



Factors affecting the organizational engagement of employees of the bank for agriculture and agricultural cooperatives (BAAC), Udon Thani Province

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Abstract

This study was conducted among the personnel in the Bank for Agriculture and Agricultural Cooperatives (BAAC), Udon Thani province. The objectives of this research were 1) to examine the level of job characteristics, organizational motivation and work environment among the personnel; 2) to study the organizational engagement levels of the personnel; 3) to examine the factors that affect their organizational engagement. The number of samples selected for this study were 197 employees, employee assistants and permanent workers in 20 BAAC bank branches. Proportional sampling was employed and also simple random sampling using the personnel's names in each branch was used. A questionnaire was employed to collect the data. The statistical analysis was frequency, mean and standard deviation. Statistical analyses of the hypothesis employed Pearson's product moment correlation coefficient and multiple regression analysis. The research found that job characteristic was overall agreeable ($\bar{x} = 4.01$), work environment satisfaction was overall high ($\bar{x} = 4.08$) and the organizational motivation was overall highest ($\bar{x} = 4.24$). Moreover, organizational engagement was overall also highest ($\bar{x} = 4.42$). The results of this study concluded that 1) the factors of job characteristics of personnel, including work independence and work challenges, were positively related to organizational engagement; 2) work environment satisfaction, including leadership, self-involvement and internal organizational relationships were positively correlated to organizational engagement; and 3) organizational motivation, including promotions in work, recognition and firm image positively affect organizational engagement.

Keywords: organizational engagement, job characteristics, work environment, organizational motivation

1. Introduction

The relationship between humans and organizations is becoming an interesting topic in both management and academia. In general, most organizations strive to achieve their business goals. Therefore, it is necessary that organizations should improve the quality of their human resources not only to achieve better business operational efficiency but also to achieve larger organizational objectives. Employees utilized essential resources to drive organizational efficiency and effectiveness. Scholars and researchers have suggested that organizational engagement is the fundamental motivation leading to high levels of job performance [1, 2]. It is a key driver of employee attitudes and retention, as well as organizational performance outcomes and productivity [3, 4]. Kahn formally defined engagement as "the simultaneous employment and expression of a person's preferred self in task behaviors that promote connections to work and to others, personal presence (physical, cognitive, emotional) and active, full performances" [5].

A review of past literature on work engagement showed a number of important predictors of work engagement such as job roles and task characteristics

[6, 7], individuals' experience of their day-to-day work [8, 9] and work motivation [10].

The Bank for Agriculture and Agricultural Cooperatives (BAAC) has operated in the rural areas of Thailand for over fifty years. It was originally conceived as a vehicle to deliver low-interest rate loans to Thai farmers. BAAC's current function is to provide loans directly to farmers and through agriculture cooperatives and farmers' associations at below-market interest rates for agriculture and agriculturally-related activities. In Udon Thani province, there are 20 branches with 391 employees. During years 2007 to 2016, the employee turnover rate was very low. Engagement in banking jobs enables employees to make business operations successful. Therefore, this study intended to examine the influencing roles of job characteristics, work environment and organizational motivation on engagement of Udon Thani BAAC employees in their work place.

2. Objectives

2.1 To study the level of job characteristics, work environmental satisfaction and organizational motivation of employees in BAAC, Udon Thani province

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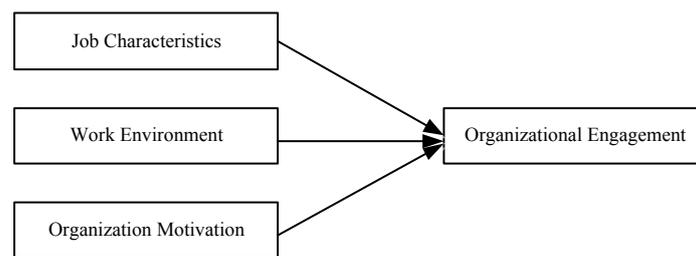


