

## **Determinants Of Employee Engagement In Oman Private Companies**

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### **1. INTRODUCTION:**

Employee engagement at the workplace imply that employees are committed to their organizations' goals and values, are motivated to contribute to organisational success, and are able at the same time to enhance their own sense of well-being. Employee engagement does not mean just employee happiness or even employee satisfaction. Employee engagement is the emotional commitment the employee has to the organization and its goals.

An engaged employee experiences a blend of job satisfaction, organisational commitment, job involvement and feelings of empowerment. It is generally held that attitudes, behaviours and outcomes are all part of the engagement. A virtuous circle results when these three aspects of engagement trigger and reinforce one another setting the foundation for employee engagement. Engaged organisations exhibit strong and authentic values as well as clear evidences of trust and fairness where mutual promises and commitments between employers and staff are honoured. Engaged employees willingly give discretionary effort as an integral part of their daily activity at work. It is a synergistic concept that is greater than the sum of its parts. This emotional commitment means engaged employees actually care about their work and their company. They don't work just for a paycheck, or just for the next promotion, but work on behalf of the organization's goals. Thus engaged employees lead to better business outcomes.

### **2. CURRENT SCENARIO IN OMAN:**

Oman, one of the founder members of the Gulf Cooperation Council (GCC) is a small oil producing state with a total population size of about 4.2 million (2014), out of which about 2.4 million are Omanis and 1.8 million are expatriates. The discovery of oil and the subsequent oil boom in the Arabian Gulf region led to huge upsurge in economic activity transforming Oman from a mainly agricultural economy to a comparatively diversified one though oil still accounts for 79% of total revenue. Though Oman is rated as a high income country by the World Bank, the Omani policy makers have been seeking to address a wide range of emerging economic challenges stemming largely from the combination of a rapidly growing population, a public-sector dominated economy, limited oil resources and more recently depressed oil prices. Unemployment pressures among nationals have been managed until recently as, like its GCC neighbors, the public sector has been acting as employers of first and last resort. As a result, nationals currently constitute most of the workforce in the Government, public and oil sector. This strategy, however, has practically reached its limits. Thus, the responsibilities for job creation in the period ahead needs to, by necessity, shift to the private non-oil sector. This is not an easy task. During the past three decades, a liberal foreign labor policy has allowed the private non-oil sector to rely mainly on relatively less expensive, better-trained, and more flexible foreign workers to support its development. The result has been a segmented labor market as well as a low elasticity of substitution between national and foreign workers. Table 1 shows the low percentage of Omanis in the private sector.

**Table no. 1: Employment Distribution in Government and Private sector in Oman**

Year	Omanis in Pvt. sector	Expats in Pvt. Sector (000)	Total workers in Pvt. Sector(000)	% Omanis in Pvt. sector
2014	204,500	1,605	1,809	13
2013	181,860	1,527	1,709	
2012	172,066	1,316	1488	12
2010	177,716	956	1133	15.6
2008	147,194	795	942	15.62
2006	114,311	511	625	18.29
2004	87064	424	511	17.03

Source: Oman Statistical Yearbook, 2014 ; Times of Oman edition September 30, 2015

**Table no. 2: Omanisation Percentage in Main Private Sector Establishments**

Sectors	Omanis %
Oil Companies	77
Gas Companies	91
Commercial Banks	91.7
Insurance	63
Hotels	35
Communication	89

Source: Oman Statistical Yearbook, 2014

Worries about increasing unemployment have led the government to emphasize on Omanisation as one of the main planks of its national strategy. - A policy geared toward encouraging the replacement of foreign workers with local workers through a combination of mandatory and market-based mechanisms. Omanisation is considered imperative for generating employment locally and more so in the private sector. This is because, historically, nationals have received preferential treatment in the public sector, where compensation, working conditions, job security, leave etc., are more attractive than in the private sector. This is not a sustainable situation as the proceeds from oil and gas revenue cannot be guaranteed to ensure government employment indefinitely. Moreover, there is a marked preference of Omanis for only senior management positions in the private sector. All reports and studies consistently show that the lower management positions are marked by high levels of turnover as a high percentage of fresh graduates joining the private sector shift to the public sector at the first opportunity. The reasons cited are better compensation and monetary benefits, lesser working hours, more leave, job security, pension etc.

