identify themselves with the organization and care for its success willingly contributing their discretionary efforts.

Employee engagement can be thought of as a potential outcome of a work culture. It is a state in which the employee feels an affinity for the organization, feels that they belong to and are appreciated and are part of something worthwhile. Engagement also implies an alignment with the organization and a level of commitment. Employee engagement is developed when business values the employees and vice versa. A culture that facilitates employee engagement, accommodate employee needs, and ensures employee effectiveness and growth, will
set the foundation in place for long term success of the organization. Once the culture is created, engagement becomes ‘the way we do things around here’ and it does not have to be recreated year after year.

Engaged employees create winning organizations that are more profitable, a fun place to work and offer superb customer services and other solutions for which the organization exists. The concept has thus made headlines and becoming popular among major world class organizations be they in the private or public sector. Today, however, there is clear evidence that business leaders are not simply saying this – they are actually experiencing it too with the employee engagement tools. Companies who are able to better engage their people also deliver better business performance and maximize the shareholder value. Now almost all of the organization is investing money towards people. So that it creates value for organizational performance. Increasing employee engagement is highly dependent on the leadership and establishes two way communications where people work and views are valued and respected. Employee engagement is about building truly great relationships with the workforce. Employee engagement is the key driver to which employees are fully involved in their work, committed to their work, care about their organization and colleagues and are willing to go the extra mile for their organization to ensure its success.

Employee Engagement is a positive attitude held by the employees towards the organization and its values. It is rapidly gaining popularity and importance in the workplace and impacts organizations in many ways. An organization should thus recognize employees, more than any other variable, as powerful contributors to its competitive position. Engaged employees can help your organization achieve its
mission, execute its strategy and generate important business results. Engaged employees give their companies crucial competitive advantages - including higher productivity, customer satisfaction and lower employee turnover. The relationship between employee engagement and organizational outcomes would be stronger if better measures were used. Therefore employee engagement should be a continuous process of learning, improvement, measurement and action.

Realizing the above, companies are developing strategies for employee engagement to generate the willingness among employees to contribute towards company’s success through commitment, loyalty and belongings. These strategies include creating positive work culture, transparent communication system, better work relationship, effective incentive, opportunities for growth, freedom at work and effective leadership. The objective is to help the engaged employee to enjoy the work and be involved in the process and on the organization.

**Importance of Employee Engagement**

Employee engagement is to stimulate the employees’ creative quotient, indulge in employee re-deployment, and to provide an open environment for communication openly and clearly about what is expected of employees at all levels. Employee engagement is the level of commitment and involvement towards the organization and its values. An engaged employee is aware of the organization and its goals, works with colleagues to improve the performance for the benefit of the organization. It is a positive attitude of the employees towards the organization and its values. In engagement, people employ and express themselves physically, cognitively and emotionally during their role performances. The organization must
work to develop and nurture engagement, which requires a two-way relationship between employer and employee. It is clear that employee engagement involves the relationship between the employer and the conditions, teamwork, proper treatment of employees increasing growth opportunities and flexible working practices. Employee engagement is very vital for the success of any organization as it enables it to find and retain its talented employees who may be an easy target by other similar organizations. Thus, employee engagement is a parameter that determines the association of a person with the organization.

**Employee Engagement and Organization**

Employee engagement is closely linked to organizational performance outcomes, companies with engaged employees have higher employee retention as a result of reduced turnover and reduced intention to leave the company, productivity, profitability growth and customer satisfaction. Employee engagement is a vast construct that touches almost all parts of human resource management facets we know hitherto. The construct employee engagement is built on the foundation of earlier concepts like job satisfaction, employee commitment and Organizational Citizenship behavior, though it is related to and encompasses these concepts, employee engagement is broader in scope. Employee engagement is a stronger predictor of positive organizational performance clearly showing the two-way relationship between employer and employee. Engaged employees are emotionally attached to their organization and highly involved in their job with a great enthusiasm for the success of their employer, going the extra mile beyond the employment contractual agreement. It’s the synergy that comes from people working and gathering creative ideas that leads to long-term organizational wealth creation.
That’s synergy and “above and beyond” behavior is evidence of employee engagement. Employee engagement is thus the level of commitment and involvement an employee has towards their organization and its values. Job involvement results from a cognitive judgment about the need satisfying abilities of the job. Jobs in this view are tied to one’s self image. It is concerned more with an individual’s perception about the job, whereas, engagement entails the active use of emotions. Engagement may be a thought of an antecedent to job involvement. It is their experience in deep engagement of in their roles to identify their job.

