Determinants of Employee Engagement in Service Sector of Pakistan

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Abstract The aim of this study was to investigate what are the determinants of employee engagement in service sector of Pakistan. A self-administered questionnaire was used for data collection of data from respondents working in service sector on five-point Likert scale. Overall 301 filled useable questionnaires were entered. The average age is 25-29 years and 67% of total respondents are male. The average working experience of the participants is 2-5 years. The results of confirmatory factor analysis and multiple regression analysis indicate that the core self-evaluation, fairness and treatment of employees and service environment of organization are positively and significantly related with employee engagement. Different antecedents of employee engagement are investigated in this study. As a result, this research endeavors to fill the gap about the lack of academic literature on fairness and treatment of employees in Pakistani context. Findings of this research do have practical implications for service sector, mainly for their human resources department as how they can increase the engagement of employees in service sector. Low sample size is limitation in generalizing the results of this study. Sample size may be increased and this study should be tested in other regions as well.

Keywords Fairness and Treatment, Job Demands-Resources Model, Self-Evaluation, Employee Engagement

1. Introduction

In this modern age, organizations are facing new challenges in their efforts to remain competitive. These challenges include high level of performance pressures, fulfilling the needs of diverse workforce, introducing latest technologies and globalization of businesses. Consumers also have changed their consumption patterns and demands. Contemporary consumers demand a high range of variety, reliability, quality, convenience and customization in goods and services. They also set new standards for companies as consumers have the ultimate power. They have more choice related to goods and services with shrinkage in disposable income so they changed their demands and consumption patterns quickly.

Due to the recent slump in the global economy, organizations are forced by their customers and competitors to cut the prices and costs of their products, refining business processes, changing management structures and downsizing the number of employees. It is concluded by organizational leaders that an increase in human recourse efforts will generate a unique competitive advantage for organizations because other recourses (money, material, and technology) can be either bought or copied.

Moreover labor trend are going to change continuously. Employees are expected to attain high quality in performance which boosts their efficiency and productivity. As a result workers are facing pressure to carry out more work and for longer hours. These significant changes in business environments force organizations to improve their performance and efficiency at low costs and through innovative business processes. Organizations are required to polish their employees so that they can achieve peak performance level. There are considerable evidences that many organizations fail to achieve their desired performance level because of low motivation of their employees.

In this cyclonic business environment, new strategies and philosophies have been emerged out for the optimal use of available recourses. As a result of these strategies, retention of intellectual capital has become an important source of competitive advantage. Employees’ commitment and contribution are important for the profitability and sustainability of organizations. The concepts of positive organizational behavior and employee’s emotions play a vital role in improving the organizational performance as it includes the concept of trust, engagement and optimism.

A lot of research has been conducted on negative concepts and emotions of organizational behaviors such as job dissatisfaction, alienation and burnout. So as a result, the concept of employee engagement has gained considerable value and recognition among contemporary human resource professionals as an important driver for today’s business success (Richman, 2006). The few existing research studies have identified some antecedents of employee engagement
core self-evaluation is a basic assumption that people hold about themselves” (p. 80). Therefore the CSE as “basic conclusions or bottom-line evaluations that individuals hold about themselves. Generalized self-efficacy is the measure of engagement (UWES) and definition of engagement in the view of Schaufeli et al., (2002) is “A positive fulfilling, work-related state of mind that is characterized by vigor, dedication, and absorption”. Engagement in the view of Schaufeli et al., (2002) is “A positive fulfilling, work-related state of mind that is characterized by vigor, dedication, and absorption”. This study implements Schaufeli et al (2001) conceptualization as the description of engagement due to three reasons; First Kahn (1990) did not define employee engagement although he gave a theoretical base for it (Kim et al., 2009); second burnout research use the burnout-engagement theory that involve a complementary relationship among burnout and engagement, which is not an independent relationship (Maslach & Leiter, 1997); and third is the measure of engagement (UWES) and definition of engagement are used and cited most frequently in existing research and engagement literature (Bakker & Schaufeli, 2008). Thus, in this research study the focus is on Schaufeli’s definition of employee engagement. Core Self-Evaluations: Judge and Bono (2001) defined CSE as “basic conclusions or bottom-line evaluations that individuals hold about themselves” (p. 80). Therefore the core self-evaluation is a basic assumption that people hold functionality, worthiness and capability as an individual in their environment. Thus, individual with positive core self-evaluations evaluate themselves as worthy and capable. Core self-evaluations like core-evaluation affect people's attitudes, behaviors and appraisals in any given situation (Judge et al., 1997).