### 3. REVIEW OF LITERATURE

Managers emphasize on staff engagement because of the positive impact it has on employee performance. It also reduces employee turnover and improves the well-being of employees (Wright and Cropanzano, 2000; Taris et al., 2003; Griffith, 2004; Michie and West, 2004; Macey and Schneider, 2008; Hakanen, 2008). The term engagement has been used to refer to a psychological state (e.g., involvement, commitment, attachment, mood), performance construct (e.g. observable behaviour, including pro-social and organisational citizenship behaviour), disposition, or some combination of the above (Macey and Schneider, 2008). Employee engagement has generally been measured by three alternative approaches, namely engagement as a description of conditions under which people work, engagement as a behavioural outcome, and engagement as a psychological

presence. However, academic research on employee engagement is rather limited. According to Macey and Schneider (2008), surveys that ask employees to describe their work conditions may be relevant for assessing the conditions that provide for engagement but do not directly tap engagement. Engagement as behavioral outcome includes role expansion and the related constructs of proactive behaviour (Crant, 2000), personal initiative (Frese & Fay, 2001) and organisational citizen behaviour (OCB) and related variants (pro-social behaviour, contextual performance, and organisational spontaneity (Organ, Podsakoff, & MacKenzie, 2006)). When we look at engagement as a psychological presence, it is worth mentioning Kahn (1992) who developed the concept. He stated that employees are emotionally and cognitively engaged when they know what is expected of them, have what they need to do their work, have opportunities to feel an impact and fulfillment in their work, perceive that they are part of something significant with co-workers whom they trust, and have chances to improve and develop. For Kahn (1990) role engagement has two critical components, attention and absorption in a role. Attention means being engrossed in a role and refers to the intensity of one's focus on a role (Kahn, 1990).

#### **4. STATEMENT OF THE PROBLEM:**

Senior executives across the board recognize and appreciate employee engagement as a precondition for enhanced performance at the workplace. In this age of rapid technological advancement and globalization, business leaders know that having a high-performing workforce is essential for growth and survival because of the positive impact it has on innovation and productivity, while reducing costs related to hiring and retention in highly competitive talent markets. The findings of a new Harvard Business Review Analytic Services show that an increasing number of top companies are gaining competitive advantage through establishing metrics and practices to effectively quantify and improve the impact of their engagement initiatives on overall business performance. The research found that while most leaders understand the importance of engagement, three-quarters of those surveyed said that most employees in their organizations are not highly engaged. A significant gap showed up in the views of executive managers and middle managers in this area. Top executives seemed much more optimistic about the levels of employee engagement in their company, making them seem out of touch with middle management's sense of their frontline workers' engagement. The researchers thought it pertinent to measure the level of engagement of the Omani employees at junior management level in a selected group of private sector companies in view of the importance of having an engaged workforce as a pre-condition for excellence in company performance and the fact that there is a marked lack of enthusiasm among young Omanis to work in the private sector. It is an established fact that Omani nationals prefer public sector jobs due to the perceived superior working terms and conditions. Thus the junior management in a select prominent private sector firms were chosen as respondents for the questionnaire survey in view of the reported unwillingness of the Omanis to work in the private sector as evidenced by a high turnover at this level, with many joining the public sector at the first opportunity. Hence, keeping all this in mind the research would like to examine the factors influencing employee's engagement among Omani employees in private sector. The results would indicate to the policymakers whether the current policies on Omanisation are on the right track and what more need to be done to improve the attractiveness of the private sector as employers of young Omani graduates.

#### **5. RESEARCH OBJECTIVES**

The objectives of the current paper are:

- 1) To examine the factors influencing employee's engagement among the Omani employees at junior management level in the private sectors.
- 2) To provide an idea about the directions that organisations and the policymakers should adopt to enhance private sector attractiveness for young Omani job applicants.

#### **6. RESEARCH DESIGN**

To examine the factors influencing employee engagement among the Omanis in junior management category in the private sector, descriptive research design was used. The present study is

predominantly based on the analysis of both primary and secondary data. The primary data has been collected and collated from the distribution of about 120 structured questionnaires to as many respondents in a random manner at different private companies in Muscat region, Oman. The target respondents for this study are Omani employees working in junior level management in private sector. Non-probability convenient sampling technique was used to collect the primary data. After removing the biased questionnaires 100 questionnaires were kept (N=100) for the analysis. The secondary data was sourced from Oman Statistical Year Books published by Ministry of National Economy for various years. The questionnaire consisted of 25 statements. All items in the questionnaire were assessed on Likert's 5 point scale (Strongly Agree... Strongly Disagree). Cronbach's Alpha Reliability Analysis was conducted to test the validity of collection instrument which produced a score of 0.926 implying it as highly reliable. The analysis of the data was subjected to factor analysis using Principal Component analysis with Varimax Rotation via SPSS (Statistical Package for Social Science) version 18.0 for Windows using employee engagement determinants.

