

Relationship between Job Satisfaction and Employee Engagement: An Empirical Study on Private Banks in Bangladesh

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Abstract

In today's competitive world, engaged employees are a crucial asset for any organization. Employee engagement measures significant levels of commitment and loyalty by the employees, which benefits the organization in many ways. This study only focuses on private banking sector, which is now changing tremendously. With the changing scenario, they need highly qualified engaged employees to deal with the competitive market. Employees who are committed and loyal at work exhibit higher performance and that will eventually facilitate the organization in both the national and international market. This study provides a linkage between two most significant HR variables- job satisfaction and employee engagement as well as tries to evaluate the impact of various factors of job satisfaction on engaged employee. This empirical study was administered among 92 employees of private banks in Bangladesh. A questionnaire with 24 statements using the Likert scale was provided to the employees to examine the correlation between job satisfaction and employee engagement. Correlation results showed that there is a crucial relationship between these variables. Apart from this, multiple regression analysis was conducted for examining the impact of the factors of job satisfaction those are- management support, communication, recognition, career growth, and leadership on employee engagement. It indicated that communication drivers have highly affected the engaged employees whereas recognition does not affect employee engagement.



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1. Introduction:

Employee engagement and job satisfaction are the most significant concepts for an organization. The former is linked with the latter and vice versa. Most researchers have identified that a highly satisfied employee is enthusiastically involved with his organization. GP Strategies Corporations (2018) reported that, employee engagement occurs only when there is maximum satisfaction from the organization by efficiently working for achieving the goals of the organization. BlessingsWhite Inc. (2011) on their report identified five categories of employees in accordance with the levels of engagement. These categories range from the engaged to the disengaged. This report highlighted that employee himself/herself is accountable for his/her engagement and loyalty. Organization should work on providing coaching to enhance the engagement levels of employees. (Sharmila, 2013) defined engaged employee as employees who are conscious about the business environment, and willingly work with his peers to improve the job performance that benefits the organization. Given the increase in popularity of research on work engagement, several empirical studies have shown conceptual evidence of work engagement being a critical factor in organizational success and engaged employees are a valuable competitive advantage for successful organizations (Ahlowalia et al., 2014). Nowadays, the private commercial banks of Bangladesh recognize employee engagement as a crucial success factor as well as they correlate levels of employees' job satisfaction with employee engagement and formulate various strategies to maintain this correlation. Whereas job satisfaction is the individual's feeling of contentment consequentially derived from the conception of work and to find that feeling, motivation to work on the highest efficiency is required (D. A. Hunaiti, 2007). Recent studies focus on the highly engaged employees as an HR concern with the increase of job satisfaction level as it would bring the high-quality performance for the company. As job satisfaction is a leverage of employee engagement (Bellani, et. al., 2018), it indispensably contribute to the increasing the performance and engagement of employees.

Many researchers have investigated the factors that influenced employee engagement in the organization. However, in Bangladesh, there are few recent studies about it. Recently, many studies (Reissova and Papay, 2021; Madan and Srivastava, 2015; Peiters, 2018, etc.) have explored several factors of job satisfaction but they didn't show any impact of those factors on employee engagement. This study aims at finding the significant aspects of job satisfaction that influence employee engagement. It also tries to investigate the association between these two issues: (i) exploring the relationship between job satisfaction and employee engagement, and (ii) investigating the impact of job satisfaction factors on employee engagement.

2. Literature review:

Employee engagement can be defined as a commitment of an employee toward his organization. An obliged and devoted employee strives to make a discretionary effort towards achieving organizational goals and he becomes the most indispensable part of the organization. Employee engagement is the commitment of an employee toward his organization. An engaged employee strives to make a discretionary effort towards achieving organizational goals and he becomes the most essential part of the organization. Vorina et al.,(2017) showed in their research that, there is a visible relationship between job satisfaction and employee engagement. This study found out the gender differences in this context. The study investigated some factors related to both variables and showed a positive correlation between them. The Findings of Reissova and Papay (2021) stated that both the variables- job satisfaction and employee engagement are constructively related to each other. Furthermore, The study exhibited that, even though employee engagement value is low, job satisfaction is positively correlated with engaged employees. On the other hand, it has been found that working