The conception of core self-evaluation is composed of four dispositional characters: low neuroticism, generalized self-efficacy, locus of control and self-esteem (Judge et al., 1997). Self-esteem refers to a fundamental appraisal made by individuals themselves. Generalized self-efficacy is the second core self-evaluation trait, it refers to the evaluation of basic ability to perform and manage a variety of situations (Judge & Bono, 2001). Locus of control is the third self-evaluation trait; it refers to an individual’s beliefs about the events in his life. Finally, low neuroticism is the last trait of core self-evaluation; it refers to state of experiencing negative and poor emotional status such as guilty, hostility, depression and fear.

Different theories and models provide theoretical basis for explaining why employees engaged in their work. Kahn (1990) describes the positive link among employee engagement and core self-evaluation in his three psychological condition theory. According to the Kahn (1990) employee engagement develops when these three psychological conditions were fulfilled: availability, safety and meaningfulness. Srivastava, A. et al., (2010) suggest that individuals with more positive core self-evaluation are more satisfied with their work/ tasks, as they prefer to work on complex tasks. Therefore on the basis of research findings and relevant theories, the following hypothesis is proposed: Hypothesis 1: Employee Engagement is positively correlated with Self-Evaluation.

Fairness of treatment with employees: Initially in 1987, Greenberg defined the Organizational justice, as it is an individual’s reaction and conception towards the organization’s fairness. Fairness or organizational justice leads to the concept that activities in organizations are according to the code of conduct, it can be explained in terms of law, fair-play, religion and ethic (Tabibnia, & Satpute, 2008). The consideration of people towards the fairness of circumstances and events are according to their normal lives. In 2001, Cropanzano and Byrne suggested that the organizational justice is a research of the fairness at work. The perception of organizational justice is not only different from individual to individual, but also varies between historical eras, civilizations and cultures.

Organizational justice refers to the perceived fairness of exchange taking place in an organization and involving individual in his or her relation with superiors, subordinates peers and the organization as a social system. This definition is based on all the organizational justice dimensions such as procedural justice, distributive justice, systemic justice and interactional justice. The following hypothesis is proposed on the basis of organizational justice: Hypothesis 2: Employee Engagement is positively correlated with fairness of treatment with employees.
Services Environment of Organization (Psychological Climate): Psychological climate, represent the individual own interpretations and perceptions about the organizational environments, which include processes, structure, and events, and the degree to which people feels that the organizational environment was safe enough and psychologically meaningful which influence attitudinal, affective and motivational reactions (Baltes, Zhdanova, & Parker, 2009). The concept of psychological climate is a perspective which focuses on day to day interaction among organizational members (Manning, Davidson, & Manning, 2004). Job demand resources model (JD-R), is related to the structure which give a theoretical background for employee engagement research (Salanova, Agut, & Peiró, 2005). Along with Kahn’s (1990) “three psychological condition theory”, this research study also has its hypothetical roots in the JD-R model, which assumes the relationship among employee engagement and psychological climate.

Large number of research has initiated that the demands and job resources are associated with the work engagement and burnout (Xanthopolou, Demerouti, Schaufeli & Bakker, 2007). According to the Demerouti et al. (2001) the JD-R model helped to describe the antecedents of employees’ engagement. In Job Demands Resources model, work environment was divided into two general types: job resources and demands. Thus, on the basis of research findings and relevant theories, the following hypothesis is proposed: Hypothesis 3: Services Environment of Organization is positively related to Employee Engagement.

3. Data and Methodology

Population and Sample: Population for this research was consisting on service sector (Universities, Hospital, Banks, and Telecommunication) of Pakistan. However, limited financial resources and time, as well as limited access to population this research used 304 employees from service sector of Pakistan. Convenience sampling technique was used to collect the data from employees in service sector and form different cities (Lahore, Okara, Islamabad, Rawalpindi, Kasur, Multan, Sahiwal, Pakpattan, Faisalabad, and Gujranwala) of Pakistan.

The rationale behind selecting these service sectors is that in all these, customers have direct link with the service providers. In Pakistan overall customers have the great flow in these 4 sectors as compared to others. In education sector, competition is so stiff resulting in quality education. In hospital sector, as Pakistan is a developing nation, a large group of people visits hospitals frequently that’s why hospitals also in competition and provide better services. Overall these sectors satisfy the common needs of the people in today’s time.

