

# Organizational and Psychological Determinants of Employee Engagement in Chinese Banking Industry

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## Abstract

The establishment, motivation and cooperation of employees at different levels of the organization are significantly related to employee engagement. Leaders set goals, define job characteristics and incentives to elevate their subordinates to a higher level of performance. In order to identify the role of job characteristics and psychological empowerment on the employee engagement behavior, mediating role of psychological empowerment and moderating role of trust among the employees of three big banks of china namely (bank of china, china construction bank and industrial and commercial bank of china). For this purpose, data have been collected from a sample of 201 bank manager through self administered questionnaire. After applying Structure Equation Modeling through SmartPLS version 3.2 and other inferential techniques by employing SPSS version 23.1. Results are both in descriptive and inferential statistical forms.

**Keywords**— Employee engagement, Job involvement, Psychological empowerment, Organization structure, Job characteristics, Trust

## I. OVERVIEW OF THE STUDY

In the world that is constantly changing and highly competitive as a result of political, economic, and socio-demographic changes, organizations have to take significant steps to remain competitive and deliver results. However, the changes that take place can cause employees to feel confused or unsure about how they will fit in. In these uncertain times, it can be difficult for employees to remain focused and stay productive. Therefore, maintaining employee engagement in the midst of organizational change is key in any change initiative (AonHewitt, 2014). Employee engagement is also one way to measure whether the organization's investment in human capital makes a good return (Ferrer, 2005). Engagement refers to the energy and the dedication that employees have toward their employer and their job (Cooke, Cooper, Bartram, Wang, & Mei, 2019).

Many companies have heavily invested in the employee engagement and retention as retention raises employee morale minimizes absenteeism turnover rate, which are vita for the success of an organization (Gao, J. H. (2019). Blessing White (2013) also reported that 81% of engaged employees have a plan on remaining with their current organization for next 12 months. Moreover, many researchers claimed that employee engagement directly impacts an organization's performance (CIDP, 2014), and employee productivity and efficiency (AonHewitt, 2013). It was found to develop a sense of being associated with the organization, accomplishing sustained success (Uddin, Mahmood, & Fan, (2019). Today's organizations are becoming flatter, decentralized and boundary less. Business environments, both national and international crises, have encouraged organizations to look for more flexible, simpler, and more dynamic organization structures (Akdogan & Cingoz,

2009). To the employees, these business strategies with more flexible, simpler, and more dynamic organization structures are synonymous with retrenchment, less career opportunities, or fewer job promotions, and more pressures. Employees who have to face with this kind of structure are subjected to stressful life event (Cartwright & Cooper, 1993) or low commitment (Zhou, Luo, B. N., & Tang, 2018). Irrespective of the changes and uncertainties faced by the employees, organizations still need to compete in order to survive.

## II. BACKGROUND OF THE STUDY

Limited research has focused on the impact of Job Characteristics (JC) on Employee Engagement (EE). To understand how JC improves EE, this study explores the impact of JC on EE. Empowered employees seem to be one of the keys to an organization's success (Tarboda, 2001; Bose, I., 2018) Psychological empowerment is empowerment from psychological perspective. It can be viewed as the perception of individuals towards their work and their role in the organization (Conger & Kanungo, 1988). The term empowerment in this case is motivational in nature. The motivational construct of empowerment is about discretion, autonomy, power, and control. It is also defined as a motivational construct as it increases intrinsic task motivation manifested in a set of four cognitions that reflect an individual's orientation to his or her work role, notably meaning, competence, self-determination, and impact (Suhaimi, S. A. et. al., (2018). Thus, it is believed that employees who experience psychological empowerment are more motivated and will be more beneficial to organizations.

