The Individual Black Box Influencing Employee Engagement.  
A Study of Banking Sector of Rawalpindi and Islamabad

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Abstract: The purpose of this paper is to highlight the impact of Psychological climate, Person-Environment fit and affective commitment on employee engagement. The Survey questionnaire method is used to envisage the influence of three factors namely psychological climate, Person-Environment fit and affective commitment on employee engagement. 218 questionnaires were floated in nine Public and Private Banks located in Rawalpindi and Islamabad. Out of these 206 were returned and retained for statistical analysis. Multiple regression analysis is utilized to test the hypothesis. The results highlight that psychological climate, Person-Environment fit and affective commitment have a positive impact on Employee Engagement.

Key words: Employee engagement · Psychological climate · Person-Environment fit · Affective commitment

INTRODUCTION

Employees are wealth of any organization but specifically they are regarded as a “valuable treasure” in triumphant organizations who envisage employees as an economic giant force that fuels and nurtures the organization’s profit maximization [1-5]. Modern organizations differentiate and distinguish themselves from others on the basis of “human capital”. The need of hour is vigorous, keen and fervent employees in organizations who herald a pathway of consistent success [3] and such employees are called “engaged employees” [1].

It is not the time to focus just on 4 D’s (Damage, disease, disorder, dysfunction) which highlight preventing bad performance, illness, demotivation and disengagement [6]. The focus should be on analyzing and focusing on contingent factors whether physical, emotional or cognitive in working environment which breed employee engagement. Exemplary business organizations have nurtured employee engagement through physical, cognitive and emotional means [7] which is then expressed via improved business efficiency [2,8, 9].

The conception of employee engagement is not very mature because academic researchers have quite recently joined the bandwagon of exploring and discussing this notion following the footsteps of practitioners [3,10]. So, still there remains a need to carry out more empirical research to further envisage contextual exploration of the concept [8]. This need is strengthened when [3] Chalofsky and Krishna (2009) highlighted that viable construct of employee engagement need to be studied and importance shall be concentrated on relationship between commitment, meaningfulness and employee engagement. Likewise, [11] Suryanarayan and Israel (2012) envisaged the construct of employee engagement as a current concern of empirical research for academicians because previous studies had a focus on insurance companies and research houses. This research study fulfills the requirement of contextual and empirical research on this variable [3, 9, 7].

According to Pakistan Bureau of statistics (2011) “Productive employment” is regarded as an important goal. This productive team of employees can be generated through the sense of engagement existent in employees. Banks exhibit a very essential and dynamic role in fostering growth, stability and strength in a developing country like Pakistan [12]. This model will be envisaged as a valuable addition to employee engagement research and can serve as a significant tool of intervention to bring improvements in Pakistan banking sector. This study will make Pakistani organizations realize that employees are important contributors towards competitive position and

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the degree of employee engagement is a consistent process of learning, focus and improvement and should not be neglected [1].

The objectives encompassing this study are three fold; Firstly to examine the influence of favorable psychological climate on employee engagement, secondly to determine the impact of Person - Environment fit on employee engagement and thirdly, to inspect the influence of affective commitment on employee engagement.

**Literature review**

**Employee Engagement:** It is being widely noticed that enthusiasm and curiosity in exploring and understanding the notion of employee engagement has envisaged a spectacular expansion [13, 14, 4]. Employee engagement is viewed as a cognitive, emotional and a behavioral form or state that serve to contribute towards favorable organizational outcomes [15, 16] theory of engagement and disengagement highlighted that employee engagement is a picture of one’s preferred self being and the establishment and nurturing of connections to others.