**7. FACTOR ANALYSIS**

Factor Analysis is a method used to transform a set of variables into a small number of linear composites, which have a maximum correlation with original variables. Factor analysis is used to study a complex product (or) services, in order to identify the major characteristics or factors considered important by the respondents. The purpose of factor analysis is to determine whether the responses of several statements favored by the respondents are significantly correlated. If the responses to the several statements are significantly correlated, it is considered that the statement measures some factors common to all of them. Factor analysis can only be applied to continuous variables (or) interval scaled variables. Factor analysis is like Regression analysis as it tries to 'best fit' the factors to a scatter diagram of data in such a way that the factors explain the variance associated with the responses to each statements. The study explores the important determinants of the employees' engagement is depicted in table No. 3.

**Table no. 3: Variables specification for analyzing Employees engagement**

S.No	Variables No.	STATEMENTS
1	VAR00001	I am clear about what is expected of me at work.
2	VAR00002	I feel that the work I do is meaningful.
3	VAR00003	I have enough resources at my disposal to enable me to do my job properly.
4	VAR00004	My superior seems to care about me as a person.
5	VAR00005	My superior encourages me regularly in my work.
6	VAR00006	My superior is actively interested in my professional development.
7	VAR00007	I am encouraged to learn from my mistakes.
8	VAR00008	At work my opinion seems to count.
9	VAR00009	I feel that what I do is important for my organization.
10	VAR00010	I receive recognition or praise for good work.
11	VAR00011	I get opportunities at work to learn and grow .
12	VAR00012	I feel valued for the work I do.
13	VAR00013	My job excites and inspires me.
14	VAR00014	I am able to maintain a balance between work and personal life.
15	VAR00015	The stress level in my job is manageable.
16	VAR00016	I have good relation with my colleagues at the workplace.
17	VAR00017	The organization's policies for promotion are fair.
18	VAR00018	Everyone is treated fairly in the organization.
19	VAR00019	My organization encourages teamwork and cooperation.
20	VAR00020	Employees are accountable for the quality of work they produce.



21	VAR00021	I am satisfied with my compensation package.
22	VAR00022	Information and knowledge are shared openly in the organization.
23	VAR00023	The senior management commands respect of employees
24	VAR00024	The company enjoys a good reputation and image among all stakeholders.
25	VAR00025	The company plays a significant role towards societal and economic contribution in the country

In factor analysis, the analytical process is based on a matrix of correlation between the variables. Valuable insights can be gained from an examination of this matrix. If the factor analysis should be proper, the variables must be correlated. If the correlation between all the variables is very low and negligible, then the factor analysis may not be appropriate. In the present study, Inter Correlation Matrix reveals that the correlation between all the variables are in good fit and hence the factor analysis is very appropriate for analyzing the omani employees engagement in Oman private companies.

The result of the fitness test regarding factor analysis based on Inter Correlation Matrix and the KMO adequacy has been presented in table No. 4.

**Table no. 4 :KMO and BARTLETT'S test**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		0.746
Bartlett's Test of Sphericity	Approx. Chi-Square	1.371
	df	300
	Sig.	.000

Table No. 4 exhibits the KMO results. If the values of this test stand very small or low, it indicates that the correlation among the variables is not satisfactory and factor analysis will not be suitable. But as apparent in table No. 4, the value is 0.746. This is good result, as it exceeds 0.5 Bartlett's Test of Sphericity which is 0.000, meaning that factors that form the variables are adequate.

The following table no.5 shows the variables with the corresponding extraction communality factor value.

**Table no. 5 :Variable with Extracted Communality Factor value**

	Initial	Extraction
VAR00001	1.000	.786
VAR00002	1.000	.813
VAR00003	1.000	.796
VAR00004	1.000	.935
VAR00005	1.000	.856
VAR00006	1.000	.884
VAR00007	1.000	.835
VAR00008	1.000	.828
VAR00009	1.000	.813
VAR00010	1.000	.830
VAR00011	1.000	.865
VAR00012	1.000	.809
VAR00013	1.000	.736
VAR00014	1.000	.603
VAR00015	1.000	.722

VAR00016	1.000	.693
VAR00017	1.000	.757
VAR00018	1.000	.719
VAR00019	1.000	.828
VAR00020	1.000	.868
VAR00021	1.000	.819
VAR00022	1.000	.774
VAR00023	1.000	.804
VAR00024	1.000	.889
VAR00025	1.000	.875

**Extraction Method: Principal Component Analysis.**

The communalities were shown in table No. 5 measures that the amount of variance a variable shares with all other variables. It is a proportion of each variable's variance as explained by the principal component. A large communality means a large amount of the variance a variable has extracted by the factor solution. It shows that variables with a comparatively higher value are well-represented in the common factor space, while the low value variables are not. Thus, the table indicates that the extracted communalities are high and acceptable for all the variables.

