

Trust, Rewards and Training Impact on Employee's Work Engagement: An Evidence from Banking Sector

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Abstract

Pakistan's banking sector has a key role in its economic growth. Employee behavior in this sector is greatly affected by job-related factors. The drive of the study was to assess the impact of trust, rewards, and training on WE in the banking sector. Data were collected from a random sample of 150 correspondences through the survey questionnaire. A model of correlation and regression was used to scan the connection between the variables. Results based on the model of correlation and statistical regression revealed that all three factors, including trust, reward, and training, have a positive influence on the WE of the employees. This research is a distinct study of trust, rewards and training consequences on the employees' WE from a banking perspective. The outcomes of the study, therefore, have a number of suggestions in the field of human resource for researchers and practitioners.

Key Words

Trust, Rewards, Training,
Work Engagement,
Banking Sector

Introduction

Banks perform a major role in a country's economic development and its good functioning (Hüpkés, 2000). Three-fourths of Pakistan financial sector is related to the banking sector and it is the fastest-growing sector of Pakistan (Khan, Shahid, Nawab, & Wali, 2013). This growth in the banking sector is due to their employees' behavior towards performance (Aftab, 2012). The hypotheses being developed in this study are based on the behavioral aspect of employees called Social Exchange Theory (SET) and Norm Reciprocity (Blau, 1964). These theories are considered dominant for understanding the employee's workplace behavior (Blau, 2017). SET assumes that every action has a proportionate behavioral reaction of employees which is mutually rewarding (Emerson, 1976). According to the SET of (Blau, (1964), an employee's behavior arises as a consequence of voluntary response driven by the desired benefit and interaction with each other. Employees contribute to that organization which cares for and supports its employees' well-being. As many studies have shown, if an organization capitalizes on the training of employees (Bilal, Shah, Kundi, Qureshi, & Akhtar, 2014; Memon, Salleh, & Baharom, 2016), rewards, motivation and involvement (Tezergil, Köse, & Karabay, 2014) then individual reciprocate by desirable work-related behaviors (Tezergil et al., 2014). SET thus provides the present study with a solid theoretical foundation.

Schaufeli, Salanova, González-Romá, and Bakker (2002) proposed a three-part conceptualization of Work Engagement (WE). The three parts are vigor, dedication, and absorption. These three factors are actually considered the most powerful factors for measuring the strength and direction of an organization towards superior performance. Organizations focus on increasing the engagement level of employees because it leads an organization to higher levels (Richardsen, 2019). The banks in Pakistan focus heavily on providing high-quality services to their customers. To achieve these high-quality standards, the banks need motivated and well-engaged employees; therefore, they need to take employees' WE into account in relation to the quality of service and performance at work. It is vital to see which factors most affect the WE of employees so as to create an environment for satisfaction and engagement of employees. (Mokaya & Kipyegon, 2014). Consequently, organizations need to spend more time, money, and energy on programs, processes, and factors that will affect employee engagement positively

(Mokaya & Kipyegon, 2014). Therefore, bases this, in the existing study we suggested that trust, rewards, and training significantly add to the WE of employees.

Literature

Work Engagement

Work Engagement is a positive, fulfilling, work-related state of mind characterized by vigor, dedication, and absorption. (Schaufeli, Salanova, et al., 2002). Vigor is an individual level of energy and mental resilience while working, dedication is a sense being significantly involved and feels importance, enthusiasm, pride, and inspiration, whereas absorption is fully concentrated and intensely engrossed engagement in one's work (Schaufeli, Salanova, et al., 2002). Previous studies on engagement indicate that engaged employees exhibit a high level of willingness to contribute to organization success by investing in personal energy (Bakker & Bal, 2010).

Since 1990, considerable attention has been paid to WE but still, a very low level of engagement is recorded globally (Albrecht, Bakker, Gruman, Macey, & Saks, 2015). The international study of Hewitt (2014) shows that thirty-nine percent of employees were not engaged, while sixteen percent out of this percentage were actively disengaged. This costs billions of dollars each year in the form of lost productivity (Saks & Gruman, 2014). Therefore, further research is required to determine new ways that increase employee's WE (Memon et al., 2016).

Trust in Organization

Trust is an integral part of organization culture (Tezgeril et al., 2014) and encourages positive customer attitude, intentions and behavior regarding products and services (Swan, Bowers, & Richardson, 1999). Trust is the confidence of an employee that the organization will carry out actions that are beneficial to him or her, or at least not harmful. (Tan & Lim, 2009). Previous studies have shown that a high level of organizational trust strengthens the relationship with WE (Dyer & Chu, 2003). The results of the study being carried out in the Nigerian Business Environment suggest that trust is significantly linked with WE of employees (Ugwu et al., 2014). Therefore, this study anticipates that such an association will also hold in Pakistan. Hence, the following hypothesis is established:

H1: If the trust of employees increases in the organization then employee work engagement will also increase.

