

Employee Engagement and Strategic Communication in Saudi Arabian Banks

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Abstract

The purpose of this paper is to examine the perceptions of individual employees on communication and its impacts on employee engagement in banks. Despite the extensive research on employee engagement and communication, very little or no empirical research has examined this scope of investigative study. Therefore, the hypotheses are developed to test and examine this relationship empirically. This study contributes in advancing the employee engagement literature to understand the association between communication and employees engagement within the context of banking industry. The results of this study reveal that communication with shared purpose, leadership attention, and communication based on dialogue are significantly positively associated with employee engagement. In communication, leadership attention is found to be strongly associated with employee job satisfaction and commitment in employee engagement.

Keywords: Employee engagement, Communication, Banks, Saudi Arabia.

Introduction

The banking industry like other service and manufacturing industries is adjusting to the multiple changes in the marketplace over the years. Generally a widespread national emphasis in gulf countries on improving adult literacy and data explosion from automated communications development, together these and other forces have produced a better educated and more demanding work force and a customer base which holds higher expectations for service quality in the banking industry. The rapid productivity gains arising from automation could not be sustained without increased worker/employee engagement and involvement. Employee engagement can be defined as "it is the emotional connection (after reaching to high level of job satisfaction) that an employee feels for his organization that influences him to utilize more discretionary efforts to his work". Recognizing this has prompted greater interest in employee engagement and quality of working environment as

manager search for programs to build long term and sustainable service response.

Also the increasing desire by employees to have input and control over their own and their organization's success, drive the need for exploring even more employee-centred and teamwork-based management approaches to maximize employee engagement in banking industry. The importance of the Human Resource Management (HRM) is enhanced through its impact on employee morale and engagement. Consequently, employee engagement is likely to be influenced by communication as one of the aspects of HRM and it is important because of well-established association with a range of organizational outcomes (customer satisfactions). In general most of the research has been carried out on the relationship between different aspects of employee management approaches and employee engagement. A gap is found to be existing in literature that has discussed the subject of organizational

communication and its relationship with employee engagement. To bridge the gap and to examine whether the effective communication as one aspect of employee management practices result in an improvement of employees' working conditions that will inevitably contribute towards their engagement. This paper reports the results of empirical study that address a general research questions: how communication affects employee engagement? And what are the employees' perceptions of the impact of communication on employee engagement in organization?

Literature Review

Researches have suggested that human resource management practices can develop the positive beliefs and attitudes associated with employee engagement, and that these practices can generate the kinds of discretionary behaviours that lead to enhanced performance. Konrad, (2006) asserted that employees who consider, design and implement workplace and process changes are engaged employees. He further noted that, The Gallop Organization, which studied employee engagement in 36 companies, found that employee engagement was positively associated with performance in a variety of areas, including increased customer satisfaction, profitability and productivity, and reduced employee turnover. The more transparent managers can make the firm's operations, the more effectively employees can contribute to the firm's success. Transparency is important because it helps employees see the link between their actions and the performance of the firm, thereby enhancing the cognitive aspect of engagement. Hence, transparency is essential for employees to see what they are doing that is working and what is not working.

Despite the considerable body of HRM literatures that have evolved to examine the relationship between HRM and organizational performances in various countries as well as industries, there is very little empirical researches that recognizes HRM studies within the context of the Gulf

Banking sector, particularly on how job engagement amongst employees were affected by communication in banking industry in gulf countries.

In order to provide banking industry with practical assistance dealing with communication system's effects on employees' job engagement, this research is investigating to find out whether the application of effective communication system results in improved employees' working conditions that will inevitably contribute towards their job engagement and business outcomes. As Geralis and Terziovski (2003) suggest that banks needs to focus on improving their performance because the customer expectations and the competition among the banking sector increase with the passage of time.

Banking Sector in Saudi Arabia

The banking sector in the Kingdom of Saudi Arabia consists of commercial banks, money transfer and exchange businesses which are working under the authority of Saudi Arabian Monetary Agency (SAMA). According to ministry of interior (March, 2012) up to 2011, 21 banks were operating in the Kingdom (11 domestic banks, 10 foreign banks). The banks offer the full range of commercial banking services, and in some cases banks own other companies that offer insurance and securities services (through separate legal entities). Foreign banks are currently prohibited from operating directly within the Kingdom. Banking within Saudi Arabia is regulated by SAMA, in cooperation with other authorities. SAMA also issues and controls currency, regulates money supply and manages foreign assets.

