An Exploratory Study on Employee Engagement in the Banking Sector of Pakistan: A Case Study of Bank AlFalah

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Abstract: Employee engagement is a key business driver for organizational success. High levels of engagement in domestic and global firms promote retention of talent, foster customer loyalty and improve organizational performance and stakeholder value. A complex concept, engagement is influenced by many factors; from workplace culture, organizational communication and managerial styles to trust and respect, pay and benefits and company reputation. For today's different generations, access to training and career opportunities, work/life balance and empowerment to make decisions are important. Thus, to foster a culture of engagement, Bank AlFalah leads the way to design, measure and evaluate proactive workplace policies and practices that help attract and retain talent with skills and competencies necessary for growth and sustainability. This report is the definitive guide to develop, implement and measure engagement programs. This report also investigates whether employee engagement actually exists and what the key drivers are, with a special look at middle management communication; how to embed engagement as a real process; key measurement tools and how to incorporate engagement as part of the regular process of motivating employees.

1. INTRODUCTION

For all organizations, whether large or small, corporate, not-for-profit or government, the 'war for talent' is on [1]. Increasingly, this war will be fought globally and locally with a talent pool that is more mobile due to reduced physical and technical restraints and the continued expansion of the knowledge economy. The need to attract and retain high caliber employees is leading many employers to focus on employee engagement as a driver of profit through turnover reduction and increased productivity through effective human capital management. An employee who is engaged is aware of business context, and works with colleagues to improve performance within the job for the benefit of the organization. The organization must work to develop and nurture engagement, which requires a two-way relationship between employer and employee. This commitment, along with incentives, provided leads to clear goals. Workforce engagement is increasingly becoming a boardroom issue. The notion of a 'war for talent' gives way to a quest for employees' discretionary effort. It is quoted in the report that more and more boards holding senior management are accountable for taking steps to attract, retain and engage the people needed to carry out the company's strategy. It is viewed as a critical part of overall leadership effectiveness, as well as an element of business risk that needs to be managed through the corporate governance process [2].

2. BANK ALFALAH: BACKGROUND

Bank AlFalah Limited started its life as “Pakistan Operation” of BCCI, a multi-national conglomerate based in Luxembourg and Grand Cayman. Upon closing down of BCCI, this operation was acquired by Habib Bank Ltd. and was run as a wholly owned subsidiary by the name of Habib Credit & Exchange Bank (HCEB); was later acquired (through the process of privatization) by the Abu Dhabi Group, in 1997, and its name subsequently changed to Bank AlFalah Ltd. (BAL).

The strength and standing of Abu Dhabi Group, principal owners of BAL, have helped Bank AlFalah launch highly quality consumer and corporate banking operations in Pakistan. BAL has embarked upon a rapid expansion program to make sure that their services reach more and more people. They are headed towards an optimum sized network, reaching major urban centers in Pakistan, and soon to go international.

3. PROBLEM STATEMENT

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Some of the research questions that the researcher would probe into are:

- What is Employee Engagement?
- What is the level of Employee Engagement in Bank AlFalah?
- What are the contributions of EE program in BAL?
- How can EEP contribute towards the industry in general?

4. THEORETICAL FRAMEWORK

The choice of a research design is the overall strategic choice made by the researcher with the purpose of coming up with an approach that allows for answering the research problem in the best possible way---within the given constraints [3].

The choice of research design can be conceived as the overall strategy to get the information. This choice
influences the subsequent research activities, such as what data to collect and how it should be collected.

Since the research on Employee Engagement at Bank AlFalah is trying to investigate whether such a concept exists, the research problem is quite open-ended, and will be addressed through a series of smaller research questions. The research describes the process of inducting theory using case studies from specifying the research questions to reaching closure. Some features of the process, such as problem definition and construct validation are similar to hypothesis testing research. Others such as within case analysis and replication logic are unique to the inductive, case oriented process. This research design is ethnographic while the research problem can be categorized as 'unstructured'.

5. METHODOLOGY

For the study on Employee Engagement Program at Bank AlFalah, a combination of strategies is used; observations and interviews with key personnel at the bank. For this particular research, the researchers believe that the case study has a distinct advantage because ‘how’ and ‘why’ questions are being put forth about contemporary setoff events over which the researcher has no control. [3].

