

The Effects of Work Environment, Self-evaluation at Workplace and Employee Morale on Employee Engagement

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Abstract: The main objective of this study is to test the effects of work environment, self-evaluation at workplace, and employee morale on employee engagement in private sector banks in Odisha. Through the literature review, the hypothesized model and hypotheses were developed. Using data gathered from 161 private bank employees, the current study tested hypotheses using structural equation modeling (SEM). The results showed employee morale has no positive effect on employee engagement. However, it was found that work environment and self-evaluation at workplace have positive effects on employee engagement. The research is limited to private banks operating in Bhubaneswar. These findings provide useful insights and suggestions for the management in private banks to gain knowledge of developing an approach of employee engagement among their employees by adopting better environment in the organization as well as implementing HR practices associated to employee morale and self-evaluation at workplace. Despite favorable outcomes of employee engagement and the increased interest in this topic, less attention has been made on the effect on employee morale. Indeed, most of the studies to date on employee engagement have been conducted in the western zone and not in the east zone. Thus, this study sought to understand employee engagement in east zone, especially in Bhubaneswar. The findings of this study could be useful for banking organizations to understand the relevancy of employee engagement for positive effect on work engagement and self-evaluation at workplace.

Keywords: Private Banks, Work Environment, Employee Morale, Self-Evaluation at Workplace, Employee Engagement

Introduction

Academic interest in engagement arose due to the “shifting focus in positive psychology from weakness, faulty and damage towards happiness among employees that was hindering the focus in, human strengths and optimal functioning” (Seligman and Csikszentmihalyi 2000). Peterson et al. (2005) found that “advancement of happiness is an important goal of psychology and suggested three major paths to happiness, namely pleasure, engagement and meaning”. “Engagement, as a constituent of happiness, entails that individuals pursue their internal

gratification by applying their strengths at their workplace” (Rothmann, 2010). The above definitions are the ideas that employee engagement is an expectation which becomes an organizational purpose. The organizational purpose means involvement, commitment, passion, dedication and enthusiasm at work. Everyday connotations of engagement refer to involvement, commitment, passion, enthusiasm, absorption, focused effort, zeal, dedication and energy. In a similar vein, the Merriam-Webster dictionary describes “the state of being engaged is an emotional involvement or commitment

towards the work". Most studies on employee engagement focus on the level of engagement among employees, factors influencing engagement and relationship between engagement and organizational outcomes. Employee engagement refers to the relationship of an individual with work and the organization. Engagement of employees was first conceptualized by Kahn (1990) as the "harnessing of organizational members' selves to their work roles". He revealed that the psychological conditions as meaningfulness, safety and availability. He defined meaningfulness as relevancy of work to an employee, work environment accounts for safety and the availability indicated logistics needed to accomplish the tasks that formed the employee engagement. Brown (1996) found that engagement is most closely related to the constructs of job involvement and work flow.

Review of Literature

Employee Engagement

Employee engagement is one of the important concept in organizational behaviour and it has received a significant attention in academic research. Saks (2006) referred employee engagement to "the extent to which an individual is attentive and absorbed in the performance of his/her roles". Moreover, employee engagement is regarded as a type of positive and satisfying work related attitude that is characterized by three dimensions, namely vigor, absorption, and dedication (Schaufeli & Bakker, 2004). Engaged employees are expected to feel these characteristics emotionally, physically, and cognitively (Khan, 1990). Men (2015) defined employee engagement as "the level of involvement, interaction, intimacy, and influence an individual has with a brand over time a person's participation with a brand, regardless of channel, where they call the shots". However it is being understood from the abovesaid authors that employee engagement is the constructive, affective emotional work-related behaviour that stimulate employees to passionately articulate and organize themselves expressively, cognitively,

and physically to do their work tasks. According to Harter et al. (2002), employee engagement is very important to achieve useful business performance outcomes for different organizations. The authors demonstrated that it is necessary that organizations engage their employees, as it has been found that organizations with an engaged employees have higher levels of customer satisfaction and loyalty, more productive, more profitable than those of less engaged employees (Harter et al., 2002).