Rewards

Rewards are benefits being received by employees for rendering service to an organization. They can be in the shape of financial and tangible benefits received by an employee while performing a particular job within an organization (Bratton & Gold, 2017). Rewards are the things which are considered valuable by employees (Chen & Hsieh, 2006) and can be both monetary and non-monetary (Kiisa, Daria, Anu, & Christina, 2012). The monetary rewards are also called extrinsic rewards and include bonuses, promotion, pay rise, gifts, and other tangible rewards, while non-monetary or intrinsic rewards comprise recognition, empowerment and positive feedback (Bratton & Gold, 2017).

Rewards enhance the efficiency and performance of an employee and lead an organization toward success. Stajkovic and Luthans (1997), suggest that financial and non-financial rewards enhance employee behavior and performance. Hulkko-Nyman, Hakonen, and Sweins (2008) state that the level of engagement of an individual varies with the level of rewards a person receives from performing a specific role. It was further specified by Kahn (1990) that people vary in their engagement levels in proportion to the rewards they receive from performing a role. Therefore, on the basis of this we have proposed the following hypothesis:

H2: If rewards increases then work engagement will increase.

Training

Training has an indispensable role in the improvement of skills, knowledge, and behavior of employees working in an organization (Noe, Hollenbeck, Gerhart, & Wright, 2017). It is the organization's planned and systematic way of enhancing employees abilities, skills and knowledge through a learning process (Horgan & Muhlau, 2006). This improves employee competencies to achieve organization objectives and improve employees' work behavior and performance (Barrett & O'Connell, 2001; Lynch & Black, 1995). Training is a scheduled effort used for educating the newly hired or current employees with basic skills and learning associated with performing a specific job (Kozlowski & Salas, 2009). In service-oriented organizations training tremendously improves the employees' behavior and understanding regarding their roles (Hartline & Jones, 1996).

Training offers not only the opportunities to employees to completely engage themselves in performing their roles (Gruman & Saks, 2011) but also increases the level of employees WE (Albrecht et al., 2015). Memon et al. (2016), state that training opportunities are key resources and significantly predict employees' WE. Although many

research studies investigated the association between training and the employees' behavioral outcomes, to date, very few studies have investigated the link between training and employees WE (Memon et al., 2016). Therefore, on the basis of this, we hypothesize that:

H3: If training increases then work engagement will also increase.

Methodology

The data was collected from employees via a survey questionnaire who were working at a different level of management in the banking sector located at district Swat, Khyber Pakhtunkhwa, Pakistan. A total of 200 questionnaires were circulated among bankers and only 165 were returned back. Out of 165 questionnaires, fifteen were having more than 50% missing data; therefore, only 150 questionnaires were considered for further analysis showing a response rate of 75 percent.

Instrumentation

In this research study, three independent variables, namely trust, rewards, training, and a dependent variable, namely employee engagement were used to test their relationship through statistical tools. All the questionnaires were examined with a five-point Likert scale ranging from 1= strongly disagree to 5= strongly agree. Trust was examined through the adopted scale of Podsakoff, MacKenzie, Moorman, and Fetter (1990), the rewards construct was assessed by scale adopted from Demo, Neiva, Nunes, and Rozzett (2012) and the training was measured by the scale of Salanova, Agut, and Peiró (2005). The Utrecht Work Engagement Scale (UWES) adopted from Schaufeli, Salanova, et al. (2002) was used to assess the WE. The UWES has been previously validated in Pakistan, which witnessed a great degree of reliability, validity, and consistency (Bilal, Shah, Yasir, & Mateen, 2015).

Reliability Analysis

The Cronbach's alpha (α) values shown in Table 1, for all variables are higher than 0.60, hence the reliability of all variables instruments are justified as reliable for further analysis (Nunnally, 1978).

Table 1. The Test of Reliability

Factors	α
Trust	.923
Rewards	.726
Training	.742
Work Engagement	.849

Correlation Analysis

The correlation results in Table 2 show that all study variables are positively and significantly correlated with each other. Trust and WE have $r = 0.785$ at $p < 0.01$, rewards and WE have $r = 0.515$ at $p < 0.01$ and training and WE have $r = 0.738$ at $p < 0.01$.

Table 2. Correlation Matrix

	Trust	Rewards	Training	Work Eng
Trust	1			
Rewards	.696	1		
Training	.610	.515	1	
Work Engagement	.785	.652	.738	1

Testing Hypothesis

The impact of Trust on Work Engagement

Table 3 shows that R squared value of 0.688 predicts that the trust account for 68.8 % of the variability in the scores of WE ($b = .766$, $t = 15.52$, $p < 0.01$) and hence supports our first hypothesis.