Figure 1 Conceptual Framework

Table 1 Reliabilities

Factors	Cronbach's alpha
Job characteristics	0.9371
work environment satisfaction	0.9042
organization motivation	0.9215
organizational engagement	0.9413

2.2 To study organizational engagement levels of personnel in BAAC, Udon Thani province

2.3 To examine the factors that are positively related to the organizational engagement of personnel in BAAC, Udon Thani province, comprised of 3 components: job characteristics, work environment satisfaction and organizational motivation

3. Methods

3.1 Conceptual Framework

A review of the literature concerning organizational engagement research both abroad and in Thailand suggested that job characteristics, work environment and organization motivation were three factors affecting organizational engagement. Job characteristics were found to be significantly related to organizational engagement [11] in public organizations such as Community Organizations Development Institute [12, 13], in academic institutions [14, 15] as well as in business organizations such as the National Broadcasting Corporation [16]. Work environment was also found to be significantly related to organizational engagement such as in financial institutions and public organizations [12, 17–20]. Organization motivation was also found to be significantly related to organizational engagement [12, 18, 19, 21–24]. The conceptual framework for the research is shown in Figure 1.

According to the conceptual framework above, the following research hypotheses were proposed:

H1: job characteristics are positively related to organizational engagement;

H2: work environment satisfaction is positively related to organizational engagement; and

H3: organizational motivation is positively related to organizational engagement.

3.2 Population and Samples

This research was quantitative. The samples of this study were employees, employee assistants and permanent workers who work in 20 BAAC branches in Udon Thani province. There were a total of 391

employees in the 20 branches (BAAC's statistic, at 30 Dec 2559). For this research, 197 employees were selected using proportional sampling in each branch of the BAAC in Udon Thani province.

3.3 Instruments

Simple random sampling was employed for this study. The data were collected by questionnaire separated into 2 parts: 1) personal information (sex, age, education level, marital status, work duration, position and monthly salary) and 2) opinions of all factors of job characteristics, work environment satisfaction, organization motivation and organizational engagement. In the first section, data were collected using a check list and in the second section, items were measured using a 5 point scale.

3.4 Validity and Reliability

The content validity of each measurement item was determined by the Index of Item-Objective Congruence (IOC) between 0.67 and 1.00. The reliability of all variables had the Cronbach's alpha coefficient more than 0.90; as shown in Table 1

3.5 Data Collection

The data were collected by mailed survey. The procedures were as follows:

1) Obtaining general information about the individuals sampled consisting of the names of the personnel in the 20 BAAC branches in Udon Thani;

2) Sending the questionnaire to the individuals sampled and monitoring replies; 3) Following up the sampled respondents after mailing the questionnaires for 1 week and 4) Checking the information and coding it for data analysis.

3.6 Data Analysis

Frequency distributions, percentages, means and standard deviations were the descriptive statistics employed in the study. In addition, this research used Pearson's product moment correlation coefficient and multiple regression analysis to test the hypotheses.

Table 2 Respondent profiles

Profiles		Frequency	Percentage
Gender	Male	69	35.00
	Female	128	65.00
Age	Under 30 years old	51	25.90
	30–35 years old	57	28.90
	36–40 years old	29	14.70
	41–45 years old	23	11.70
	Over 45 years old	37	18.80
Education	Diploma or lower	15	7.60
	Bachelors degree	157	79.70
	Masters degree	24	12.20
	Higher than master degree	1	0.50
Marital Status	Single	68	34.50
	Married	115	58.40
	Separated	9	4.60
	Divorced	4	2.00
	Widowed	1	0.50
Employment period	Under 1 year	21	10.70
	1–2 years	30	15.20
	3–4 years	38	19.30
	5–6 years	25	12.70
	Over 6 years	83	42.10
Position	Branch manager	3	1.50
	Branch assistant manager	14	7.10
	Head of finance department	12	6.10
	Head of district unit	15	7.60
	Finance staff	54	27.40
	Business development staff	51	25.90
	Administrative staff	25	12.70
	Others	23	11.70
Department/division	Management	19	9.60
	Loans/ Business development	64	32.50
	Administrative	47	23.90
	Finance/Accounting	67	34.00
Income per month	Under 10,000 Baht	5	2.50
	10,001–20,000 Baht	99	50.30
	20,001–30,000 Baht	29	14.70
	30,001–40,000 Baht	16	8.10
	40,001–50,000 Baht	22	11.20
	Above 50,001 Baht	26	13.20