Hence, the research design and methodology used to study the employee engagement Program at Bank AlFalah can be summed up in the following points:

- The sampling frame is cross sectional, across three corporate branches in Karachi
- The research only focuses on one situation; Employee Engagement Program and one organization

Both qualitative and quantitative data have been collected in the forms of documents, interviews and questionnaires (close ended). The population of the study comprised of the middle management at three different corporate branches. The approximate size of the population was about 33 members.

a) Data Collection Method

The researcher, during the preliminary secondary research, had identified the diagnostic tool identified by the Institute of Employment Studies (IES) [4] which has 10 factors:

i. Training development and career
ii. Immediate management
iii. Performance and appraisal
iv. Communication
v. Equal opportunities and fair treatment
vi. Pay and benefits
vii. Health and safety
viii. Co-operation
ix. Family friendliness
x. Job satisfaction

In particular, an engaging environment builds loyalty in employees by meeting their personal and practical needs, thus encouraging them to stay with the organization. In addition, an engaging work environment taps into employees' motivation to try harder and put forth the extra effort that differentiates organizations from their competitors.

Initially, the plan was to conduct the research taking along all the 10 factors and applying them to the middle management of the Korangi Branch only. On the advice of the Area Manager of the Korangi Branch, these were narrowed down to 4 factors, namely:

i. Employee’s response to the communication factor
ii. Employee’s response to the management factor
iii. Employee’s response to the pay and benefits factor
iv. Employee’s response to the training and development factor

These four factors were applied to determine how much engagement existed in the Bank. This was done by conducting a focus group, which identified the relevant factors that are most applicable at Bank AlFalah. With the assistance of the four most important factors and the area manager, the researcher was able to identify further respondents, which belonged to the middle management level. Since only around 12 middle management level respondents existed at the Korangi Branch, the researcher had to extend sample size by collecting information through questionnaires and interviews from other corporate branches. The researcher interviewed 2 respondents from each of the corporate branches; more specifically these respondents included two area managers and senior managers (operations) and senior manager (training).

The approach used to study the Employee Engagement at Bank AlFalah is exploratory with a case study design. Data collection for case studies relies on surveys, documentation, archival records, interviews, direct observations, participant-observation, and physical artifacts. Authors of business studies opine that no single source has a complete advantage over others. In fact, the various sources are highly complementary, and a good case study uses many sources as possible [5].

6. VARIABLES AND MEASURES

The questionnaire administered for the study was based on 28 items. Of these, six questions were related to communication, six to management, ten to pay and benefits and six to training and development.
The overall satisfaction levels of the faculty members were measured through the five dimensions based on the likert scale.

7. DATA ANALYSIS METHODS

Close-ended questions and focused interviews and the researchers’ direct observations are recorded and compiled. As the survey conducted was mainly based on questionnaires, which were close-ended and focused interviews, quantification is to a certain extent possible, which will be reported in the conclusions and the findings. On the Likert scale, 5 identifies strong agreement and 1 identifies strong disagreement, whereas 3 is considered to be neutral and 2 is disagree and 4 is agree. In order to measure the engagement level, 5 is considered as actively engaged, 4 and 3 together is considered as engaged, 2 as disengaged and 1 as actively disengaged. The researcher throughout the data collection and data reporting has tried best to prove that the analysis relies on all relevant evidence, and that all possible relevant data, as much as was available, has been sought and reported.

8. SURVEY FINDINGS

The analysis of the questionnaire and the interviews indicate that employees are engaged in all the branches surveyed. Employees had no problem in being informed of the plans and tasks lay down by higher management. Evaluation of senior management vision and employee satisfaction was present. Comprehensive employee pay and benefits was present, which advocated to the commitment of the employees. And finally, Bank AlFalah was amongst the best banks in Pakistan to impart training and development, with state of the art equipment.

9. CONCLUSION

The following conclusions can be drawn from the analysis:

1. 29% employees are Actively Engaged and 56% employees are Engaged, when it comes to being informed. They believe that the company’s manager has good communication skills and keeps them fully informed and the information received is true; whereas, 11% of the employees are disengaged and 4% are actively disengaged and believe that since they are not informed about the company decisions and strategies, they cannot commit themselves to the employer and the role.