This research study will analyse the communication system and to find how communication helps in engaging employees in baking sector of KSA. The constant growing market demands have literally over loaded employees of banking sector and stretched their working hours in an irrational way. All of this has resulted in employee objections about work-life conflict, work load, stress etc. which really reduced the employee's motivation and

affect their performance of banking sector. To keep in view these problems the management are using different approaches for employee engagement in their banks. The question is whether banks are applying the suitable approach according to the needs of employees and these strategies accomplishing the anticipated results? How communication system in these banks affects the implementation of such policies? These problems if remained hidden and unaddressed they may rise in other shape of problems like high turnover, demotivation, dissatisfaction of employees and customer etc. and therefore needs to be studied with care.

Employee Engagement

Employee engagement can be defined as “it is the emotional connection (after getting to high level of job satisfaction) that an employee feels for his organization that influences him to utilize more discretionary efforts to his work”. It is assumed by Tucci, (1997) that employees should be engaged in the competition for customer satisfaction and loyalty and the drive for profit growth in banks. Tucci investigated engaged employees in one of first Chicago NBD's bank and found that employees were achieved the best results of 33% increase in customer satisfaction and also exceed sales goal by more than 79% in a year time, by just converting their common sense and know-how into actions and results.

In literature it is argued that modern business anticipates their employees should be positive and take responsibility for developing their expertise. Employees are expected to be devoted to excellent performance standards. Organizations require employees who are active, committed and fascinated to their jobs. Ruth & Ruth, (1998) as cited by Richman , (2006) disseminated that the management efficiently involve their employees in jobs and receive high performance among employees, this can be done through right selection of candidates, proper training, power sharing, work-information sharing, knowledge or employee skills and performance reward systems.

Organization's repute as a good employer, availability of resources needed to perform job in high quality and communication of clear vision for long term success by the higher management are also among the critical factors in building employee engagement. Employee engagement is being studied in different context for example, participative work environment and employee engagement, high involvement work practices and employee engagement, and the impact of human resource management practices on employees engagement, the impact of employee empowerment on service quality and customer satisfaction in the banking industry respectively by Tesluk, Vance and Mathieu, (1999), Konrad, (2006), Saima, *et al*, (2011), and Abbasi, *et al*, (2011).

Tesluk, Vance and Mathieu, (1999) studied Employee engagement in the context of participative work environment; they examined the relationship between participative climates and employees attitudes and behaviours. Their results showed a significant relationship between employee engagement and participative working environment and suggest that participative climate in organizations influence the individuals attitudes and behaviours. Konrad (2006), studied employee engagement in the context of high involvement work practices. He examined the high involvement work practices for employee engagement and resulted that this can help in developing the positive belief and attitudes associated with employee engagement and furthermore these practices can generate the kinds of discretionary behaviours that leads to organizational commitment and citizenship and ultimately to profit growth of that organization.

Boon, *et al*, (2005) and Saima, (2011) investigated the impact and influence of different human resources management (HRM) aspects and practices on employee engagement. They studied individual employees' perceptions on the influence of HRM on employee job engagement in their respective research studies. Their studies reveal that HRM practices including teamwork, empowerment, reward and

communication are positively associated with employees' job engagement. If an organization is caring for more of its customer's contentment then it should drive employees to get more engaged. If there is no career progression or limited career advancement opportunities, then employees will definitely be disengaged at certain level and shall not remain committed with an organization.

Hence the broader objective of this paper was to investigate the role of communication in employee job engagement; the following section provides how communication system in organization can influence the working conditions of employees and ultimately their engagement in organization.

Employee Engagement and Communication

Employee engagement is obvious for business outcomes but to explore the factors that can help in engaging all employees in their workplaces is important. Communication system in organizations as researches have shown is one of the important factors that help in engaging employees in their organizations. Individual in organization are supposed to get the opportunity to reflect upon and discuss the organizational ambitions. This democratic approach to internal communication and employee engagement will give the organization with better results as compared to top-down communication strategies. The high levels of engagement will transfer ownership of the message to everyone in the organization. It will ensure that all employees gets a clear understanding of organizational vision, mission and values and will also spread a high level of commitment to organizational brand across the employees. In such a climate, employees will feel free to express opinions, voice complaints and also offer some suggestions.