[16] posited certain domains of employee engagement; meaningfulness, safety and availability. Meaningfulness is referred to the state of mind that the efforts and investments one puts in tasks ought to have some return [16]. Likewise, safety is the ability of self expression without any fear or doubt of negative consequences on any aspect of job [16]. Lastly, Availability is regarded as sense of possession of all required resources at workplace [16]. Kahn’s Early efforts were largely influenced by the contributions of motivational sociologists and psychologists [15]. Some most important foundations of Kahn’s work include [17] hierarchy of needs theory and [18] two-factor theory [19]. burnout - antithesis approach posited burnout to be the destruction or erosion of employee engagement [20]. envisaged employee engagement as a optimistic work oriented state of mind which is accomplished with verve, devotion and absorption and subsequently it was renamed as work engagement. Later on, [21] gave a distinct approach that employee engagement as an individual satisfaction, vigor and enthusiasm directed at work. [7] envisaged that employee engagement is composed of different components encompassing several cognitive [18, 16, 19], emotive [21, 16] or behavioral aspects [21, 19].

**Antecedents of Employee Engagement**

**Psychological Climate:** Last decade is marked by lot of interest and research on climate prevalent in organizations [22]. Climate research focuses both on individual and aggregate level [23, 24] and this distinction is on referent basis (individual or organization) [25]. So, psychological climate envisages the cognitive perceptions about environment of an individual so its referent is individual [23-25]. Psychological climate is often deemed as a tool utilized by employees to predict their environment and it encompasses the psychological perceptions and understanding the employees draw from the occurrences, structures and progressions taking place in organization [26-28].

Psychological climate is a multidimensional [29] enduring perceptual phenomena which predicts the human behavior as homogeneous with the behavioral demands of organizations [30]. According to the conception of [31] psychological climate comprises of supportive management [31], autonomy at work [28, 31, 26] freedom of self expression [28, 31, 26], role clarity and sense of contribution towards organizational goals, adequate recognition and challenging work [31].

[31] Brown and Leigh (1996) highlighted that psychological climate has an impact on the degree of involvement of employees in their tasks. Likewise, [32] followed [31] conception and determined that psychological climate influence the willingness to perform tasks thereby, focusing on the psychological climate and employee engagement connection. Proceeding further, [33] contended that cognitive and emotive perceptions of employees about the climate of workplace is an important factor deciding the degree of emotional attachment with workplace (engagement).

[16] theory of engagement and disengagement highlighted that employee engagement is a picture of one’s preferred self being and the establishment and nurturing of connections to others. Analysis and interpretation of the work place climate is influenced by the thinking patterns, perceptions, set of beliefs and level of empowerment [33]; this exactly coincides with conditions of employee engagement as proposed by [16]. This envisages that a safe working environment, enhancement of meaningfulness for employees and provision of resources will definitely lead to positive emotive attachment towards workplace as accomplished by employee engagement.
**H1:** There is a positive and significant relationship between psychological climate and employee engagement

**Person -Environment Fit:** In 1990s, the interface between environment and individual is referred to as a vital element in developing insight into the thinking patterns of individual [34]. Person-environment fit is referred to as the homogeneity and congruence between an individual and environment [35-39]. Broadly this term envisage that skills and abilities of employees can be matched with the requirements of jobs and coworkers [38]. This depicts that person-environment fit is an exchange between person and environment.

Person - Environment Fit (P-E Fit) is regarded as an overarching notion of various forms of fit [40], Person-Organization fit [39], Person-Job fit [41], Person-Person fit [37, 42-44]. So overall, Person environment fit encompasses all these types of fit which combine to build perception of individual regarding the compatibility with his environment.

This compatibility in turn contributes towards Person-Environment fit thus influencing emotive qualities of individuals in longer run. It is considered to be necessary that employee takes an interest and enjoy whatever work, he is assigned [22]. This envisage that employees love to be the part of organization which herald a pathway of success through providing recognition and compatibility to skills, knowledge and abilities of individuals [22] thus contributing towards sense of meaningfulness. This can be well exhibited through Person-vocation fit, person job fit and person organization fit [37].