conditions as a factor of job satisfaction need not be correlated with employee engagement. Even in an unfavourable workplace, employees can be loyal and committed to the organization. Pieters (2018) stated organizational justice is a predictor of job satisfaction and employee engagement. The study's main finding was that intrinsic and extrinsic job satisfaction factors affect employee engagement. In the research conducted by Eka and Anik (2020), only organizational communication was determined as a force for employee engagement. This research work investigate that communication had a core linkage with employee engagement. It also stated that clear and effective communication could decrease the employee turnover rate and employee performance. It further added that effective communication approach must be implemented to mitigate the problems employee engagement.

2.1 Hypothesis:

According to the study by Madan & Srivastava (2015) acknowledged that the most loyal and productive employees are not necessarily satisfied employees. Employee engagement is the foundation for the emotionality along with intellectuality of an employee with the organization. Kevin (2012) from Forbes.com specified engaged employee have affection and obligation the employee towards the organizational goals. Many organizations often mistake a satisfied employee for an engaged employee. Commitment and satisfaction do not always correlate. An employee can be devoted to his organization, but it doesn't imply that satisfaction leads to this commitment. But many researchers have found that job satisfaction is the pre-requisite of employee engagement and the influential forces of job satisfaction can visibly affect the level of this dependant variable. Various influential factors such as work environment, recognition, management, career growth and training opportunities, shared values, leadership, and communication drive job satisfaction which consecutively leads to commitment and loyalty of the employee. In the study, Susan (2012) found that job satisfaction and employee engagement are moderately correlated. Her research showed that certain factors of job satisfaction such as financial incentives, fair treatment, the job itself, cooperation from the work of other departments, etc. influence employee engagement. However, the study also examined the following points: salary, training, and employee welfare don't have any significant effect on employee engagement. The research emphasized employee development and employee wellbeing to enhance the job satisfaction level that will directly affect employee engagement. Based on the prior studies the following hypothesis was formulated.

H1: *Job satisfaction and employee engagement are positively correlated.*

2.2. Theoretical framework:

After exploring and analyzing previous research, this study has formed a framework to understand the factors that influence the job satisfaction level which ultimately lead to employee engagement. The framework depicts several factors, such as the working environment, recognition from the company, management support, training and career growth opportunities, leadership drivers, and communication drivers have a greater impact on job satisfaction which are also influence the level of employee commitment and loyalty that eventually delineate employee engagement.

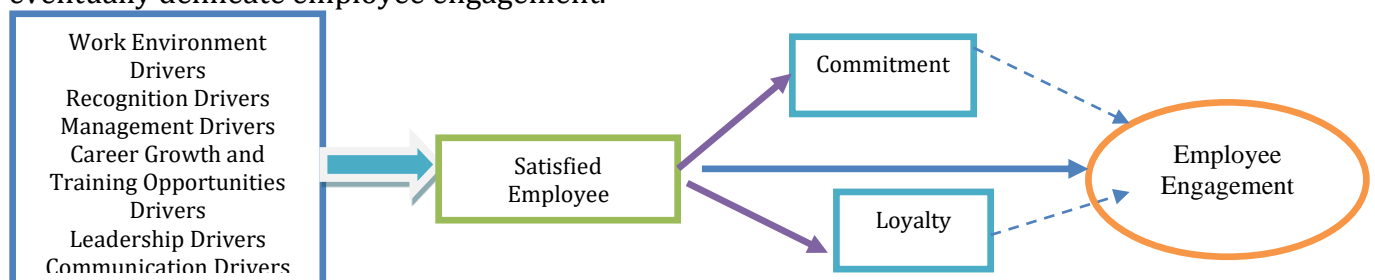


Figure 1.1: Framework of the relationship.