Researchers have identified some distinct factors that have a great deal with the comfort level of the employees in organizations. These factors include

employees are valued, trusted, their creative dissent is welcomed, their input is solicited, they have been kept well informed with the help of feedback. According to Saunders, (2008) Employees always want to be listened and also to feel that they are contributing in the organization outcomes. The manner in which organizations hear (communication) their employees will shape, to a large degree, whether or not they feel valued. Asking employees for suggestions and then ignoring without explanations is nothing but demoralizing them. When employees come to know that their opinions are not taken into account they starts feeling detached and insignificant, this ultimately impacts employee's attitudes, and may lead to poor performance. While recognizing employees' feedback (suggestions) can build confidence and reinforces employees to be engaged more and more, furthermore employees feel happy and motivated and they appreciate when treated with respect.

Communication brings trust between employees and employers. Trust can form the foundation for open communication, employee engagement, motivation and retention in organizations. Trust is important for engaging employees as it promotes cooperation, commitment and free flow of ideas. Trusted employees are open and honest, willing to take risk, less resistant to change and inclined to act in a trustworthy manner. Trust can help organizations to achieve a better customer satisfaction as business outcome. In open communication climate of the organization, creative dissent of the employees are not only welcomed but rewarded. Employees could be encouraged to think, questions (normally employees afraid and avoid) and form independent judgments and take responsibility for changing the way business is going. This is not only allowing employees to come up with new ideas on how to improve business but also deeply engaging employees in their working environment. Employee input is always a key for organizational success.

Communication should not be keep limited to staff meeting and employees should be given with free expression they can use

some ways for their concerns and grievances which can be latter deal with full confidential manner by top management. Employee input and way of its communication will allow everyone in organization to establish a sense of engagement, improve working relationship and security for the employees. To avoid misunderstanding and miscommunication it is best to use some formal way/ channel of feed-back to keep all employees well informed about what is happening in the organization. Annual performance appraisals are perceived not to be enough a way of communication and employees need regular and updated information about themselves and their performance.

Communication system in organization is considered to be one of the important aspects that can help in engaging employees in that organization. For effective communication system in organization, chartered institute of personnel management (CIPD) identified two drivers for employee engagement. First thing in communication that will drive employees to be engaged is to provide employees with feed upwards opportunities and second to keep the employees well informed with the feedback that what is coming? And what is going on in the organization?

CIPD, (2011) has documented that communication should be used as a strategic tool towards employee engagement with clear and shared purpose. Shared purpose will help to support a sustainable organization performance but its (shared purpose) development requires mutual trust between the employees and employer. Communication is not about only passing information down to all employees, it is about the sharing information in organization, trusting employees to reflect and interpret that information and listening (by top management) to what employees opinions are, and then to explain about the actions taken or not. Top management is ultimately responsible for building such culture of openness and trust and also it is their (top management) responsibility to direct and ensure the execution of communication strategy in

their organizations. For effective communication in organizations managers need training of effective communication and listening skills to be able to enter into a dialogue with employees and be prepared to face difficult situations in organizations. For top-down information communication; face to face communication, presentation, team briefings, meetings, online forums are the available channels that provide management with the opportunities of dialogue with employees. Among these channels Face to face communication is considered to be more effective in providing two way feedbacks as it is very important that employees' messages are fed upwards. Whatever communication channel is to be chosen it needs to stimulate this two way communication approach for the betterment of employee engagement.