Earlier studies on empowerment did include trust (Chan, Taylor, & Markham, 2008) but the number of studies is still limited and most studies examined trust as a predicting or mediating variable. Besides, trust is also an important element in social exchange theory (P. M. Blau, 1964). Trust elements strengthen activities in an organization and also in influencing psychological empowerment

(Ergeneli et al, 2007). Previous studies on the consequences of Psychological Empowerment (PE) stressed on specific attitudinal outcomes such as job satisfaction and organizational commitment (Jha, 2011) and on more general outcomes such as managerial and organizational effectiveness (Spreitzer et al., 1997). However, for this study, the researcher would only include the examination of job involvement as the outcome of psychological empowerment. Menon (2001) found that job involvement is also a consequence of psychological empowerment. Evidence from the literature review indicates that a study on job involvement among employees in banking sector of the local context still needs to be carried out (Boon, Arumugam, Safa & Bakar; 2007; Xu, & Syarifah, S. A. B. 2019). As for job characteristics, several studies had acknowledged the importance of job design approaches to empowering employees (for instance, Chen & Chen, 2008; Zhan, Li, & Luo, 2019).

Through systematic research methods, this research is expected to make specific contributions to the theory of empowerment in the private setting and of professionals at the organizational level. The importance of research can be linked to the theoretical and practical levels. There are few empirical studies on the organizational behavior of psychological empowerment in the Chinese environment. Perhaps this research is a groundbreaking empirical study investigating the relationship between psychological empowerment, job characteristics, trust, employees' engagement in the banking industry. Therefore, this research attempts to provide empirical evidence to bridge the gap in theoretical knowledge about the antecedents and outcomes of psychological empowerment, test the role of trust, and further confirm the theory of social exchange among bank managers.

## III. LITERATURE

The most influential model of self-report research on job characteristics has been the Job Characteristics Model (Hackman & Oldham, 1976, 1980). The model was based on

fundamental theory of job characteristics proposed by Turner and Lawrence (1965) as cited in Hackman and Oldham (1976). These researchers examined the relationship between certain objective attributes of tasks and employees' reactions to their work. After more than 30 years, Job Characteristics Model still offers dominant perspective in job design theory (Clegg & Spencer, 2007). According to the model, job characteristics are defined as consisting of five characteristics, such as skill variety, task identity, task significance, autonomy, feedback. Skill variety is refers to the degree to which a job requires an array of different activities in carrying out the work that involve the use of a number of different skills and talents of a person.

The concept of empowerment has been mentioned and discussed by both management researchers and practitioners. This interest is due to several factors, mostly related to organizational effectiveness. In order to understand how empowerment plays its role in management, some definitions of the concept is introduced. According to Kanter (1977), empowerment results from decentralization, a flattening of the hierarchy, and increased employee participation. Ford and Fottler (1995) stated that empowerment usually means giving employees the autonomy to make decisions about how they go about their daily activities. The theory behind these ideas can be traced to the work of Alfred Bandura, who conceptualized the idea of self-efficacy. Based on the theory, it is reckons that empowered employees are intrinsically motivated to take personal rights of their jobs, to exercise self-determination, to satisfy their need for power and to strengthen their personal self-efficacy beliefs (Bandura, 1986).

For many years trust has been considered an important variable for organizational effectiveness (Mishra & Spreitzer, 1998). Past research showed that trust had a significant relationships with perceived organization support, reduced turnover intention, and increase affective commitment ( Pangil & Joon, 2013), knowledge sharing (Jain, Sandhu &

Goh, 2015), and innovativeness in organization (Ellonen, Blomqvist & Puumalainen, 2008). Walker, Kutsyuruba, and Noonan (2010) mentioned that trust is very important in any human relationships. Trust connects people together. As defined by most scholars, trust is where one party believes that the other party will act in certain behavior that is consistent with their expectation. Following norms of reciprocity, employees who are intrinsically motivated will have an obligation towards the organization. Hence, in a social exchange relationship, such obligation will lead the employees to give something back to the organization.

#### ***Relationship among study variables:***

According to the Job Characteristics Model (JCM), "job characteristics have important aspects in the process for managers to achieve high intrinsic motivation, satisfaction and attendance level" (Hackman & Oldham, 1976). Since psychological empowerment is seen as intrinsic motivation, it is believed that employee perception on job characteristic would correlate with psychological empowerment too. Moreover, specific job characteristics would lead to positive psychological states such as feelings of meaningfulness and responsibility, which in turn lead to satisfaction with the job. These critical psychological states conceptually resemble very much the cognitions reflecting employees' psychological empowerment that were identified by Thomas and Velthouse (1990) and further validated by Spreitzer (1995). Furthermore, the increase in task identity, autonomy, and feedback in work will bring employees confidence and make them feel that they are competent in achieving the work objectives and self-determined to choose their own ways to solve problems (Chen & Chen, 2008).