[45] research on triangular model of responsibility envisaged identity -Perscription link (the extent to which the framework of norms and prescriptions is homogeneous to one’s identity) is having a link with degree of employee engagement. In short, it as a whole highlights that organization and job rules when contingent with employee self concept bring about meaningfulness of work for employee. This can be attained through Person-Environment fit (focusing on person -Organization fit and person job fit). Likewise, some employees deem interactions at workplace as a source of sheer involvement and emotional attachment to workplace thus contributing towards engagement of employees [22]. This interaction can be well exhibited through person - group fit [43] and person-person fit [42].

[46] highlighted that coworker relations have an influence on employee engagement. Employees compatibility with work groups and personal interactions with coworkers create a sense of belonging thus ensuring safety at work place. Moreover, cooperation among organizational coworkers and supervisors make employees well involved and engaged in their jobs [1]. Trustworthy relationships between supervisor and employee and among employees create employee perceptions of being safe at work which means that they can be there true self at work [47].

Moreover, when an employee has satisfactory rather rewarding coworker bondings or identity (envisaged through person-person fit and person group fit) he will derive a strong sense of meaningfulness from his work thus nurturing social identity [47]. Hence, overall when an employee perceive homogeneity between environment and himself (Person-Environment) fit, he tends to respond through getting engaged in his work.

**H2:** There is a positive and significant relationship between Person-Environment fit and employee engagement.

**Affective Commitment:** Commitment surpasses the state of mind that usually exists when a particular individual establishes an exchange relationship with some entity, it serve towards a significant understanding of organizational behavior [48]. It is widely accepted that commitment is a multidimensional construct composed of three types of commitment; Affective commitment, continuance commitment and normative commitment [49]. These three types of commitment reflect three states; desire (affective commitment), a need (continuance commitment) and an obligation(normative commitment) [49]. Affective commitment is the one which is having a direct link with emotive impulses and desires [50-52]. [52] highlighted affective commitment as an employee desire to be the part of organization. So, the concern of this study is this “desire” obligated towards organization [52,53,49] and is directly linked with the emotional programming of human mind and also influences emotional outcomes.

The affective bonding of an employee with organization serve to influence the degree of loyalty and dedication towards organization [53, 54]. Among all types of commitment, affective commitment is the one which focuses on emotional connection and linkages with the work tasks [7, 10] and also envisage a strong influence on employee emotional attachment towards their doings at
work exhibiting the meaningfulness and safety conditions [17]. Employees possessing this emotional bonding with organization have a considerable desire to have membership in particular organization [55]. Its “want” of employees urging them to stay in institutions [56]. Affective commitment nurture emotional belonging with organization thus contributing towards conception of importance and meaningfulness thus contributing to engagement [57].

**H3:** There is a positive and significant relationship between affective commitment and employee engagement.

According to the norm of reciprocity [58] when employees receive economic and socio emotional resources (psychological climate, Person-Environment fit and affective commitment), they tend to feel obliged to respond or repay and one of the ways to repay and respond towards organization is through engagement [7].

**MATERIALS AND METHODS**

**Research Setting and Sample:** The study is quantitative [59] tests the relationship between psychological climate, Person-Environment fit, affective commitment and employee engagement. This research is regarded as cross sectional because data is collected at one point of time during a period of 3 months. Banking sector of twin cities of Rawalpindi and Islamabad is chosen for this study because it aims to envisage the employee engagement of banking sector employees. The unit of analysis in this case is ‘individual’. Convenient sampling is opted due to ease and shortage of time [60]. Data is collected utilizing questionnaire as a data collection tool due to ease of their interpretation [61].

**Participants:** For pilot study 30% of sample was chosen to determine the reliability of instrument along with the targeted sample. The successful results generated through the pilot study paved way for main study. 218 questionnaires were floated out of which 206 questionnaires were returned and retained for analysis. SPSS (statistical package for social sciences) version 18 was used for analysis of data. Out of the total sample of 206 employees, 64% of the employees were male while 34% were female and most of employees fall in the age limit of 30-39. Moreover, 77% of the employees in the total sample possessed masters degree.