For engaging employees it is clear that communication strategy of that organization must meet the needs of both employees and employer. To analyse whether the information (message) is being clearly understood and appropriate channel is used, organizations are required to review on regular basis the communication processes in their organization. Communication is vital for employee engagement and helps in building trust between employees and their senior leaders of the organization furthermore it also develops the organization's culture (Daprix and Faghan, 2011). Communication should be one of the central roles of a strategic human resources management function in organizations. To investigate empirically the relationship between communication and employee engagement the three hypotheses could be formulated following above literature review;

H₁. Communication is positively related with employee perceived level of comfort

H₂. Employee engagement is positively related with employee perceived level of comfort

H₃. Communication is positively related with employee engagement

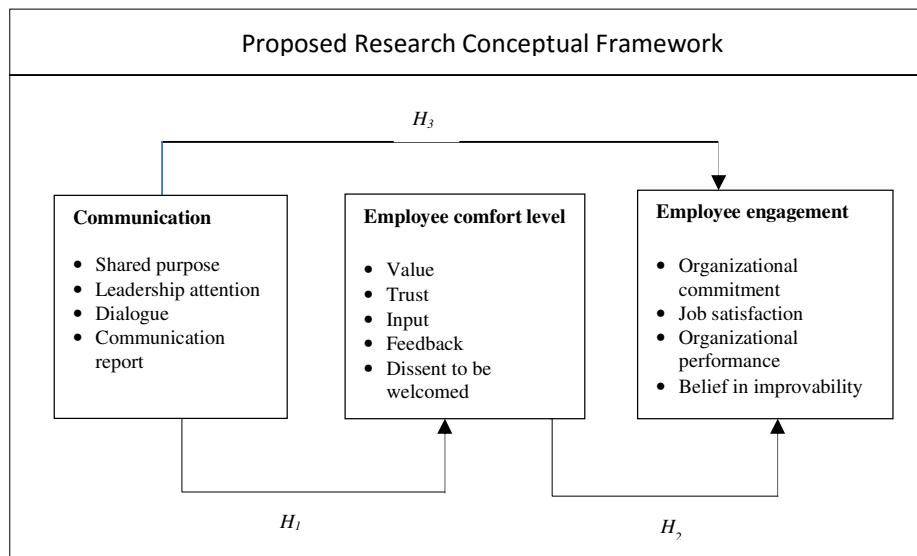
Methodology

A quantitative approach based survey was designed and a total number of 250 questionnaires were distributed among the employees of different branches in local banks in Riyadh region. Banks in Riyadh were selected for at least two reasons first, the objective of this study was to conduct research in banking sector and second, they were easily accessible. Thanks to 237 employees, responded by filling the questionnaires in time and returned. The collected data further analysed with the help of SPSS. To find out the relationship

between the different (research) variables a research framework (Table, 1) is proposed to observe the impacts of communication system on employee comfort level (working conditions) and ultimately on employee engagement.

A research framework is constructed for this empirical study; three main variables are shown in framework, i.e., communication, employee comfort levels and employee engagement and the relationship among these variables. The standardised measures for all variables are given in table 1.

Table: 1 Research Framework



The link between communication and employee engagement is illustrated in table 1. In this conceptual framework, communication is independent variable and employee engagement is dependent variable respectively. The present study thus attempts to bridge the gap by providing a basis for a thorough and intuitive discernment of the relations between communication and employee engagement. The model suggests that the greater the extents to which these communication elements are present, the employee engagement in organizations will be higher.

Data Analysis and Discussion

Survey was the main form of data collection as it is found to be the most common approach employed in studies assessing the relationship between employee management practices and employee work-related attitudes (Boon, et al, 2006).The questionnaires were distributed to employees of different job levels and functions within these respondent banks.

Descriptive statistics such as mean, standard deviations, reliability coefficients and inter correlations were computed to

understand the variability and interdependence of the subscales.

Table: 2 Mean and Standard Deviation of the Variables

Mean and standard deviation		
Variables	Mean	Std. Deviation
Communication	5.02	1.45
Employee comfort level	4.91	1.43
Employee engagement	4.85	1.38

The mean value for communication is 5.02, employee levels of comfort 4.91 and employee engagement 4.85 with standard deviation of 1.45, 1.43 and 1.38 respectively as shown in table 2. The values shows that among the employees (respondents) there is a significant agreement for communication system of the organizations has a positive relationship with employees working conditions and their engagement. It is found that employees' working conditions (comfort level) has a significant and positive relationship with employee engagement. The smaller value is found for

standardized deviation of variables which indicates that most of the observations in the data are closer to the mean value.