Work Environment

Wellins and Bernthal (2015) said that "teamwork and collaboration and support and recognition are the two predictors that bring about the concept of employee engagement. Employees cannot work without support and inputs from each other. If the employees have support and cooperation from their co-workers, there will be more ideas to come up with creative solutions". "Employees will and are always contented when they feel their immediate environment; both physical sensations and emotional states are in line with their obligations and how well employees connect with their organization's immediate workplace environment, influences to a great extent their error rate levels, efficiency and innovativeness, collaboration with other employees, absenteeism and, ultimately their retention" (Farh, 2012). Employees in many organizations are encountering working problems related to workplace environmental factors. (Phua, 2012) posit that "employee disengagement is increasing and it has become important to make workplaces that positively influence workforce". "Employees' comfort on the job, determined by workplace conditions and environment, has been recognized as an important factor for measuring their productivity"(Leblebici, 2012). According to (Udenga, 2012) "the work environment can be defined as the environment in which people work that include physical setting, job profile, culture and market condition. Each aspect is interlinked and impacts on employees' overall performance and productivity". Chandrasekhar (2011) states that "a favorable workplace

environment guarantees the comfort of employees and facilitates the exertion of energy towards work roles which may translate to higher performance and engagement". Further, in the context of engagement, he said that "teamwork and collaboration required a good relationship both within the work group and across work groups. Employees who feel they are listened to, supported and recognized for their contributions are likely to be more engaged". Further, he revealed that "support and recognition can mean several things in the context of creating an engaging work environment. Kahn (1990) revealed in his study "that psychological conditions are meaningfulness, safety and availability. Meaningfulness defines how relevant is the work to the employee. The working environment accounts for safety and finally the availability stated earlier on indicated logistics needed to accomplish tasks". Similarly, a study by Development Direction International Incorporation (2004) found that "employees leave their job for better growth and development opportunities". Most employees want to keep learning new approaches and are busy in building new skills. Organizations can create engagement in their workforce by building a learning culture and create individual development plans for every employee". It is the quality of the employees' workplace environment that most impacts on their level of motivation and performance. Based on the above discussion, the following hypothesis is proposed:

H1: Work environment has positive effect on employee engagement

Self-Evaluation at Workplace

"Self-esteem, generalized self-efficacy, emotional stability and locus of control" were identified as core self-evaluation traits. "Self-esteem is an overall appraisal of one's self-worth" (Rosenberg, 1965). Further, Rotter (1966) found that "locus of control is the belief that desired effects result from one's own behaviour rather than by fate or powerful others". "Core self-evaluation theory has its origins in the writings of Edith Packer (1985, 1986), who argued that evaluation of

specific situations are affected by more fundamental appraisals". "Emotional stability is the tendency to feel calm and secure" as found by Eysenck (1990). According to Judge et al. (1997), these four traits (self-esteem, generalized self-efficacy, emotional stability and locus of control) are flooded with the underlying core self-evaluation construct. He also extended these "ideas develop an integrative theoretical framework that influences job satisfaction. Specifically, core evaluations of the self were proposed to be the most fundamental evaluations that people hold, reflecting a baseline appraisal that is implicit in all other beliefs and evaluations". Stumpp et al. (2009) stated that a person who has a positive self-appraisal, trusts in his own performance ability and has a positive view of the world. Similarly, a person who has a low tendency to focus on negative aspects of the self, measures a work situation more favorably. Based on the above discussion, the following hypothesis is proposed:

H2: Self-evaluation at workplace has positive effect on employee engagement

Employee Morale

"Engagement is generally seen by its biggest enthusiasts as a higher level of morale, in which employees feel a strong bond with their organization and will go the extra mile for it". Engagement is a by-product of high morale. When the morale level is high enough, it triggers behaviors on the part of workers as described by David and Cary (2009). Further they said that happiness is the emotional state of employees at work. It acts as stimuli for their physical health. Due to happiness, the employees are highly engaged. Based on the above discussion, the following hypothesis is proposed:

H3: Employee morale has positive effect on employee engagement

Identified Gap:

Gap1: There are very little theoretical arguments which indicate linkage or relationship between employee engagement and work environment.

Gap 2: It reveals that the effect of the employee morale and self-evaluation at workplace on employee engagement has not been empirically tested in the Odisha context.