3. Methodology:

The study collected data from primary sources through questionnaire for achieving the objectives of the research. Secondary data was also implied in developing the framework. A self-designed questionnaire with 24 items contains statements on the factors of job satisfaction as well as some statements regarding employee engagement and job satisfaction. Statements of the questionnaire were prepared based on the Likert-Scale which had 5 choices, namely: Strongly Agree to Strongly Disagree. Since the foremost purposes of this study were to analyze the association between job satisfaction and employee engagement and also the impact of the factors of job satisfaction on employee engagement of private commercial banks of Bangladesh, 100 employees from 10 reputed private banks of Bangladesh were considered as the population. But only 92 samples could be collected. The study used SPSS software- version 25 to test the hypothesis.

4. Findings and Analysis:

4.1 Reliability test:

To examine the reliability, Cronbach's Alpha test had been applied. The questionnaire is designed to measure the factors of job satisfaction affecting the employee engagement, job satisfaction level and employee engagement level. the Cronbach's Alpha value was .958 which was more than .70 on the reliability scale that indicated the data was reliable and could be used.

Table 4.1: Cronbach's Alpha test

| Reliability Statistics | | |
|------------------------|--|------------|
| Cronbach's Alpha | Cronbach's Alpha Based on Standardized Items | N of Items |
| .958 | .959 | 24 |

4.2 Hypothesis Testing:

To assess the relationship between variables, a bivariate Pearson's Correlation coefficient (r) was calculated. The result is given below:

Table 4.2: Correlations analysis

| Correlations | | | |
|---------------------------------|-----------------------------------|------------------------------|---------------------------------|
| | | Job satisfaction total score | Employee engagement total score |
| Job satisfaction total score | Pearson Correlation | 1 | .824** |
| | Sig. (2-tailed) | | .000 |
| | Sum of Squares and Cross-products | 3002.913 | 1841.587 |
| | Covariance | 32.999 | 20.237 |
| | N | 92 | 92 |
| Employee engagement total score | Pearson Correlation | .824** | 1 |
| | Sig. (2-tailed) | .000 | |
| | Sum of Squares and Cross-products | 1841.587 | 1665.163 |
| | Covariance | 20.237 | 18.298 |
| | N | 92 | 92 |

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

From the above table, it is clear that the bivariate correlation between the variables was found positive and significant, where $r(92) = .824, p < .001$.

4.3 Regression analysis:

To fulfil the second objective of this study, multiple linear regression was used to know whether there is any impact of the factors of job satisfaction on employee engagement. Initially,

some precautionary analyses were conducted to ensure there was no violation of the following assumptions, i.e. normality, linearity, multicollinearity and homoscedasticity. Boxplots indicated that variables were normally distributed and free from univariate outliers. Scatterplot also showed that the assumptions of normality, linearity and homoscedasticity of residuals were met. On the other hand, Mahalanobis distance exceeded the critical χ^2 for $df=6$ (at $\alpha=.001$) of 22.74 for a single case in the data file which indicates that multivariate outliers were not significantly concerning. Also, Relatively high tolerances for the predictors (e.g., .47) in the regression model indicate that multicollinearity would not interfere with our ability to interpret the outcome of the regression model.

Table 4.3: Model Summary

| Model Summary ^b | | | | |
|---|-------------------|----------|-------------------|----------------------------|
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
| 1 | .874 ^a | .764 | .748 | 2.14871 |
| a. Predictors: (Constant), Career Drivers Total Score, Leadership Drivers Total Score, Work Environment drivers Total Score, Management Drivers Total Score, Communication Drivers Total Score, Recognition drivers Total Score | | | | |
| b. Dependent Variable: Employee engagement total score | | | | |

Table 4.4: Anova Test

| ANOVA ^a | | | | | | |
|---|------------|----------------|----|-------------|--------|-------------------|
| Model | | Sum of Squares | df | Mean Square | F | Sig. |
| 1 | Regression | 1272.720 | 6 | 212.120 | 45.944 | .000 ^b |
| | Residual | 392.443 | 85 | 4.617 | | |
| | Total | 1665.163 | 91 | | | |
| a. Dependent Variable: Employee engagement total score | | | | | | |
| b. Predictors: (Constant), Career Drivers Total Score, Leadership Drivers Total Score, Work Environment drivers Total Score, Management Drivers Total Score, Communication Drivers Total Score, Recognition drivers Total Score | | | | | | |