Table 3. Trust and WE

Model	Unstd. Coefficients		Stand. Coefficients	t	Sig.
	B	Std. Error	Beta		

1	(Constant)	2.328	.166		14.05	.000
	Trust	.512	.033	.766	15.42	.000
R						.829
R ²						.688
Adj. R ²						.675
F					52.491	
Sig.						.000

Dependent Variable: WE

The Impact of Rewards on Work Engagement

Table 4 below portrays that R squared value of 0.539 predicts that the rewards account for 53.9 % of the variability in the scores of WE (b =.682, t = 10.726, p < 0.01) and hence our second hypothesis is supported.

Table 4. Rewards and WE

Model		Unstd. Coefficients		Stand. Coefficients	t	Sig.
		B.	Std. Err	Beta		
1	(Constant)	1.671	.269		6.208	.000
	Rewards	.577	.054	.682	10.726	.000
R						.735
R ²						.539
Adj. R ²						.520
F					27.881	
Sig.						.000

Dependent Variable: WE

The Impact of Training on Work Engagement

Table 5 exhibits the the R squared value of 0.662 which predicts that the rewards account for 66.2 % of the variability in the scores of WE (b =.723, t = 14.469, p < 0.01) and hence our second hypothesis stands true.

Table 5. Training and WE

Model		Unstd. Coefficients		Stand. Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.857	.256		3.342	.001
	Training	.799	.055	.723	14.469	.000
R						.814
R ²						.662
Adj. R ²						.648
F					46.779	
Sig.						.000

Dependent Variable: WE

Discussion

The result of the first hypothesis shows that trust is positively correlated with WE, indicating that individuals who feel a high level of trust in the organization are likely to be more engaged in their work. Our results are consistent with the findings of a previous study (Babcock-Roberson & Strickland, 2010; Ugwu et al., 2014). Rewards programs for bankers have proven significantly positive effects on WE. This confirms the previous research findings which empirically consider that rewards being offered to an employee are not only correlated with their engagement level but also significantly predict the WE (Kiisa Hulkko-Nyman, Sarti, Hakonen, & Sweins, 2012; Jacobs, Renard, & Snelgar, 2014). This relationship might be due to the fact that people working in banks perform complex and interdependent tasks. Hence they are offered rewards in the shape of both monetary and non-monetary form which enhances their engagement level.

Similarly to the finding of Memon et al. (2016), it was found that training is the strongest predictor of an employee's WE. The findings of this study also confirmed the results of the previous studies on the relationship between training and an employee's WE (Bilal et al., 2014; Memon et al., 2016). Therefore, banks must encourage the training culture within the organization to promote the WE of employees to improve the overall performance of the organization.

Implications

This study examined the theoretically-driven hypotheses and valuable implication for Human Resource Managers specifically HRD practitioners in the banking sector. The findings of this study display that higher levels of trust, rewards, and training are allied with WE. Banks must, therefore, pay more attention to training and increase the level of trust and rewards. Employees with high levels of trust and rewards display high levels of engagement that are effective factors in the overall performance of the organization. It is also suggested that banks need to develop training programs on a needs-basis as it plays an important role in skill development that is essential to enhancing WE, ultimately improving the work performance of employees (Bilal et al., 2014) and overall organizational performance (Bakker & Schaufeli, 2008). In addition, the current study's empirical outcomes add to the conceptual background and are consistent with the literature. In addition, the current study's empirical findings contribute to the conceptual background of Social Exchange Theory (SET) and Norm Reciprocity (Blau, 1964; Whatley et al., 1999) and add to the existing literature in the form of testing the above said relationship between dependent and independent variable in banking sector of Pakistan.

Conclusion

The finding of this study reinforced the Social Exchange Theory (SET) of Blau (2017), that if an organization shows positive behavior, the employee also reciprocates with positive behavior too, which in theory means that if organization properly offer rewards to employees, develop their trust level and provide them training then the level of engagement of employees will enhance. Therefore, this current study has specifically focused on the understanding of the relationship between important human resource factors such as trust, rewards, training and WE of employees working in the banking sector.

Notwithstanding, this study has a few limitations. First, the current research findings were based on the samples drawn from the banks situated at district Swat, Pakistan only. Therefore, generalizing the results of the current study to other industries, geographical regions and countries should be carried out with caution. Second, a cross-sectional design was incorporated, which makes it vulnerable when analyzing the causality of the association. We recommend a longitudinal study to be conducted in the future in order to better understand the causal relationship between the variables. Last, due to the low numbers of Banks situated in the particular target area, a small sample size has been used. In the future, we recommend a study considering a large sample size with the same research parameters and variables may be conducted in order to generalize the results of the present study.

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