**Employee Engagement and Involvement**

Employee engagement is not complete if the employees are not involved. Employee involvement is the degree to which an employee is identified psychologically with his work, the importance of his work and their commitment to work.

Employee involvement refers to the process of engaging employees in the work and increasing their participation in decision-making. In particular, employee involvement ensures that employees who are closest to the work have the power to control work methods, and are able to use their knowledge and skills to improve work processes.

Employee involvement has been used to describe a wide range of common practices in the organization. The attention is drawn to the increasing employee influence over their work, and extended to other areas of organizational practice. The most common practices that aim to increase employee involvement are quality
circles, quality of work life programmes, consultative committees, gain sharing, job
enrichment and work redesign.

**Employee involvement in the current scenario**

The most successful forms of employee involvement are those that imply changes to the core work of the organization. Collateral or parallel organization forms of employee involvement, like quality circles, often have a limited life span. Their impact is often quickly absorbed by the more enduring organization structures and systems. Employee Involvement has been used as the foundation for a wide range of management programs and practices. Employee engagement and involvement is a reengineering process of human resources.

In the global competitive business scenario, banks, among other organizations have been facing many changing challenges caused by globalization, liberalization, technology and advancements, and changing customer’s technological-driven expectations. Banks have been facing a dynamic business environment that is technologically driven, globally unbounded, and customer oriented. These challenges, among many others, called for extensive search for suitable strategies to be adopted by organizations for growth and survival in the changing and turbulent marketplace.

**Role of Employee Engagement in banking industry**

Banking is considered to be the nerve centre of trade, commerce and business in a country. It plays a vital role in distributing the money for the development of
trade, industry and commerce. Bankers are not only dealers in money but also leaders in economic development of a country.

Private Sector Banking plays a very important role in the nation’s economy. It has acquired a special place in the organized money market with its command over huge amount of deposits and advances. In the present technological and global world, the private sector banks face competition at a global level. In order to meet the global competition, the banking sector has to find out the various promotions that are expected by the customers. The banking industry has witnessed a lot of changes since the era of economic liberalization. Several committees are formed to review the performance and have offered recommendations to meet the global challenges, including human resource development. In the context of changing environment human resources has been considered as the most important asset in service organization like banking improvement are linked to their performance and human resource management. In management terms human resource refers to the traits of the people like intelligence, aptitudes, commitment and skills in the workplace.

**STATEMENT OF THE PROBLEM**

The human resource management aims at developing a variety of competencies of employees and develops a work culture in the organization, and utilizes these competencies in the organizational growth. The shift from the scientific and technological revolution, human resource revolution is the key ingredient to the well being and growth. Banking is the central nervous system of an economy. Banking and banks play a vital role in the modern, social, economic and cultural development of the society. Therefore the service offered by them in quality and
quantity by the effective utilization of human resources become all the more important. Banking sector plays a vital role in the economic development of any nation and the role of banks no way inferior to any production activity of the organizations.

**NEED FOR THE STUDY**

The banking sector was chosen for the study because of the sheer dynamism and tremendous challenges that it has been witnessed in the recent years. This is primarily attributed to changing and ever increasing needs of customers as well as immense competition in the banking sector. For sustaining these challenges it is imperative to have engaged employees. Engaged employees will study with the banks, be an advocate for its services and contribute to bottom line business success. They will be motivated to perform better. Since there is a significant link between employee engagement and profitability – they will help their organizations tide overcomes challenges both in the short and long run. They will form an emotional connection with their respective banks, which in turn will impact their attitude towards clients and improves customer satisfaction and service levels. By enhancing passion, commitment and alignment with the organizations strategies and goal, they will enable their organization to reach new heights of excellence. Engaged employees will demonstrate increased trust in their organization and foster a sense loyalty in a competitive environment. There will be a high-energy positive working environment in the banks through engaging employees which will boost business growth and provide them with a competitive edge.
In the present technological and global world, the private sector banks face competition at a global level. In order to meet the global competition the banking sector has to find out various promotions that are expected by the stakeholders. With the changing of the environment, human resources is the most important asset in the service organization especially in banks, has to address the people’s need and issues more closely.