Objective of the Study

To study the effectiveness of work environment, self-evaluation at workplace and employee morale on employee engagement

Methodology

This study examines the effects of work environment, self-evaluation at workplace and employee morale on employee engagement in private sector banks. This study followed the quantitative approach for designing the methodology and data collection. To collect the data, survey method was adopted and questionnaires were administered to 161 employees (non-management to senior management) at private sector banks situated at Bhubaneswar. The collected data was then analyzed using SPSS 21 and structural equation modelling (SEM) on AMOS 21. SEM is used for generating more accurate and reliable findings than previous research finding. Besides, SEM has recently emerged as a new generation tool to analyze the data and it has received a high attention from several scholars, particularly for studies that contain dominant variables. The consented instrument for collecting the data of this study consists of two main sections. Section A comprises questions that focus on demographic profile of participants such as gender, age, educational qualifications, and work experience. Section B includes the questions related to measuring employee engagement. To measure employee engagement three items were adapted from Rosenberg, 1965, Kahn, 1990 and David and Cary (2009). The items were chosen because they had an acceptable reliability with a Cronbach's alpha that is more than 0.70. Moreover, employee engagement was measured using a five items scale which was adapted from Schaufeli and Bakker (2003). All the selected items were measured on a five-point Likert scale ranging from 1 "strongly disagree" to 5 "strongly agree". In the following section, the analysis of results for the collected data is presented.

Analysis Result

The descriptive statistics of respondents indicated that in private sector banks out of 144 samples, there were 92 males and 52 females. 65.5% of the employees in private banks are in the age between 20-30 years. The percentage of the employees between the age ranges of 31-40 is 31.06 and 41-50 is 2.06 respectively in private banks. The highest percentage of employees falls in the category of Master's degree in HDFC Bank than other two banks. In private sector banks 46.2% of employees have work experience between 0-2 years, 27.3% of employees have work experience between 3 - 5 years, and 25.3 % of employees have work experience between 6 - 10 years. The employees having 11 to 15 years as well as above 16 years of experiences in Axis Bank among the private banks under study are 2.1% is less, compared to other age groups.

Following the descriptive statistics of respondents was to ensure the regularity of data using SPSS and AMOS. As the regularity was attained for the data, the items were tested for reliability using Cronbach's alpha. The results showed that the values of Cronbach's alpha are acceptable as they range from 0.83 to 0.85; employee engagement (0.85), work environment (0.83), self-evaluation at workplace (0.84), and employee morale (0.85). This means that the Cronbach's alpha values of all constructs exceeded 0.70 (Nunnally, 1978). Thus, it can be said that all constructs have an acceptable reliability. Another test which is called confirmatory factor analysis (CFA) was conducted. This procedure was done using AMOS, and it was found that the factor loadings of all items are above 0.50. Hence, it can be said that the validity of constructs is supported.

After normalizing the data and conducting confirmatory factor analysis, the structural model was then drawn using AMOS software. In this stage, several criteria were considered for assessing the structural model and making sure that it fits the data well. The below given figure, the fit criterion for the structural model achieved the suggested values as proposed by Hair et al. (2010); the value of Chi-square is equal to 990.838. Other fit indices (df = 344, GFI = 0.861, AGFI = 0.840, TLI = 0.891, CFI = 901, and

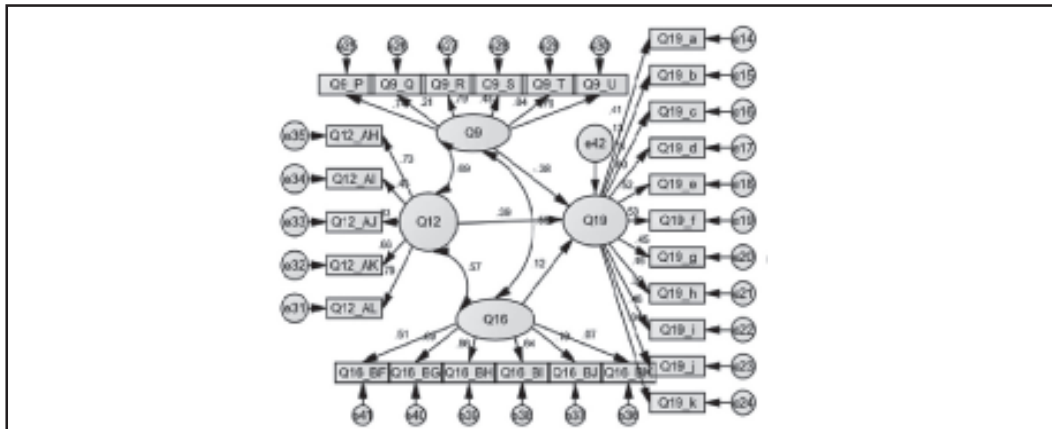


Figure 1 Structural Model

Fit Values
Chi-square = 990.838
P-value = 0.000
df = 344
GFI = 0.861
AGFI = 0.840
TLI = 0.891
CFI = 901
RMSEA = 0.016