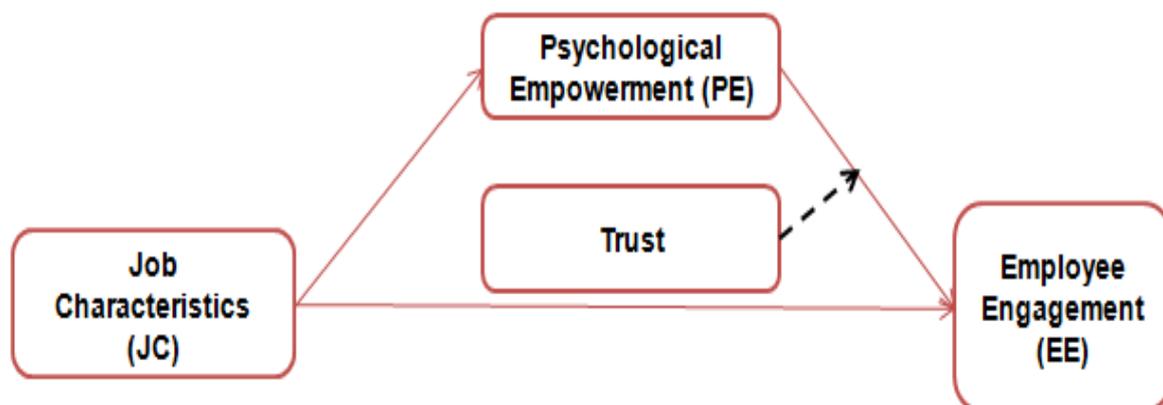
Bayoumy, (2019) study aimed to investigate the relationship between JC and EE among nursing staff in selected hospital in Cairo. The study concluded that autonomy was correlated positively with absorption. Feedback is

correlated positively with Employee engagement subscales i.e. vigor, dedication and absorption. Skill variety and task identity were correlated negatively with absorption, while task significance was not correlated with work engagement. “EE has been considered the key to increase employee motivation and from individual’s perspective, it has been thought of as key to personal growth and satisfaction, which will lead to goal-directed behavior” (Hackman & Lawler, 1971). The earlier definition of job involvement proposed by Lodahl and Kejner (1965) relates it with the importance of work in the workers’ total self-image and how performance affects self-esteem. Meyerson and Kline (2008) further proposed that psychological empowerment relates to how competent employees feel when working in empowered environment. The social exchange context supports the explanation of the relationships that exist between antecedents and attitudinal or behavioral outcomes that normally associated in the theory of social exchange. In this study, the attitudinal outcome such as employee engagement is the likely consequence of psychological empowerment.

Few empirical studies have investigated trust as a moderating role. Fleig-Palmer and Shoorman (2011) explored the role of trust in mentoring and knowledge transfer relationship. Trust in the relationships had demonstrated that the combination of receipt of mentoring together

with willingness to be vulnerable to a mentor’s guidance may positively affect knowledge sharing. In relation to research on PE, there are studies that had investigated the effect of the moderating variables. Samad (2007) had included openness of a personality dimension as a moderator that influences the relationship between social structure variables and psychological empowerment. Bordim and Batram (2007) found that socio political support to moderate the relationship between psychological empowerment and job satisfaction. Chan (2003) in his study on nomological network of psychological empowerment proposed trust as moderator. Erturk (2012) in his study among blue collar employees from various manufacturing companies in Turkey linked PE to innovation by investigating supervisory trust as a moderator. The result revealed that trust in supervisor moderates the relationship.

The present study will also examine the effect of trust as a moderating variable that could either strengthen or weaken the relationship between PE, and EE. Trust is considered to be a possible moderating variable based on the nature of the relationship between any two parties. Without trust empowerment effort might not come to success the managers' overall PE. Based on the theories and literature review, followings is the conceptual research framework.