The success of any organization lies in employee engagement and involvement. Employee turnover rate is an indicator reflecting the employee engagement. It needs to be conceived, strategized and driven collectively. Employee engagement leads to sharing of ideas among team members and boost the morale and innovative capabilities of employees. Engagement is much more than attraction, retention and commitment. Job involvement is a ‘Cognitive or belief state of Psychologically Identification’. Job involvement is a thought to depend on both need saliency and the potential job and how far to satisfy these needs. Thus, job involvement results from a cognitive judgment about the need satisfying capabilities of the job. Jobs in this view are tied to one’s self image. Engagement differs from the job, as it is concerned more with how the individual employee engages themselves during the performance of their job. Therefore, the researcher has made an attempt to study the various factors contributing for employee engagement and involvement in the current scenario.

RATIONALE BEHIND SELECTING ICICI

The labor turnover in banks is one of the major problems that they have to face. ICICI bank with its network operations offers variety of services has the
multifaceted labor force with different demographic background. In light of the above, it is proposed to study the organization. As the researcher is hailing from Chennai and has also transacted experience with ICICI bank has chosen to study the same.

**OBJECTIVES OF THE STUDY**

1. To understand the conceptual framework of employee engagement practices and involvement.

2. To study the various areas in the employee engagement practices and involvement.

3. To explore the psychological experiences towards engagement practices and work involvement.

4. To bring to light the relationship between employer and employee engagement practices.

5. To offer appropriate suggestions based on the findings and conclusions.

**SCOPE OF THE STUDY**

Employers are providing a trusting environment in the workplace gains the employee confidence through their credibility of leadership. Effective employee engagement and involvement leads to employee commitment and loyalty. Nature of work, interpersonal relationship, working environment, work culture, career development and appraisal systems are considered to be important factors in any sector. Banks offer career at different scales of employment it is important to the
employee to think of their growth at every level. Effective engagement and involvement practices play a vital role in their career growth and development. Therefore, an attempt is made to study the relationship of the above factors with reference to employee engagement and involvement practices of the study unit.

LIMITATIONS OF THE STUDY

1. The study is an empirical one based on perceptions of the employees.

2. The study is limited to ICICI bank in Chennai city only.

3. The study is not based on a particular period.

4. The study focuses only the major factor, in employee engagement and involvement.

METHODOLOGY

The proposed study on employee engagement and involvement is confined to ICICI Bank on account of time and resource constraints. A structured questionnaire is designed and administered to elicit responses from the employees of ICICI Bank. Hence, the proposed study is both analytical and descriptive in nature. The primary data is collected through the structured questionnaire. The secondary data is collected from published manuals, magazines, journals of repute, published reports, research papers, and related web sites.

This research uses multiple methods for collecting data which has led to triangulation, an inductive procedure to reduce the misinterpretation and concern about the validity of the communication. Multiple perceptions are used in order to
clarify meaning, and verify the repeatability of an observation and interpretation. Although in these types of studies repeatability is impossible, it is useful to deal with problems of convergent and divergent facts. This study combined dissimilar methods to interpret three units of analysis (comprising of the facilities available, comfort, job involvement and job satisfaction of the employees).