Data Collection: This research was based on self-reported questionnaire, all the collected data from the respondents was self-reported. The final questionnaire was distributed among the services sector employees in different cities of Pakistan. The data was collected through own visit, Email, social networking sites and courier services.

Approximately 600 questionnaires were distributed among the service sector in different cities of Pakistan. The questionnaire was send to the respondent through courier services, social networking (facebook, linkdin, Orkat and yaho email) and own personal visit. The questionnaire was self-reported and perception based. Almost 350 questionnaires were return back, out of which 46 questionnaire were discarded due to incomplete responses. The 304 questionnaire was enter in SPSS (Statistical Package for the Social Sciences) and used for analysis. The overall response rate was 58%.

Data Processing: The Statistical Package for the Social Sciences (SPSS) and AMOS program were used to analyze the data. The specific statistical techniques were used in SPSS and Confirmatory Factor Analysis techniques were used in AMOS. The different techniques which are also used in data processing for this research are mahalabonis test, descriptive statistics tests, reliability test, and correlation.

Measures: A self-reported questionnaire was used to collect the data from respondents to meet the objective and purpose of the study. Paragraph was included as a request for the respondents in the research, followed by statements which give the guarantee and the degree to which privacy of the data will be maintained.

The questionnaire consists of five (5) parts. Part 1 included the questions about participant’s engagement at work. It included the information about demographic: age, gender, nature of job, education level, experience under immediate supervisor, and also in current organization, total work experience and position. The second part of the questionnaire were included the questions about work engagement. Schaufeli and Bakker’s (2003) 9-item UWES (Work and Well-being Survey) was used with five-point Likert scale (1 for strongly disagree to 5 for strongly agree).

The third part of the questionnaire was included the core self-evaluation of the respondents. Erez, judge, Bono, and Thoresen’s (2003) CSES (Core Self-Evaluation Scale) was used to measure the core self-evaluation. 12 items are included in this scale. The fourth part of the questionnaire was included the questions related to fairness and treatment if the employees in their organization or institution. 5 items are included in this scale. The next part included the information of the respondents’ perception about their organizational environment. The psychological climate scale items were adopted from Amenumey and Lockwood’s (2008). 13 items are included in psychological climate scale.

4. Results and Discussion

The size of the sample is consists of 301 respondents with 203 males (67.4%) showing the majority of the respondents and 98 females (32.6%) showing the minority of the respondents. The largest group of the respondent is around about 122 (40.5%) is among the age of 25-29 years, 3 (1%)
among the ages group of 20 or less, 59 (19.6%) among the age group of 20-24, 80 (26.6%) among the age group of 30-39, 31 (10.3%) among the age group of 40-49 and 6 (2%) of respondents age is more than 50 years. For nature of job 162 (53.8%) respondents are working on permanent basis and 139 (46.2%) respondents are working on contract basis. According to the experience 30 (10%) respondents are working experience is less than 1 year, while 64 (21.3%) respondents are working from 1-2 years. The largest group of respondents 101 (33.6%) are working from 2-5 years, 5-10 years experience respondents are 75 (24.9%) and 31 (10.3%) respondents have more than 10 years working experience in organization. For the position of the respondents 100 (33.2%) respondents are working on manager level position and 201 (66.8%) respondents are working on non-manager level position. The master degree holder are 187 (61.2%), (29.2%) respondents are bachelor degree holder, (6.6%) respondents are M.phil and only 2% respondents are intermediate pass.

The One-way ANOVA analysis is used to determine the any significant and insignificant difference among the means of two or more independent groups. Table 1 shows one – way ANOVA analysis results of variance of demographic variables with work engagement and different antecedents of employee engagement. Results described that all the demographic variables are do not shows the significant variation with work engagement. Gender, age of respondents, nature of job and position of the respondent shows the significant variation with self-evaluation. Results also described that only employee job experience under his/her immediate supervisor is shows the significant variation with fairness and treatment of employees. And age of respondents and employee job experience under his/her immediate supervisor is shows the significant variation with services environment of organization.

Descriptive analysis of the determinants of employee engagement in service sector is indicating in table 2. This shows the information about the factors. The Value of mean and SD describe that majority of the employees are properly engage in their work. The values of Skewness and Kurtosis indicate the normality of the data. Moreover Homogeneity is shown by the spread of values, where the vertical spread of values is approximately same from left to right on the scatterplots. (see in Figure 1). Table 2 also describes the value of kurtosis was between -3 and +3 and value of skewness was between -1 and +1, which conform the normality of the data.