*Figure 1: Research framework*

Based on the given framework the summary of Hypotheses is as;**H1:** Job Characteristics (JS) has significant positive impact on Psychological Empowerment (PE) among Chinese banking professionals, **H2:** Job Characteristics (JS) has significant positive impact on Employee Engagement (EE) among Chinese banking professionals, **H3:** Psychological Empowerment (PE) has significant positive impact on Employee Engagement (EE) among Chinese banking professionals, **H4:** Psychological Empowerment (PS) mediates the relationship between Job Characteristics (JC) and Employee Engagement (EE) among Chinese banking professionals and **H5:** Trust moderates the relationship between Psychological Empowerment (PE) and Employee Engagement (EE) among Chinese banking professionals.

#### IV. METHODOLOGY

##### *Research Design:*

This study was conducted with the intention to obtain an understanding of the psychological empowerment and employee engagement among the managers in the banking industry. The nature of this study is a correlational study. In a correlation study, the researcher basically evaluates a number of variables assumed to be related to other variables in the framework (Sekaran, 2003). In this study, there are three independent variable i.e, job characteristics, and one dependent variable, that is, employee engagement. Trust is identified as a moderating variable. Meanwhile, in terms of time horizon, this study is cross-sectional in nature, and a survey method has been employed. For this study, a cross-sectional study is appropriate since the study is to measure the current attitudes of the respondents. The field survey was conducted through the distribution of questionnaires to the managers and head of branches from selected banks in Beijing, China. Data collected was analyzed using the Statistical Package for the Social Science (SPSS) version 23 and Partial Least Square Structural Equation Modeling (PLS- SEM) through SmartPLS. The details of data analysis

will be discussed later in the chapter. Therefore, this study was performed quantitatively to examine the influence of selected independent factor (job characteristics) on dependent factor (employee engagement). The research also explored the mediator of psychological empowerment between job characteristics and employee engagement.

##### *Research Method:*

This study aims primarily to test the research framework and hypotheses as outlined in the previous section. As a result, the deductive approach is appropriate. Quantitative research methods emphasize quantification in the collection and analysis of data. This study focuses mainly on the moderating role of trust in the relationships of JC and EE. The discussion above suggests a survey is appropriate for this study within the constraints of the time and resources available. This includes survey questionnaire design, the criteria for and selection of targeted respondents, the conduct of a pilot test, data collection and data analysis.

##### *Population and Sampling:*

The population of this study covers top three banks in Beijing, while target population were the number of the branch managers in voluntary participating three banking organizations. Commercial banks had been selected for the study. Other banks are not included since they are not involved in the commercial business process. The branch manager and the head of department from the various bank located in Beijing, were the respondents for this study. Based on the latest statistic from the banks websites, the total numbers of all studied banks' branches in Beijing, China were 408. The sampling technique engaged in the study was a cluster sampling. In the present study the clusters are identified as specific number of branches of a certain bank. The total number of the studied banks branches, which is about **408**. Then, the number of the population sample size is determined based on Krejcie and Morgan (1970) table for determining a sample size (in

this case the appropriate number according to the table is 201). The next step is to define a logical cluster. The logical cluster in the present study is the bank name which agreed to participate in the survey in Beijing, which equals to 03 banks. An average number of population elements per bank were estimated by doing reverse calculation (50%).

#### **Instrumentation:**

The questionnaire was developed in four steps, explained as; (1) The questions were developed from previous studies to measure the dependent, independent, mediating variables and moderating variables. However, the items were adapted to suit the Chinese context. (2) All survey items were translated into the Chinese language. (3) Specialists working at universities in Beijing, two persons in the department of human resource, and one person expert in measurement and evaluation in the education field was solicited to test the equivalences of both the semantic and the content.

The first section A of questionnaire aimed at to measure the perception of the respondents on the antecedents or the organizational contextual variable such as job characteristic (15 items by Backman and Oldham ,1980); section B the level of psychological empowerment (12 items by Spreitzer (1995); section C, trust (21 items by Mayer et al. 1995), section D employee engagement (13 items-Scale 2006) and section E profile of the respondents.