4. Results

4.1 Respondent profiles

4.2 Descriptive statistics for each item

The mean and standard deviation of job characteristics, work environment satisfaction, organizational motivation and engagement are shown in Table 3. The study showed that job characteristic was overall at an agreeable level ($\bar{x} = 4.01$). When considering the individual items, the highest average item was work challenge ($\bar{x} = 4.17$), followed by work independence ($\bar{x} = 4.01$ and administrative cooperation ($\bar{x} = 3.78$). Work environment satisfaction was overall in the high

level ($\bar{x} = 4.08$). Among the individual items, the highest average item was internal-organizational relationships ($\bar{x} = 4.29$), followed by workplace environment ($\bar{x} = 4.13$), leadership and self-involvement ($\bar{x} = 4.12$) and salary and compensation ($\bar{x} = 3.74$). The organizational motivation was overall at the highest level ($\bar{x} = 4.24$). Among the individual items, the highest average item was firm image ($\bar{x} = 4.47$), followed by job security ($\bar{x} = 4.39$), recognition ($\bar{x} = 4.06$) and promotion in work ($\bar{x} = 4.03$). Finally, organizational engagement was overall at the highest level ($\bar{x} = 4.42$). Among the individual items the highest average item was organizational membership

Table 3 The mean and standard deviation of opinion of job characteristics, work environment satisfaction, organizational motivation and engagement

Item	\bar{x}	S.D.	Level
Job Characteristics			
1. Work independence	4.01	0.61	Agreeable
2. Work challenge	4.17	0.60	Agreeable
3. Administrative cooperation	3.78	0.79	Agreeable
Over all	4.01		Agreeable
Work Environment			
1. Salary and compensation	3.74	0.81	High satisfaction
2. Leadership	4.12	0.64	High satisfaction
3. Self-involvement	4.12	0.67	High satisfaction
4. Internal organizational relationship	4.29	0.59	Highest Satisfaction
5. Workplace environment	4.13	0.75	High Satisfaction
Overall	4.08		High Satisfaction
Organizational Motivation			
1. Work promotion	4.03	0.69	High Motivation
2. Recognition	4.06	0.65	High Motivation
3. Job security	4.39	0.64	Highest Motivation
4. Firm image	4.47	0.57	Highest Motivation
Overall	4.24		Highest Motivation
Organizational Engagement			
1. Work passion	4.40	0.57	Highest Engagement
2. Accepting organizational goals and values	4.39	0.62	Highest Engagement
3. organizational membership	4.45	0.63	Highest Engagement
Overall	4.42		Highest Engagement

Table 4 Correlation coefficient for job characteristics and organizational engagement

	OE	C ₁	C ₂	C ₃
organizational engagement (OE)		0.57**	0.58**	0.47**
work independence (C ₁)			0.66**	0.69**
work challenge (C ₂)				0.62**
administrative cooperation (C ₃)				

** $p \leq 0.01$

($\bar{x} = 4.45$), followed by work passion ($\bar{x} = 4.40$) and accepting organizational goals and values ($\bar{x} = 4.39$).

4.3 Results of the hypotheses testing

Hypothesis 1: job characteristics is positively related to organizational engagement

According to Table 4, this study found that work independence and challenge were related to organizational engagement at a strong level. For other variables, administrative cooperation was related to organizational engagement at a moderate level with a significance level at 0.01.