**Measures:** Psychological climate is measured utilized the psychological climate measure (PCM; [31] having the Cron bach α value =.83. However, [62] P-E fit 14 items instrument encompassing all five dimensions of P-E fit (Person organization fit, Person-Vocation fit, Person-Job fit, Person-Group fit, Person-Person fit) was used for measuring PE fit of employee and the Cron bach α =78. Affective commitment was assessed utilizing 6- item affective commitment scale (ACS) [54] and had Cron bach α =.70. While the dependent variable employee engagement was calculated using the three combined modified scales (meaningfulness, safety and availability scale) developed originally by [47] May et al. (2004) to assess the degree of engagement of an employee and Cron bach α =.85. Five point Likert scale (1=strongly disagree to 5 strongly agree) was utilised to carry responses for all variables.

**RESULT**

**Descriptive Statistics:** The table below highlights the means and standard deviations of all demographic variables (age, gender, marital status, organization, department, education, sector and tenure) of the study.

The Table 2 depicts the descriptive statistics; means, Standard deviations, correlations and alpha reliabilities of variables. The mean for psychological climate 3.61 (SD=.47), Person environment fit 3.57(SD=.39), Affective commitment 3.72(SD=.51) and employee engagement 3.75 (SD=.43). The bivariate correlation analysis depicts that psychological climate has a strong and significant relationship with employee engagement ($r=.68$, $p <.01$). Likewise, Person - Environment fit is positively and significantly correlated to employee engagement ($r=.68$, $p <.01$). Lastly, affective commitment also has a positive and significant impact on employee engagement ($r=.62$, $p <.01$).
Table 1: Mean and standard deviations of employee demographics

<table>
<thead>
<tr>
<th>Gender</th>
<th>Marital status</th>
<th>Age</th>
<th>Organization</th>
<th>Department</th>
<th>Education</th>
<th>Sector</th>
<th>Tenure of work</th>
</tr>
</thead>
<tbody>
<tr>
<td>N</td>
<td>206</td>
<td>206</td>
<td>206</td>
<td>206</td>
<td>206</td>
<td>206</td>
<td>206</td>
</tr>
<tr>
<td>Mean</td>
<td>1.37</td>
<td>1.61</td>
<td>1.90</td>
<td>3.44</td>
<td>4.22</td>
<td>3.81</td>
<td>1.47</td>
</tr>
<tr>
<td>SD</td>
<td>.51</td>
<td>.54</td>
<td>.86</td>
<td>2.54</td>
<td>2.11</td>
<td>.53</td>
<td>.52</td>
</tr>
</tbody>
</table>

Table 2: Means, standard deviations, correlations and reliabilities of the variables of interest

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>SD</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Psychological climate</td>
<td>3.61</td>
<td>.47</td>
<td>(.83)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Person Environment fit</td>
<td>3.57</td>
<td>.39</td>
<td>.71**</td>
<td>(.78)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Affective commitment</td>
<td>3.72</td>
<td>.51</td>
<td>.52**</td>
<td>(.70)</td>
<td>.56**</td>
<td></td>
</tr>
<tr>
<td>4. Employee engagement</td>
<td>3.75</td>
<td>.43</td>
<td>.68**</td>
<td>(.85)</td>
<td>.68**</td>
<td>(.62**</td>
</tr>
</tbody>
</table>

** Correlation is significant at the 0.01 level (2-tailed)

Note: N=206; Alpha reliabilities are given in parenthesis

Table 3: Multiple regression analysis

<table>
<thead>
<tr>
<th>Description</th>
<th>$R$</th>
<th>$R^2$</th>
<th>Adjusted $R^2$</th>
<th>$\Delta R^2$</th>
<th>$F$-Stats</th>
<th>Beta</th>
<th>$t$-statistics</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dependant variable : ERP usage</td>
<td>.77</td>
<td>.59</td>
<td>.58</td>
<td>.59</td>
<td>98.51***</td>
<td>.68</td>
<td>3.77</td>
<td>.000</td>
</tr>
<tr>
<td>Intercept</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Psychological climate</td>
<td>.28</td>
<td>4.65</td>
<td>.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>P-E fit</td>
<td>.32</td>
<td>4.39</td>
<td>.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Affective commitment</td>
<td>.24</td>
<td>5.32</td>
<td>.000</td>
<td></td>
<td></td>
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<td></td>
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</tbody>
</table>