2. 22% of the employees are Actively Engaged and 65% of the employees are Engaged, as far as being managed is concerned. They believe that senior management gives the team members a clear picture of the strategic direction the company is headed. Management is also willing to invest in the development of new team members and is willing to accept mistakes made in the process of trying new things. In addition, the upper management understands the pressure of work and treats their subordinates with respect. However, 7% of the employees are disengaged and 4% are actively disengaged and believe that the upper management does none of those things, therefore, understanding the bigger picture and a willingness to go beyond the requirements of the job are not necessary.

3. Survey results reports that 25% of the employees are actively engaged and 61% of the employees are engaged when asked about the pay and benefits offered at Bank AlFalah. They are informed about the rewards associated with good performance. To avoid monotony, the bank gives them an opportunity to work with exciting and challenging tasks. Enough opportunity is given to them to work and interact with other employees at a formal and informal level. Autonomy is given to them to take independent action within their designation. However, 11% of the employees are disengaged and 2% are actively disengaged and believe that pay and benefits are not substantial or up to the mark; and therefore, are not motivated to go “above and beyond” what is expected of them at work.

4. Actively Engaged scores for training and development were around 28% and 62% for engaged. Employees have opportunities to develop, cross train and learn new skills. They can apply the training received and develop their careers within the organization. Taking initiatives is encouraged and many opportunities are available within the company. Only 7% of the employees were disengaged and 4% were actively disengaged and show no involvement and enthusiasm for work.

From the conclusions drawn for Employee Engagement at Bank AlFalah, the survey results show that employees are engaged and are satisfied with their work and are willing to “go the extra mile”. It can be safely concluded that employees may be more likely to commit to staying with their current organization, as they feel that communication, pay and benefits, training and development and managers attitudes towards them is positive. Software giant Intuit, for example, found that highly engaged employees are 1.3 times more likely to be high performers than less engaged employees. They are also five times less likely to voluntarily leave the company.

10. RECOMMENDATIONS

Employee engagement: The bank needs to first familiarize its employees with the term ‘Employee Engagement’. “No company, small or large, can win over the long run without energized employees who believe in the firm’s mission and understand how to achieve it”. Measure of employee engagement should be taken at least once a year through anonymous surveys in which people feel completely safe to speak their minds.
Organizational levels: When an organization is dispersed around the city/country, communication problems are bound to arise. If a message has to pass through levels, increased numbers of people or departments have to be informed, therefore, taking a longer time to reach and also distorting the message. In order to gauge the satisfaction level by improving the communication, the management can bar a few strategic and confidential levels so that focus can be diverted to what needs to be done rather than guessing what is expected. All organizations have rumormongers; these could be used productively. The flaw in communication which is partially the fault of the managers who cannot inform accurately and partially the fault of the employees mindset can be overcome by a third party --- the rumor monger if used productively to the advantage of the organization.

Managerial authority: Authority is a necessary feature of any organization, yet the fact that one person supervises others creates a barrier to free and open communication. Bosses feel that they cannot fully admit problems, conditions, or results that may make them look weak. Many subordinates, on the other hand, avoid situations that require them to disclose information that might make them appear in an unfavorable light. As a result, there is often a lack of openness between managers and subordinates.

Compensation: Engagement and commitment can potentially translate into valuable business results. Because commitments require an investment of time as well as mental and emotional energy, most people make them with the expectation of reciprocation. That is, people assume that in exchange for their commitment, they will get something of value in return—such as favors, affection, gifts, attention, goods, money and property. In the world of work, employees and employers have traditionally made a tacit agreement. In exchange for workers’ commitment, Bank AlFalah should provide forms of value for employee, such as secure jobs and fair compensation. It could design jobs specifically to engage employees by providing challenging work assignments, a highly skilled team environment or minimal supervision. Reciprocity affects the intensity of commitment.

Training and development: The training programs implemented are comparatively of a higher level but there is always room for improvement. Training and development can serve as additional levers for enhancing engagement and commitment. To engage workers as well as to benefit from that engagement, Bank AlFalah must invest in its human resource practices. For new hires, training usually begins with orientation. Orientation presents several important opportunities, including explaining pay, work schedules and company policies. Most important, it gives a chance to encourage employee engagement by explaining how the new hire’s job contributes to the bank’s mission. Through training, you help new and current employees acquire the knowledge and skills they need to perform their jobs. This could be done by hiring competent faculty, who imparts this training, updated facilities such as training material should be provided, manuals should be available to the trainee and most importantly training and development imparted should be of a global standard.

REFERENCES