In Table 5, the findings presented show that the relationship among all job characteristics variables has a VIF value between 1.977 and 2.285. This means that there was no multi-collinearity. Furthermore, the results found that work independence and challenge were positively related to organizational engagement at a significant level of 0.01. Regression analysis showed

that R^2 equaled 39.1%. The formula for estimating this construct was:

$$\hat{Y} = 1.755 + 0.282C_1 + 0.332C_2 \quad (1)$$

Hypothesis 2: work environmental satisfactions are positively related to organizational engagement

As shown in Table 6, the findings of this study found that all variables of work environmental satisfaction (salary and compensation, leadership, self-involvement, internal organizational relationship and workplace environment) were related to organizational engagement at a strong level with significance at 0.01.

Table 7 shows that the relationship among all work environment satisfaction factors have a VIF value of between 2.013 and 3.046 meaning that there was no multi-collinearity.

Furthermore, the results found that work independence and challenge were positively related to organizational engagement at a significance level of 0.01

Table 5 Regression analysis for the relationship between job characteristics and organizational engagement

job characteristics	organizational engagement		β	T	Sig	VIF
	coefficient	SD				
Constant	1.775	0.238	-	7.467**	0.000	
work independence(C_1)	0.282	0.079	0.302	3.586**	0.000	2.285
work challenge (C_2)	0.332	0.074	0.353	4.508**	0.000	1.977
administrative cooperation (C_3)	0.034	0.058	0.047	0.581	0.562	2.088

R = 0.400 AdjR² = 0.391 Std. Error = 0.442 F = 42.940

** p ≤ 0.01

Table 6 Correlation coefficient for work environmental satisfaction and organizational engagement

	OE	S ₁	S ₂	S ₃	S ₄	S ₅
organizational engagement (OE)		0.60**	0.69**	0.73**	0.69**	0.57**
salary and compensation (S ₁)			0.66**	0.67**	0.51**	0.64**
Leadership (S ₂)				0.74**	0.65**	0.67**
Self-involvement (S ₃)					0.67**	0.58**
Internal organizational relationships (S ₄)						0.52**
workplace environment (S ₅)						

** p ≤ 0.01

Table 7 Regression analysis for the relationship between work environmental and organizational engagement

Work environmental satisfaction	Organizational engagement		β	T	Sig	VIF
	Coefficient	SD				
Constant	1.083	0.193	-	5.612**	0.000	
salary and compensation (S ₁)	0.059	0.046	0.085	1.294	0.197	2.239
leadership (S ₂)	0.139	0.068	0.156	2.046*	0.042	3.046
Self-involvement (S ₃)	0.273	0.063	0.323	4.340**	0.000	2.891
internal organizational relationships (S ₄)	0.281	0.059	0.293	4.718**	0.000	2.013
workplace environment (S ₅)	0.052	0.048	0.068	1.073	0.285	2.106

R = 0.634 AdjR² = 0.625 Std. error = 0.348 F = 66.245

** p ≤ 0.01, p ≤ 0.05

Table 8 Correlation coefficient for organizational motivation and organizational engagement

	OE	M ₁	M ₂	M ₃	M ₄
Organizational engagement(OE)		0.68**	0.66**	0.40**	0.89**
Work promotion (M ₁)			0.85**	0.39**	0.61**
Recognition (M ₂)				0.38**	0.61**
Job security (M ₃)					0.44**
Firm image(M ₄)					

** p ≤ 0.01

and leadership was positively related to organizational engagement at a significance level of 0.05. Regression analysis showed that R² equaled 63.4%. The formula for estimating this construct was

$$\hat{Y} = 1.083 + 0.139 S_2 + 0.273 S_3 + 0.281 S_4 \quad (2)$$

Hypothesis 3: organizational motivation is positively related to organizational engagement

Table 8 shows that this study found that work promotion, recognition and firm image were related to organizational engagement at a strong statistical level. For other variables job security was related to organizational engagement at a moderate level with the significance level at 0.01.

Table 9 shows that the relationship among all work environmental satisfaction factors has a VIF value between 1.275 and 3.876 meaning again no multicollinearity. Furthermore, the results show that work promotion, recognition and job security were positively related to organizational engagement at a significance level of 0.05.