Reliability Test of the Collected Data

Table 3 below gives the reliability test of the collected data. The Cronbach's alpha is calculated for testing the reliability of the data. The coefficient of (0.7) is considered to be acceptable. The reliabilities [α] of measures below mostly exceed the value of 0.7, which provides reliable measures of the variables in this study.

Table: 3 Reliability Statistics

Reliability Statistics		
Measures	Cronbach's Alpha [α]	No. of Items
Shared purpose	0.81	4
Leadership attention	0.82	5
Dialogue	0.80	3
Communication report	0.76	4
Value	0.83	2
Trust	0.81	3
Input	0.64	4
Feedback	0.78	4
Dissent to be welcomed	0.77	2
Organizational commitment	0.81	5
Job satisfaction	0.76	5
Organizational performance	0.75	2
Belief in improvability	0.74	2

Correlation Analysis

The hypothesized variables of communication i.e. shared purpose and leadership attention is found to be significantly and positively related to the factors of employee comfort level. Communication in turn significantly

positively related to the employee job satisfaction and organizational commitment (employee engagement). The results put forward the effective communication facilitates a positive relations (social exchange) between top management and employees where they both can share information and provide

constructive feedback. This relationship will develop the environment of trust and respect that will affect/influence employees' attitudes and behaviours in

positive ways which are needed and could be associated with better employee performances and business outcomes.

Table: 4 Correlation is Significant at the 0.01 Level (2tailed)

Correlations tests				
Variables		<i>Communication</i>	<i>Employee comfort level</i>	<i>Employee engagement</i>
<i>Communication</i>	<i>Spearman Correlation N</i>	1 237	0.179(**) 237	0.262(**) 237
<i>Employee comfort level</i>	<i>Spearman Correlation N</i>	0.179 (**) 237	1 237	0.209(**) 237
<i>Employee engagement</i>	<i>Spearman Correlation N</i>	0.262(**) 237	0.209(**) 237	1 237

Correlation ship among the variables shows a positive correlation between communication and employee comfort level (working conditions) and employee engagement (table 4). The correlation coefficient shows the degree of linear relationship among the variables. The Spearman correlation matrix generated through SPSS is used to test the hypothesized model.

Hypothesis Test

The First hypothesis (H_1) proposed that communication has a positive relationship with employee comfort levels the matrix above indicates that communication has a positive relationship (0.179) with employee's level of comfort at 5% level of significance, thus accepting the first hypothesis. The result for first hypothesis suggest that management in organizations need to focus on their communication system to hear from their employees and let them feel comfort so they will exhibit their positive behaviours and attitudes towards organization and job performance. Second hypothesis (H_2) proposed that employee level of comfort has a positive relationship with employee engagement, the correlation of these two variables shows a significant relationship (0.209 at 5% significant level) thus accepting the second hypothesis. The results of the second hypothesis shows that if employees feel comfortable, valued and trusted in their organizations they will be more

satisfied and engaged and inevitably bring better results for their organizations.

The third hypothesis (H_3) is accepted as there is found a positive relationship between employee engagement and communication with a correlation of 0.262 at 5% significant level. This study found a significant relationship between organizational communication system and employees engagement; this implies that communication system in organization can affect employees' attitudes and behaviours positively or negatively that may lead to proper or poor organizational performance. Results indicates that two way effective communication in organization can improve employee levels of job satisfaction in organization that can ultimately engage them in their organizations for better performance and results.

Conclusion

Communication is vital in organization and cannot be forgotten. Quality service, high customer satisfaction and better organizational performance depend upon high level of employee engagement and management participation. Management participation and employee engagement are impossible without giving management and employees all the knowledge and information they need, further emphasize the importance of communication in organization. Indeed, communication is one

of the strength of the successful organization from top-down and across all function of the organization. Employee engagement cannot be isolated or set aside from the fact and Organizations need to be aware of the importance of communication for a successful employee engagement and ultimately overall organizational performance. As employee engagement processes are broadly defined and designed to facilitate in the attainment of the organizational goals. The results of this empirical study highlight the importance of two way communications in organization and its impacts on employees' attitudes, behaviours and level of satisfaction in their jobs which ultimately influence their engagement. Top management should recognize the importance of their attention towards sub-ordinates (employees) in establishing the context and conditions of high level of trust that influencing employees' motivation towards their engagement.

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