## **V. ANALYSIS & FINDINGS**

#### **Demographical analysis:**

The response rate considered low but still acceptable; the sample size (n=201) used for analysis **Table 1** revealed that the largest proportion representing 66% is from the age group of below 25 years. The other percentage of 31%. % have between 35-46 years, 1.5% have between 36-45 years. On the other hand, 55% of the respondents are males, while 45% are females. Moreover, 80% are branch managers, 11% are made up of managers, 8% are of the supervisory grade as assistant

managers. In respect of educational qualifications, 45% have bachelors' degrees, 53% of the respondents have masters degrees while remaining 2 % have other qualifications.

**Table 1: Demographical results of the respondents**

	Demographics	No.	Percentage
<b>Gender</b>			
<b>1</b>	Male	111	55.22
<b>2</b>	Female	90	44.78
	TOTAL	201	100.00
<b>Age</b>			
<b>1</b>	less than 25	4	1.99
<b>2</b>	26-35	132	65.67
<b>3</b>	36-45	62	30.85
<b>4</b>	46-55	3	1.49
<b>5</b>	56 and above	0	0.00
	TOTAL	201	100.00
<b>Education</b>			
<b>1</b>	Bachelor	91	45.27
<b>2</b>	Master	106	52.74
<b>3</b>	PhD	0	0.00
<b>4</b>	Post Doc	0	0.00
<b>5</b>	Others	4	1.99
	TOTAL	201	100.00
<b>Experience</b>			
<b>1</b>	Less than 10	132	65.67
<b>2</b>	11--20	69	34.33
<b>3</b>	21-30	0	0.00
<b>4</b>	31-40	0	0.00
<b>5</b>	More than 50	0	0.00
	TOTAL	201	100.00
<b>Position</b>			
<b>1</b>	Branch Manager	162	80.60
<b>2</b>	Manager	23	11.44
<b>3</b>	Assistant Manager	16	7.96
	TOTAL	201	100.00

#### **Descriptive Analysis:**

The results of the analysis show that the respondents' perceived that their supervisors were displaying the mean score for job

characteristics is considered to be moderately high ( $M=3.67$ ). The score implies that they perceived their job as meaningful, besides that, the mean score for employee engagement is considered to be moderately high ( $M=3.87$ ), while the mean score for psychological empowerment ( $M=3.65$ ) indicated that employees feel a considerably high degree of psychological empowerment in their job. Trust shows the moderate mean score of 3.87.

**Table 2:** Item loading results for Reliability

Items	Loading	AVE	CR
<b>Job Characteristics</b>			
JC1	0.828	0.61	0.81
JC2	0.808		
JC3	0.916		
JC4	0.661		
JC5	0.882		
JC6	0.891		
JC7	0.835		
JC8	0.852		
JC9	0.893		
JC10	0.923		
JC11	0.903		
JC12	0.936		
JC13	0.863		
JC14	0.903		
JC15	0.866		
<b>Psychological Empowerment</b>			
PE1	0.632	0.61	0.8
PE2	0.743		
PE3	0.74		
PE4	0.798		
PE5	0.694		
PE6	0.847		
PE7	0.86		
PE8	0.77		
PE9	0.906		
PE10	0.875		
PE11	0.887		
PE12	0.901		

<b>Employee Engagement</b>			
EE1	0.833	0.59	0.81
EE2	0.902		
EE3	0.887		
EE4	0.886		
EE5	0.946		
EE6	0.928		
EE7	0.919		
EE8	0.885		
EE9	0.833		
EE10	0.902		
EE11	0.887		
EE12	0.886		
EE13	0.946		
<b>Trust</b>			
T1	0.928	0.51	0.71
T2	0.919		
T3	0.885		
T4	0.833		
T5	0.902		
T6	0.887		
T7	0.886		
T8	0.946		
T9	0.928		
T10	0.919		
T11	0.885		
T12	0.833		
T13	0.902		
T14	0.887		
T15	0.746		
T16	0.695		
T17	0.805		
T18	0.751		
T19	0.681		
T20	0.783		
T21	0.728		

Note: Composite Reliability > 0.70;  
Average variance extracted (AVE)  
>0.50: Item Loadings > 0.5