5. Discussion and conclusions

First job characteristic factors, including work independence and challenge, positively affect organizational engagement. According to the relationship among these variables, BAAC operations are highly decentralized through an extensive branch system. BAAC is one of the most important outreach units. Each field office employs eight to nine credit agents who are responsible for coverage of specified districts.

Table 9 Regression analysis for the relationship between organizational motivation and engagement

	Organizational engagement		β	T	Sig	VIF
	coefficient	SD				
Constant	0.334	0.141	-	2.363		
Work promotion (M ₁)	0.126	0.050	0.152	2.512	0.019*	3.876
Recognition (M ₂)	0.074	0.052	0.085	1.411	0.013*	3.812
Job security (M ₃)	-0.011	0.018	-0.023	-0.652	0.515	1.275
Firm image (M ₄)	0.745	0.041	0.753	18.289	0.000*	1.788
R = 0.818 AdjR ² = 0.814 Std.error = 0.245 F = 215.809						

* p ≤ 0.05

BAAC plans are to transform these units in order to broaden the variety and the quality of their services to clients and to improve the capacity of savings mobilization. Employees can make decisions by themselves on how to achieve success in their work. Top management has more trust and a higher acceptance level of the ways employees solve problems for their clients. For this reason all employees have increased organizational engagement. The findings of the significant positive effect of work independence and challenge on organizational engagement are consistent with several other research studies [6, 10, 25].

Second, work environment satisfaction, including leadership, self-involvement and internal organizational relationships, were positively correlated to organizational engagement. According to the relationship among these variables, BACC's leadership is a supportive one that will influence employees to increase their confidence in the higher purpose of their works and will improve their perception of work. The positive relationship between leadership style and employees' attitudes, behavior, and performance has been well documented [26, 27]. The work environment in BACC facilitates employees to work as a team. Helping each other increases employees sense of self-involvement and improved internal organizational relationships that will lead to increased organization engagement. If employees feel that the organization and their colleagues really value them, organizational engagement will increase. The findings of the positive effect of self-involvement and intra-organizational relationships on organizational engagement are also consistent with several research studies [6, 10].

Finally, organizational motivation, including work promotion, recognition and firm image, positively affects organizational engagement. BAAC has a business policy for all employees to develop their knowledge and skills. They can have their performance assessed and acquire a higher position in their career. In addition, BAAC holds seminars for employees to provide them with new knowledge on how to achieve higher capabilities, especially relevant work skills. The employees can apply this knowledge to their work with real business tasks. Thus, top managers rely on their staff to work in the real life situations, which in turn encourages employees to develop more confidence in accomplishing their tasks and to independently solve problems when they encounter a serious situation.

Eventually, BAAC can increase its reputation. If employees are given the chance to grow and flourish, highly engaged and involved employees will put forth their best efforts to achieve the goals of the organization. These findings of the significant positive effect of work promotion, recognition and firm image on organizational engagement are consistent with several other research studies [28, 29].

The findings from this study can also be explained by applying Herzberg's two factor theory of motivation which addresses the motivator factors inherent in work and which yield positive satisfaction. The motivator factors concern the content of the job, such as whether the work is meaningful, job challenge, responsibility, achievement, recognition, quality of supervision, interpersonal relationships and so on. These factors motivate employees for superior performance. According to the social exchange theory of employee engagement based on the reciprocity principal, when employees obtain benefits from their organization, through the exchange response they will engage themselves in a way that contributes to the organization. Motivation and employee engagement result in increased employee performance.

The recommendations for the practical implications of this study suggest that BAAC should focus on encouraging the work attitude of employees. In addition, top managers should give their employees and opportunity to plan and make decisions by themselves. Equally important executives should support their employees to obtain new knowledge, especially related the skills which will lead to a higher position. Employees will become proud of their improved capabilities which will lead to greater organizational engagement.

This research used the quantitative research method, but it has a limit on the depth of the information. Future researchers should apply qualitative research methods for a more comprehensive understanding of this topic. Furthermore, other constructs can be used for future research, such as organizational citizenship behavior, counterproductive work behavior, in-role performance and extra-role performance.

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