<table>
<thead>
<tr>
<th>Demographic Variables</th>
<th>Work Engagement</th>
<th>Self-Evaluation</th>
<th>Fairness and Treatment</th>
<th>Services Environment</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>F-Statistic</td>
<td>P-value</td>
<td>F-Statistic</td>
<td>P-value</td>
</tr>
<tr>
<td>Gender</td>
<td>.647</td>
<td>.422</td>
<td>9.556</td>
<td>.002**</td>
</tr>
<tr>
<td>Age</td>
<td>1.956</td>
<td>.072</td>
<td>2.798</td>
<td>.012**</td>
</tr>
<tr>
<td>Nature of Job</td>
<td>.029</td>
<td>.864</td>
<td>8.138</td>
<td>.005**</td>
</tr>
<tr>
<td>Experience under immediate supervisor</td>
<td>1.194</td>
<td>.313</td>
<td>1.799</td>
<td>.012**</td>
</tr>
<tr>
<td>Experience in current organization</td>
<td>1.193</td>
<td>.314</td>
<td>.459</td>
<td>.766</td>
</tr>
<tr>
<td>Total job Experience</td>
<td>1.888</td>
<td>.113</td>
<td>1.041</td>
<td>.000***</td>
</tr>
<tr>
<td>Position</td>
<td>.021</td>
<td>.884</td>
<td>12.911</td>
<td>.012*</td>
</tr>
<tr>
<td>Highest Qualification</td>
<td>.414</td>
<td>.743</td>
<td>2.163</td>
<td>.093</td>
</tr>
</tbody>
</table>

* Significant at α=0 .05 level.** Significant at α=0 .01 level.*** Significant at α=0.001 level.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Skewness</th>
<th>Kurtosis</th>
<th>WE</th>
<th>SE</th>
<th>FT</th>
<th>SEO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work Engagement</td>
<td>3.7512</td>
<td>0.55082</td>
<td>-0.644</td>
<td>1.575</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Self-Evaluations</td>
<td>3.2929</td>
<td>0.38457</td>
<td>-0.951</td>
<td>2.101</td>
<td>.191**</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fairness &amp; Treatment</td>
<td>3.5834</td>
<td>0.72709</td>
<td>-0.816</td>
<td>0.101</td>
<td>.365**</td>
<td>.212**</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Services Environment</td>
<td>3.6103</td>
<td>0.53690</td>
<td>-1.179</td>
<td>2.588</td>
<td>.516**</td>
<td>.243**</td>
<td>.524**</td>
<td>1</td>
</tr>
</tbody>
</table>
The cronbach alpha coefficient 0.789 was obtained for the work engagement. It shows that the internal consistency of the items is relatively high and the items are measure the same thing and also correlated with each other. 0.659 cronbach alpha was obtain for the self-evaluation, 0.768 cronbach alpha was obtain for fairness and treatment of employees, 0.818 was obtain for the service environment of organization. All the items of the questionnaire significantly contribute to the 0.676 overall cronbach alpha coefficients, which show the good sign of reliability. Overall cronbach alpha described that the internal consistency of the items are relatively high.

Figure 2 indicates the path coefficients for the proposed theoretical model for antecedents of employee engagement in this study. Statistics shows the acceptance of the model; with chi-square of 389.513 (df= 192), a RMSEA of 0.059, a GFI of 0.900, an AGFI of 0.869, an PGFI of 0.683, a CMIN/DF of 2.029, a RMR of 0.041, and a PCLOSE of 0.047. Overall the model was acceptable. In Figure 3, the path coefficients show the relationship among employee engagement, self-evaluation, fairness and treatment of employees, services environment of organization.
The path coefficients indicate that self-evaluation, services environment of organization and fairness and treatment of employees were positively and statistically significant with employee engagement.

Table 3. Regression Analysis of Antecedents of Employee engagement

<table>
<thead>
<tr>
<th>Variables</th>
<th>B</th>
<th>Std. Error</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>.216</td>
<td>6.622</td>
<td>.000**</td>
<td></td>
</tr>
<tr>
<td>Self-Evaluation</td>
<td>.305</td>
<td>.056</td>
<td>5.762</td>
<td>.000**</td>
</tr>
<tr>
<td>Fairness and treatment of employees</td>
<td>.210</td>
<td>.038</td>
<td>3.797</td>
<td>.000**</td>
</tr>
<tr>
<td>Services environment of organization</td>
<td>.201</td>
<td>.052</td>
<td>3.448</td>
<td>.001**</td>
</tr>
</tbody>
</table>

Notes: R = 0.543, R2 = .295, Adjusted R2 = 0.287 and F Statistics = 41.338**.
** Means Variable is significant at the 0.001 level (2-tailed).