The composite reliability and the Cronbach's Alpha values for this study were obtained using the Smart PLS, which ranged from 0.669 to 0.767, the average variance extracted (AVE) and the composite reliability are shown. Furthermore, as presented above, it

could be seen that all variables of this study were found to be reliable as it obtained Composite Reliability values which are within the required threshold acceptable for this type of research. To measure reliability, all items' loading for reflective constructs were inspected to pass a cut-off point of 0.5, as recommended by Hair et al. (2010). To assess convergent validity, outer loadings, composite reliability (CR) and the average variance extracted (AVE) were determined. Any loadings below 0.5 were deleted, resulting in

final AVE and CR to be above the benchmark value of 0.5 and 0.7 respectively (please refer to Table 2). In addition, discriminant validity for reflective measurement model can also be established through the Fornell-Larcker criterion. According to this criterion, the square root of AVE for each latent construct should be greater than the correlations of any other latent construct. As shown in Table 3, the square root of AVE for each construct is evidently higher than the correlation for each construct.

**Table 3: Discriminant Validity (Fornell & Larcker)**

	1	2	3	4	5	6	7
<b>Emp. Engagement</b>	<b>0.768</b>						
<b>Job Characteristics</b>	0.613	<b>0.781</b>					
<b>PE</b>	0.455	0.58	0.436	<b>0.781</b>			
<b>Trust</b>	0.317	0.421	0.331	0.436	0.51	0.341	<b>0.714</b>

**Test of hypothesis:** Table 4 highlights the Structural model assessment, was performed to test the developed hypotheses relationships.

This test can only be done after measurement model analysis has ensured no violation.

**Table 4: Summary of the results (direct Effect)**

Hypothes es		Original Sample (O)	Standard Deviation (STDEV)	T Statistics ( O/STDEV )	P Values
H1	JC-> PE	0.562	0.044	12.776	<b>0</b>
H2	JC-> EE	0.191	0.005	4.991	<b>0.047</b>
H3	PE -> EE	0.277	0.01	3.024	<b>0</b>

Note: the decision on the above hypotheses are taken based on their recorded t-values & p values

The criteria for the study's evaluation and confirmation of individual hypotheses was the application of the t-values for the path loadings. The cut-off point used was when t-value equal or greater than 2.326 at 1%, 1.96 for an Alpha level of 0.05 and 1.282 at 10% (Hair et al., 2006). The results shows all direct relationships between the exogenous and the endogenous variables are statistically significant as could be seen from the structural model of the direct relation PLS algorithm. Research context determines the acceptable R-squared value, 0.10 is proposed as the minimum by Falk and Miller (1992) while Chin (1998) offered 0.67, 0.33 and 0.19 as substantial, moderate and weak in that order. Below, Table 5 highlights the R-

squared value of the only endogenous latent variable of this study.

**Table 5: R<sup>2</sup> of Endogenous latent variables**

<i>R<sup>2</sup> of Endogenous latent variables</i>		
Construct	R2	Result
Employee Engagement	0.35	Substantial

The results from the output of the bootstrapping PLS-SEM confirmed that there is a positive significant relationships between JC and PE ( $\beta=0.562$ ,  $t=12.78$ ,  $p<0.01$ ), JC and EE ( $\beta = 0.191$ ,  $t = 4.99$ ,  $p<0.01$ ) and PE and EE ( $\beta = 0.277$ ,  $t = 3.024$ ,  $p<0.01$ ). Therefore, hypotheses 1, 2 and 3 are supported. In addition, the R2 was 0.35, which means that

35 % of the variance in employee engagement is explained by exogenous variables such as job characteristics while rest of the 65% variation in employee engagement is because of some other variables which are not considered under the scope to this study. In

order to test the mediating role of PE, by followed the suggestions of Hair et al (2017) bootstrapping was conducted. Results in table 6 shows that PE mediated the relationship between exogenous and endogenous variables.

**Table 6:** Results of indirect effect

	Path	SD	T Stats	P Values
JC -> Psychological Empowerment -> EE	0.549	0.044	12.432	0

As hypotheses 4, **Table 6** depicted the indirect relationship ( $\beta = 0.549$ ,  $t = 12.432$ ,  $p < 0.01$ ), while the direct relationships are already given in **table 5** by combining and comparing results; it is found that the hypothesis 4 accepted where PE proved as a mediator among the hypothesized relationship. By adopting the Henseler (2007) approach, SmartPLS 3 software was used to conduct a PLS-MGA for this study to enable the researcher to know the differences between respondents in Low trust and high trust, in terms of moderating

relationships. As a result, the sub-samples compared were exposed to separate bootstrap analysis and the bootstrap outcomes were used for the hypotheses test of group differences. Results of this study for the moderating impact has been summarized in **table 7**. Through Multi Group Analysis (MGA), the results in table shows that there is no difference between Low trust and High trust in the relationship of PE and EE hence, trust does not moderate therefore As hypotheses 5 is not supported.