It is necessary that the scale constructed and the components extracted should be able to explain the variance in the data. To analyse this variance, the eigen values are calculated. A low eigen value contributes very little to the explanation of the variances in the set of variables being analysed. The sum of eigen values, as expected, is equal to the number of variables being analysed. To measure the important factors that determine the employee's engagement, the initial eigen values, extraction sums of squared loadings and the rotation sums of squared loadings have been presented in table No. 6.

**Table No. 6: Total Variance Explained**

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	9.931	39.723	39.723	9.931	39.723	39.723	8.871	35.485	35.485
2	5.876	23.503	63.227	5.876	23.503	63.227	4.883	19.531	55.016
3	1.565	6.258	69.485	1.565	6.258	69.485	2.458	9.834	64.850
4	1.458	5.831	75.316	1.458	5.831	75.316	2.062	8.246	73.097
5	1.303	5.212	80.528	1.303	5.212	80.528	1.858	7.432	80.528
6	.813	3.251	83.779						
7	.660	2.641	86.420						
8	.613	2.452	88.872						
9	.437	1.748	90.620						
10	.415	1.662	92.282						
11	.330	1.318	93.600						
12	.286	1.142	94.742						
13	.246	.984	95.726						
14	.226	.902	96.628						
15	.188	.754	97.382						
16	.147	.589	97.971						

17	.119	.477	98.449						
18	.094	.376	98.825						
19	.078	.310	99.135						
20	.067	.270	99.405						
21	.050	.199	99.603						
22	.037	.149	99.752						
23	.029	.117	99.870						
24	.022	.086	99.956						
25	.011	.044	100.000						

**Extraction Method: Principal Component Analysis.**

Table No.6 shows that though there are 25 variables, but only five variables can be extracted among the 25 variables which have eigen value more than one. It ranges from component No. 1 to component No. 5 with the cumulative percentage from 39.723 percent to 80.528 percent. The percentage of variance ranges from 39.723% to 5.212%. Thus all the five Factors put together explain the variance to the extent of 80.528 percent. Extraction sum of squared loadings is also used for measuring the important factors determining the employees' engagement. Table No.6 also indicates that the total of 80.528 percent variance is not uniformly distributed across all the variables, since it is evident that only the first component accounts for 39.723 percent variance. As the variables are not uniformly distributed, the rotated sum of squared loadings method is used to distribute the variables uniformly across all the factors whose eigen value is more than one.

The table no.7 has been formulated by using 'principal-component method' for extraction of variables into components and Varimax with Kaiser Normalization has been undergone by using 'rotation method'. All the twenty five variables have been grouped into five components and each component consists of sets of factors and the analysis has been made to identify the influence of one variable over another. The table no.7 & 8 shows the rotated component matrix, in which the extracted factors are assigning a new naming related together. From the above table, it is noted that all the loading factors which are having the loading value less than 0.5 are rejected from the analysis.

**Table No. 7: Rotated Component Matrix <sup>a</sup>**

	Component				
	1	2	3	4	5
My superior seems to care about me as a person.	.958				
My superior is actively interested in my professional development.	.925				
My superior encourages me regularly in my work.	.915				
I am encouraged to learn from my mistakes.	.901				
I have enough resources at my disposal to enable me to do my job properly.	.889				
I receive recognition or praise for good work.	.826				
I feel that what I do is important for my organization.	.796				
At work my opinion seems to count.	.791				
My job excites and inspires me.	.791				
I am clear about what is expected of me at work.	.773				
I feel that the work I do is meaningful.	.689				
I feel valued for the work I do.	.652				
Employees are accountable for the quality of work they produce.		.919			
I am satisfied with my compensation package.		.877			

My organization encourages teamwork and cooperation.		.876			
Everyone is treated fairly in the organization.		.813			
Information and knowledge are shared openly in the organization.		.768			
The company plays a significant role towards societal and economic contribution in the country		.656			
The senior management commands respect of employees			.715		
The company enjoys a good reputation and image among all stakeholders.			.714		
The stress level in my job is manageable.			.606		
I have good relation with my colleagues at the workplace.				.766	
I am able to maintain a balance between work and personal life.				.550	
I get opportunities at work to learn and grow .					.695
The organization's policies for promotion are fair.					.623
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.					
a. Rotation converged in 13 iterations.					