Note: N=206, *p <.05, **p <.01, ***p <.001

Statistical assumptions of normality, multicollinearity and homogeneity of variance were checked before proceeding towards further analysis. The Multicollinearity statistics highlight that Variance Inflation Factor (VIF) value of all independent variables was less than 5, which indicates that there is no multicollinearity issue. The VIF values of 5 or 10 or greater than this can posit any multicollinearity problem [63]. Overall the data was normal.

Multiple regression analysis was conducted to assess the impact of three independent variables; Psychological climate, Person-Environment fit and Affective commitment on employee engagement. The results revealed that predictors explained 59% of variance in employee engagement ($R^2=.59 \ p <.001$) depicting that the psychological climate, P-E fit and Affective commitment significantly predicted the employee engagement. Moreover, the value of $F$-statistics is 98.51 ($p <.001$). Proceeding further, the coefficient statistics and significance is also revealed in the Table 3. It is highlighted that psychological climate significantly predicted employee engagement ($\beta=.28, \ p <.001$). Likewise, Person-Environment fit is strong and significant predictor of employee engagement ($\beta=.32, \ p <.001$). Lastly, Affective commitment also significantly predicted employee engagement ($\beta=.24, \ p <.001$).

**DISCUSSION**

In this study, the theoretical model explaining the antecedents of employee engagement in banking sector of Rawalpindi /Islamabad is being tested. The study reveals that with enhancement of Psychological climate, Person - Environment fit and Affective commitment, employee engagement get integrated in employees. A perception of positive psychological climate breeds meaning fullness, safety and availability thus nourishing employee engagement. Likewise, when employees envisage compatibility between themselves and their environment [36], they are likely to feel psychologically safe and they turn to derive meaning from their jobs thus leading towards engagement in their work. Moreover, the emotional attachment with organization revealed by affective commitment generates emotional bonding with organization depicted by employee engagement. The results of study are aligned with social exchange theory [58, 64] supporting that when employees perceive a positive psychological climate, Person - Environment fit and Affective commitment, they tend to reciprocate by showing involvement and emotional acquaintance revealed through employee engagement. Thus, banking sector employees of Rawalpindi and Islamabad feel themselves obligated and indebted towards organizations.
The study contributes to the empirical research in employee engagement specifically in context of Pakistan. This study sets to fulfill the sheer need of focus on constriction of employee engagement by academicians [2; [10]. One of the major contribution and implication of this study is to encourage the concept of employee engagement. This research study is an effort to make Pakistani banking sector join the exemplary business organizations culture which nurture several cognitive and emotional means to create a breed of engaged employees [67, 1].

Limitations: There are certain limitations of this study; firstly, this study is cross-sectional. This definitely limits conclusions drawn regarding causality. Secondly, there convenience sampling technique is used instead of random sampling technique which raises concern for generalisability for larger population. But optimistically, the sample did not vary much from total population with respect to age, gender etc. Thirdly, there exists common method bias because of the use of self report measures. Another limitation was the absence of ample literature on Person-Environment fit.

Conclusion and Recommendations: Employees are regarded as valuable asset of an organization. This study led to the speculation that psychological climate, Person-Environment fit and Affective commitment are antecedents of employee engagement in banking sector of Rawalpindi and Islamabad. Social exchange theory serves as a staunch base encompassing the impact of these variables on employee engagement. Future studies should focus on longitudinal studies regarding employee engagement. This can best reveal the changes in employee engagement over a period of time. Moreover, this study can be replicated in other sectors like manufacturing; health sector etc which can envisage factors influencing employee engagement in these sectors. Qualitative studies can be conducted to envisage employee engagement in depth.

REFERENCES