**Table 7:** PLS-MGA to Test for Moderating Effect of Low Trust and High Trust between PE and EE and PS and EE

Relationship	Path Coefficients- diff (LT-HT)	p-Value (LT-HT)	Findings
PE -> EE	0.063	0.294	Not supported

## VI. DISCUSSION AND CONCLUSION

One of the main aims of the study was to examine the level of EE among the bank managers. The mean score for dimensions of EE, while meaning shows high mean level in results. This score is rather encouraging and reflects that the managers in the sample have quite high levels of EE. The main indicator was their score on meaning which give a score of more than the other dimensions. The feeling that their work is very meaningful to themselves could be translated as they value their work goals so much and perceived them to be very important. The findings also suggested that the respondents perceived themselves as being competent and self-determined. Competent refers to the ability of the employee to perform their task successfully, and self-determination reflects how much the employees have the choice and control over their tasks. Impact is the extent to which employees are

confident that they can make a difference in their work outcome or in the organizations' outcomes. However, because of the self-reporting nature, there is tendency to over-report one's competence and self-determination highly; however the overall score for EE do reflect moderately high levels of Engagement. As suggested by Conger and Kanungo (1988) the key concept of PE is the feeling enhancement of self-efficacy among employees through identifying and removing conditions that cultivate powerlessness. Thus, the more organic the organization is perceived by the employees, the higher is their level of PE. More specifically, it seems that when the organization is more flexible, the employees would have more freedom and more opportunities in decision making. Employees are encouraged to be actively involved in performing their roles. Thus, they have the control and self-determination of how they wish to accomplish

their work. Free flow of communication in organic organization can create a sense of openness among the employees. Therefore, in organic organizations employees would feel more empowered. Unlike in mechanistic organization where the structure is considered as rigid, centralized decision making means that decision making is located at the top management, thus, it restricts the feeling of PE.

JC model (Hackman & Oldham, 1980) explained five core motivational Job Characteristics (JC) that may influence employee's attitudes and work outcomes. The five dimensions are namely autonomy (the extent of freedom, independence, and discretion of an employee to plan his/her work pace and method) skill variety (the extent to which employee can use different skills in doing his/her job); task identity (the extent to which employee can complete the whole or identifiable piece of work); task significance (the extent of the significant impact of the job on others); and feedback (the extent to which an employee knows his/her performance from the job itself, colleagues, supervisors or customers). The result confirms that there is a positively significant relationship between JC and PE. This result is consistent with the previous studies carried out by Jha and Nair (2008) and Chen and Chen's (2007). The positive relationship between JC and PE, in other words mean that if employees perceive the characteristics of their job as highly motivating, it will lead to higher perception of PE. As such, JC would influence intrinsic task motivation of an employee by providing meaningful job, making the employee more competent as well as determined to do the job and also by making a positive impact on the job environment. Hackman and Oldham (1976) had pointed that enhanced perception of JC increases intrinsic motivation by creating, challenging important and autonomous jobs. The result of this study supports this assertion.

The relationship between job characteristic and PE is thus consistent with Self Determination Theory (SDT). The theory stresses that besides relatedness, individuals have strong need for

autonomy and competence too. This is further supported by Hackman and Oldham's (1975), where they suggested that JC that have five core job dimensions would affect certain personal and work-related outcomes, including work motivation and job satisfaction. In other words, JC influence intrinsic task motivation of an employee by providing meaningful job, making the employee more competent as well as determined to do the job and also by making a positive impact on the job environment. The present study's finding also implies that employees who are PE are motivated to perform their tasks and having a strong sense of feeling towards the attachment with their engagement. EE is considered to be attitudinal outcome of intrinsic motivation, and thus, was hypothesized as positively related to PE. Employees are motivated intrinsically when organization eliminates constraints that contribute to their feeling of powerlessness or helplessness.