**Table No. 8: Component Transformation Matrix**

Component	1	2	3	4	5
1	.934	-.124	-.008	.238	.236
2	.082	.862	.471	.165	-.019
3	.147	-.374	.717	-.226	-.523
4	-.253	-.248	.175	.917	-.051
5	.190	.199	-.483	.153	-.817

**Extraction Method: Principal Component Analysis.  
Rotation Method: Varimax with Kaiser Normalization.**

It can be inferred that Factor 1 is the most important factor which explained 39.723% of variance. In this segment, the researcher extracted the twelve important variables such as : My superior seems to care about me as a person., My superior is actively interested in my professional development., My superior encourages me regularly in my work., I am encouraged to learn from my mistakes., I have enough resources at my disposal to enable me to do my job properly., I receive recognition or praise for good work., I feel that what I do is important for my organization., At work my opinion seems to count., My job excites and inspires me., I am clear about what is expected of me at work., I feel that the work I do is meaningful, and I feel valued for the work I do. These statements reflect the personal fulfillment of the employees which is an essential prerequisite for employees engagement in private sector and hence these factors have been clubbed together as “Personal fulfillment” factor in this study. The second kind of factors explained 23.503% of variance In this segment, the researchers considered six important variables such as: Employees are accountable for the quality of work they produce., I am satisfied with my compensation package, My organization encourages teamwork and cooperation., Everyone is treated fairly in the organization., Information and knowledge are shared openly in the organization, and The company plays a significant role towards societal and economic contribution in the country. These statements together have been termed the “Reward” factor in this paper. The third factor explained 6.258% of variance. In this segment, the researchers took the three important variables such as: The senior management commands respect of employees. The company enjoys a good reputation and image among all stakeholders, and The stress level in my job is manageable. These statements have been termed the “Stress” factor in this study. The fourth factor explained 5.831 % of variance. The extracted statements are: I have good relation with my colleagues at



the workplace, and I am able to maintain a balance between work and personal life. These statements together have been named as the "Relations" factor. The fifth factor explained 5.212% of the variations. In this segment 2 statements are extracted such as: I get opportunities at work to learn and grow, The organization's policies for promotion are fair. These statements have been called the "Career prospects" factor.

## 8. CONCLUSION AND IMPLICATION FOR DECISION MAKERS:

The study revealed that the most critical set of factors that determined employee engagement was the personal fulfillment of the employees. Employees felt most engaged when they felt valued by the organization for their contribution and this acted as the most important determinant of employee engagement. It was apparent that non-monetary incentives were more important than monetary incentives for junior Omani managers. This could be an important pointer to the decision makers at the helm of Oman's private sector. It showed that just an increase in compensation package by the private sector was not the most important determinant of employee engagement as commonly supposed. It was more important to nurture an environment in the private sector which catered to the fulfillment of the inner self of an employee in the form of appreciation and recognition.

The second most important set of factors for determining employee engagement among young Omanis in the private sector included, very significantly, compensation package and the perception of transparency and fairness exhibited by the organization. However, it was important to remember that the incentives must be tailored to the needs of the workers rather than using the "one-size-fits-all" approach, which was impersonal and sometimes ineffective. It was interesting to note that stress level did not play that important a role in employee engagement indicating that the junior Omani employees might not be exposed to a high stress situation in their job. This could point to an oft-related sentiment expressed by heads of private sector organizations that Omani employees at the junior level were not yet willing to take up tasks that could be stressful. The least importance accorded to employee promotion and growth (career prospects) could be an indicator of the fact that many of these employees did not consider a long-term career in the organization and therefore, such concerns were of no immediate importance. This could be a useful guide to the senior management in the organization to focus on developing a career growth path for junior employees and involving them in it. In fact many industry leaders in the private sector have expressed their unhappiness at the lack of long-term commitment of the junior employees.

To conclude, it is generally accepted that a highly engaged workforce can increase innovation, productivity, and performance while reducing costs related to hiring and retention in highly competitive talent markets. In view of looming uncertainty in Oman due to plunging oil prices, finding ways and means of improving young Omani employee retention in private sector companies take on added importance.

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