In order to explore the impact of self-evaluation, fairness and treatment of employees and services environment of organization on engagement of service sector employee’s regression analysis is performed. The finding of this analysis is provided in Table 3. The result of this analysis showed that there is direct and significant relationship between self-evaluation, fairness and treatment of employee, services environment of organization and employee engagement. First of all, in this analysis, good fit of model is checked. This good fit is checked with the help of F test. To test the good fit of model, null hypothesis is that “model is not good fit”. The value F test is 45.541 which reject the above null hypothesis at 1% level of significance and conclude that model is good fit. So this model is good fit.

The coefficient of multiple correlation of this study is r which is equal to 0.543. It measures quality of prediction of the model (Laerd Statistics). The value of 0.543 is the good quality of prediction. The coefficient of determination R’ of this study is 0.295 which means independent variables self-evaluation, fairness and treatment of employees and services environment of organization can explain 29.5% variations in the employee engagement. Adjusted R² is basically measure expected decline in the R² due to inclusion variables in the regression. The adjusted R² is normally used as an indicator of generalizability. Lower the shrinkage among adjusted R² and R², great will be the generalizability. In this case its value is 0.287 and the shrinkage is very low 0.008. So, these results are generalizable to the whole population.

In regression analysis testing of hypothesis is done by looking at coefficient of independent variables. First independent variable, self-evaluation has a positive and significant relationship with employee engagement. As this variable with a coefficient value 0.305 is significant at 1% level of significance. It means employee self-evaluation has positive impact on employee engagement. This result support first hypothesis of the study, which is employee engagement positively correlated with self-evaluation. So we accept the first hypothesis. Second independent variable, fairness and treatment of employees have positive and significant effect on employee engagement. As this variable with a coefficient value 0.210 is significant at 1% level of significance. It means fairness and treatment of employee has also positive and significant impact on employee engagement. This result also support second hypothesis of the study, which is employee engagement positively correlated with fairness of treatment with employees. So we accept the second hypothesis. Likewise third independent variable, services environment of organization also have positive and significant effect on employee engagement. As this variable with a coefficient value 0.233 is significant at 1% level of significance. It means services environment of organization also have positive impact on employee engagement. This result support third hypothesis of the study, which is services environment of organization is positively related to employee engagement. So we accept the third hypothesis.

5. Implications/Limitations/Suggestions
Self-evaluation is the spirit of employee’s engagement which optimizes his performance. It shall be given due weightage while hunting the right talent in service sector. Self-evaluation also helps keeping employees in best and involving state of mind which maximizes their performance and that of organization. Sample size of the study is low and data is collected from the service sector of the country. For future consideration sample size should be increase to measure the engagement of the employee and if data is also collected from the other sector like organization from industrial sector then the antecedents of employee’s engagement can be reshaped.

6. Conclusions

First variable, self-evaluation has a significant relationship with employee engagement. This result is supported by the results of studies conducted in hospitality settings, according to these results hospitality employees with high self-evaluation are likely to engage in their work (Olugabde & Karatepe, 2009). Kahn’s (1991) three psychological theory also support this result that when employees are assured of safety, psychological meaningfulness and availability in performing their jobs, they show engagement in their work. It indicated that when people believe that job is worthwhile, work environment is reliable and they have sufficient psychological resources then they are more engaged in their job roles. So employee pertaining three psychological conditions of self-evaluation are likely to engage in their jobs. Employees with positive self-regard set high work goals, consider important the achievement of these goals and engaged in seeking meaningfulness from goal accomplishments. As employees with optimistic approach, are confident and interpret their job and work environment more challenging and enjoyable with high anticipation of success because they are more willing to invest their time in their job activities.

Fairness and treatment of employee’s and service environment of organization also a significant predictor of employee engagement. Previous research on JD-R model also supports the findings of this study (Hakanen et al., 2006; Xanthopoulou et al., 2008; Saks, 2006). According to Demerouti et al. (2001), favorable work environment can alleviate job demands, motivate employees and can enhance their willingness to dedicate themselves to their job. So it can be concluded that when employees in service sector believe that management has strong commitment regarding the customer quality and provide good support to their employees, then excellence is likely to engage in their work.

REFERENCES