#### ***Contribution:***

The theoretical value of this study is its emphasize on the relevance of social exchange theory in explaining the concept of EE. In social exchange theory, the value of reciprocity is the main feature that explains its importance in social life. As noted by Molm, Schaefer and Collect (2007), reciprocity is the giving of benefits to another in return for benefits received. In the present study, the reciprocity is the employee's positive attitude of employee engagement in return to the intrinsic motivation gained from the organization. Thus, this study is congruent with Blau's (1964) social exchange theory. In other word, this study has empirically supported the application of this theory which posits that employees tend to reciprocate with positive attitude such as having high level of engagement as they experienced higher PE. These feelings of Psychological Empowerment (PE) were perceived to be contributed by JC. Meanwhile, engagement is the desirable workplace attitudinal condition which is diverged consistent with the theory.

Firstly, as most of the researches were conducted in advanced countries, there is a need to cross-validate the measurement scales in order to confirm their validity and reliability. For that purpose, composite reliability, convergent validity, and discriminant validity were calculated and were found to be above the minimum threshold in all cases. Secondly, is the choice of statistical analysis where most previous researches use covariance-based structural equation modeling (CB-SEM) compared with PLS-SEM. However, currently PLS-SEM has been increasingly applied in marketing and other business disciplines (Henseler, Ringle & Sinkovics, 2009). Therefore, the present study findings were derived through PLS-SEM approach. The PLS-SEM analysis provides parameter estimates that maximize the explained variance ( $R^2$  values) of the dependent constructs. The method therefore supports prediction-oriented goals, which is consistent with the objectives of this study (to explain/predict the target constructs in the structural model such as PE and job involvement). Furthermore, as stated by Hair, Sarstedt, Ringle and Mena (2011), PLS-SEM works efficiently with small sample size - which fits the nature of the present study. The five dimensions of Job Characteristics (JC) have an influence on the feeling of PE and EE. The findings of the present study provided additional empirical evidence on the relationships of these two variables. Therefore, it is crucial for the management to incorporate these five elements of JC (task significance, skill variety, task identity, autonomy, and feedback) into the managers' role.

#### ***Limitations and Future Research Directions:***

Firstly, the study design uses cross-sectional data to test the hypotheses; therefore causal inferences cannot be drawn. It is suggested that longitudinal studies to be conducted in the future. A longitudinal design would have enabled stronger evidence of the directional relationship between JC and PE; and between PE and EE. Therefore, longitudinal studies can help determine the causal relationship in the

model. Secondly, the background of the respondents is consistent, i.e. managers in banking industry, does not allow generalization for all managers in other industries. Therefore, the findings of the study should be interpreted in the limited context of the studied respondents only. Thus, future study should extend to involve managers in other industries as well so that comparison can be made. Both private and public sectors should be included for further and in depth investigation regarding factors contributing to EE. Apart from larger industry, study should also include respondents from different level of work operation; that is from lower level to higher level, from operation level to executives and managerial level.

#### ***Conclusion:***

This study has provided empirical evidence on the relationships between JC in influencing EE. In addition, this study examines the interaction between PE and EE, and Trust (T). Hence, it appears that management should promote employees having JC that are motivating, in their effort to develop higher level of EE among the managers. In addition, PE is found to influence EE of the managers. EE is considered as work related attitude that could affect work related behavior such as turnover, absenteeism and performance. As such, meaning, competence, self-determination, and impact are all four dimensions of EE that management should pay attention.

These research findings expanded the work of Kahn (1990) by examining the influence of individual differences on employee engagement by employing the certain literature Models. Generally speaking, the present study was able to accomplish the research objectives established earlier. The research results provide a human resource management perspective to leaders, policy makers and practitioners practically in the banking sector about the importance of enhancing the factors that contribute to employee engagement. Although there are plenty social science research examining EE, the present research still contributed to the literature on EE

particularly in the Chinese context. The Social Exchange Theory has been drawn as a foundation for this study. Besides theoretical contributions, the research results do provide some practical implications, especially to the management of an organization. Overall, this study added to the present knowledge in EE, and its effects on employees' attitude specifically EE.