Table 4.5: Regression analysis

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. | Collinearity Statistics | |
|-------|--------------------------------------|-----------------------------|------------|---------------------------|-------|------|-------------------------|-------|
| | | B | Std. Error | Beta | | | Tolerance | VIF |
| 1 | (Constant) | 1.015 | 1.349 | | .753 | .454 | | |
| | Work Environment drivers Total Score | .692 | .196 | .272 | 3.539 | .001 | .469 | 2.132 |
| | Recognition drivers Total Score | .019 | .253 | .007 | .076 | .939 | .310 | 3.225 |
| | Management Drivers Total Score | .258 | .234 | .096 | 1.099 | .275 | .361 | 2.769 |
| | Leadership Drivers Total Score | .716 | .342 | .161 | 2.092 | .039 | .471 | 2.125 |
| | Communication Drivers Total Score | 1.016 | .223 | .358 | 4.562 | .000 | .451 | 2.217 |
| | Career Drivers Total Score | .489 | .226 | .177 | 2.164 | .033 | .413 | 2.423 |

Dependent Variable: Employee engagement total score

From the model summary (presented in table 4.3), the value of R square (0.764) and R (.874) indicates that there is a significant impact of the independent variables on employee engagement. Also combinedly, employee engagement is only 76.4% influenced by work environment drivers, management drivers, recognition drivers, career growth and training

drivers, and leadership drivers. For measuring the significance, the ANOVA test is used and from the table 4.4, it is clear that the model is significantly appropriate in predicting the impact of the independent variables on the designated dependent variable. Additionally, The table 4.5 shows that communication drivers (beta= .358, $p < 0.05$) had a significant impact on employee engagement whereas recognition drivers had less influence (Beta= .007, $p < 0.05$) on the level of employee engagement. All the other factors moderately influence employee engagement.

5. Conclusions:

Employee engagement is the key factor in developing organizational effectiveness. It facilitates the interpersonal relationships among peers and managers and leads the organization to maintain a harmonious work environment. By promoting employee engagement, the organization recognizes employees as exclusive contributors to the organization. Employees also feel they are trustworthy resources and thus enhance their commitment levels. Engaged employees are considered as competitive advantage- helping the organization to achieve higher output, increased customers, and high profitability. Nonetheless, to promote employee engagement, the organization needs to set the bar high to increase employee job satisfaction. The purpose of the study was to identify the impact of factors on job satisfaction- work environment drivers, management drivers, communication drivers, recognition drivers, leadership drivers, and career drivers on employee engagement that past researches did not examine. Communication driver has a substantial effect on employee engagement whereas all other factors moderately affect the level of employee engagement. However, this study also revealed that recognition cannot facilitate the employee to increase the level of obligation and engagement. Organizations can analyze the study and they can formulate and implement strategies to enhance the factors that are important measures to uphold the engaged employees.

5.1. Practical Implications:

An organization needs to focus on improving the conditions of the drivers that have a noteworthy and moderate impact on employee engagement. As the study identified, the most significant factor is communication, therefore the organization must encourage two-way and freewheeling communication among employees. It should also work for promoting participation from the employees in decision- making process. That will uplift their feelings of commitment. Altogether, the study recommended that if the drivers of job satisfaction are enriched, it will improve the level of job satisfaction resulting in upgrading the level of employee engagement. The study also recommends that organization must implement mentorship to retain the highly engaged employees and elevate other influential determinants of employee engagement.

5.2. Limitations and future research direction:

The research could have been more upgraded if it wouldn't face difficulties. Collecting data from private banks was really tough since the employees were too busy with their work. Because of Covid-19, it was also a time-consuming process. It was hard to collect all the expected data. Moreover, the current research explored the factors of job satisfaction that influence the employee engagement. This study thus suggests that future researchers could explore other significant factors of employee engagement that could lead to organizational effective performance. It also recommends that further research could be aimed at reconnoitering the business context that could lead to excel the levels of employee trustworthiness and obligations towards the organization.

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