**The various techniques used are:**

Field observation, in-depth interviews, the study adopts an exploratory/descriptive research design. Quantitative approach provided the focus of exploring relationships between job satisfaction and various variables. The main focus of this study is to find out the Employee Engagement Practices and Involvement of ICICI bank employee’s in Chennai City. The researcher has adopted two kinds of survey research methods. These are (1) Descriptive surveys (2) Analytical surveys. Survey research comprises a cross-sectional in design in relation to which data are collected predominantly by questionnaire or by structured interview on more than one case (usually quite a lot more than one) and at a single point in time in order to collect a body of quantitative or quantifiable data in connection with two or more variables which are then examined to detect patterns of association.

**Descriptive Surveys / Exploratory Surveys**

Most quantitative methods falls into two categories: studies that describe events and studies aimed at discovering inferences or causal relationships. The descriptive surveys describe the population being studied. These surveys seek to obtain information about demographic factors such as age, gender, marital status,
occupation, race or ethnicity, income and religion and to relate this information to opinions, beliefs, values, and behaviors of some group of people. Descriptive research is a type of research designed to clearly define a problem: not concerned with the reasons or causes underlying the problem.

**Analytical Surveys / Explanatory Surveys**

Analytical surveys help to find out why people behave the way they do. Analytical surveys attempt to determine whether there are causal relationships between certain kinds of behavior and various social and demographic characteristics of people.

**Schedule Designing**

The questionnaire was conceived to collect the related information. Data Capture Format consisted of 4 major sections *viz.* Socioeconomic information, The first section regarding the basic information about the education, income, occupational status of the respondents; the second section of the questionnaire consisted in registering the information of perception on the facilities available, information regarding the bank environment, information regarding the perceptions on the job involvement, job satisfaction.

**SAMPLING SIZE**

Out of the total population, 515 samples are drawn from them. Three hundred and fifty samples are taken and out of which 300 samples are found to be useful and the rest of the samples are not complete, hence they are not considered for the study and analysis.
SAMPLE SELECTION

The simple random sampling method is applied to collect the primary data.

QUESTIONNAIRE DESIGN

The primary data are collected through a questionnaire. The first part of the questionnaire is comprised of demographic factors with optional questions, the second part includes statements relating to their opinion on factors concerning their work environment, interpersonal relations, training and development programs, promotion procedures and scales of pay. The third part is related to the growth potentials, career development and institutional loyalty and their general observations.

SCALING TECHNIQUE IN THE QUESTIONNAIRE

The questionnaire used comprises both optional type and statements in Likert’s 5 point scale. The responses of these sections are obtained from the employees of ICICI Bank in the 5 point scale, which ranges as 5 - Strongly Agree, 4 – Agree, 3 – Neutral, 2 – Disagree, 1 – Strongly Disagree

PILOT STUDY

A pilot study is conducted to validate the questionnaire and to confirm the feasibility of the study. The filled up questionnaires are collected from 30 respondents and Cranach’s Alpha Criterion is applied to test the reliability. The value determined is 0.765 proving the reliability of the instrument. The quality of the
questionnaire is ascertained and the test showed high reliability. The variables considered in the analysis are satisfying the normal probability distribution. Based on the pilot study, the questionnaire is modified suitably to elicit response from the sample group.

**DATA ANALYSIS**

The primary data collected are analyzed using SPSS (Statistical Package for Social Science) computer packages.

The statistical tools used for obtaining results are as follows:

1. Z test and Paired Z test are applied to ascertain the nature of responses of employees about the absenteeism factors and significant difference among the various employee engagement and involvement.

2. Factor Analysis by Principal Component Method is used to identify the factors influencing the employee engagement practice and involvement and principal components and factor loadings of Physical and Financial Indicators influencing the employee engagement practice and involvement

3. Karl Pearson’s co-efficient of correlation is brought into the context to explore the parametric relationship which exists between recognition and incentive for the job and the job satisfaction in the study area.
CHAPTER ARRANGEMENT

The entire study is covered under the following chapters:

Chapter 1 : Introduction

Chapter 2 : Review of related Literature

Chapter 3 : Conceptual framework of employee engagement practices, involvement and profile of ICICI Bank Ltd.

Chapter 4 : Emerging areas in Employee Engagement and Motivation.

Chapter 5 : Analysis of Survey Data.

Chapter 6 : Summary of findings, Suggestions and Conclusion