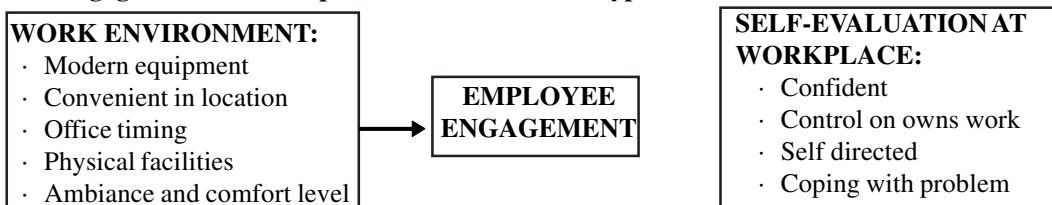
RMSEA = 0.016) were also included to give further support for Chi-square and fulfill the expectations of model fit. Based on these results, it can be said that the structural model attained adequate fit for the data.

To test the hypotheses which were presented in the literature review section, the regression output from structural model were used. As shown in Table 1 below, the findings indicate that working

environment has a significant positive effect on employee engagement ($\hat{\alpha} = 0.480$, t -value = 4.885, $p < 0.05$), hence, H1 is accepted. Moreover, the effect of self-evaluation at workplace on employee engagement is positive and statistically significant ($\hat{\alpha} = 0.458$, t value = 5.052, $p < 0.05$); consequently, H2 is supported. Simultaneously, the findings also indicate that employee morale has no significant positive effect

	Hypothesized effect	Std. Estimate	S.E.	C.R.	P	Decision
H1	Work environment has positive effective on employee engagement	.480	.098	4.885	***	Supported
H2	Self-evaluation at workplace has positive effective on employee engagement	458	.091	5.052	***	Supported
H3	Employee morale has positive effective on employee engagement	.006	.016	.397	.691	Not Supported

The Engagement Value Proposition from the above hypothesis



on employee engagement ($\beta = 0.006$, t -value = .397, $p < 0.05$); thus, H3 is not supported. Overall, employee engagement, work environment, and organizational learning explain 68% of total variance in organizational commitment.

Discussion and Conclusion

This study aimed to examine the effects of work environment, self-evaluation at workplace and employee morale on employee engagement among private bank employees. The findings indicated that work environment has a significant positive effect on employee engagement and it is similar with certain previous studies as found by Wellins and Bernthal (2015) that "support and recognition can mean several things in the context of creating an engaging work environment. Support means that employees are appreciated for their ideas and efforts. Support and recognition is an engaging environment in a daily occurrence that builds employee self-esteem and creates strong partnership".

This finding suggests that the core evaluations of the self were proposed to be the most fundamental evaluations that leads to engage an employee more. A possible explanation for this result could be that an employee who shows own evaluation to their work and work related behaviour is likely to be engaged and satisfied with the job and dedicated to the organization for greater performance is also supported by Crawford et al., (2010); Judge et al., (2005); Kacmar et al. (2009).

Additionally, the findings of this paper demonstrated that work environment has a significant positive impact on employee engagement and it is in line with previous researches (Abdullah & Ramay, 2012; Khuong & Le Vu, 2014; Vanaki & Vagharseyyedin, 2009). This means that the work environment is a very important factor that can affect job satisfaction and commitment among employees at private sector banks. Therefore, the practical implication from this result suggests that the management of private banks should be aware of the importance of designing a conducive learning environment in creating engaged employees in their organization.

When the morale level is high enough, it triggers behavior on the part of workers as described by David and Cary (2009). Further, they said that happiness is the emotional state of employees at work. But the current study has shown the opposite result on the effect of employee morale on employee engagement. However, the private sector banks should deliberate more on the work environment and self-evaluation at workplace components to implement the employee engagement concept in comprehensive manner. This study has some limitations which would offer prospects for future researches. For example, the sample was selected based on a random sampling method which may not be totally representative of the population. Moreover, the study has not included private banks outside Bhubaneswar. Therefore, future research can be conducted to overcome the limitations outlined above by broadening the investigation to other contexts and cities of Odisha to obtain a wider generality of the study. Thus, it would be interesting to replicate this study using a longitudinal design and in-depth interviews.

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